

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2017

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

CHUBB LIMITED

(Exact name of registrant as specified in its charter)

Switzerland

(State or other jurisdiction of incorporation or organization)

98-0091805

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

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)

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

Title of each class

Name of each exchange on which registered

Common Shares, par value CHF 24.15 per share

New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES [X] NO []

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

YES [] NO [X]

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 [X] 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 [X] NO []

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference into Part III of this Form 10-K or any amendment to this Form 10-K. []

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 [X]

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 Act). YES [] NO [X]

The aggregate market value of voting stock held by non-affiliates as of June 30, 2017 (the last business day of the registrant's most recently completed second fiscal quarter), was approximately \$ 67 billion. For the purposes of this computation, shares held by directors and officers of the registrant have been excluded. Such exclusion is not intended, nor shall it be deemed, to be an admission that such persons are affiliates of the registrant.

As of February 12, 2018 there were 464,091,254 Common Shares par value CHF 24.15 of the registrant outstanding.

Documents Incorporated by Reference

Certain portions of the registrant's definitive proxy statement relating to its 2018 Annual General Meeting of Shareholders are incorporated by reference into Part III of this report.

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PART I

ITEM 1. Business

General

Chubb Limited is the Swiss-incorporated holding company of the Chubb Group of Companies. Chubb Limited, which is headquartered in Zurich, Switzerland, and its direct and indirect subsidiaries (collectively, the Chubb Group of Companies, Chubb, we, us, or our) are a global insurance and reinsurance organization, serving the needs of a diverse group of clients worldwide. At December 31, 2017, we had total assets of \$ 167 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 have grown our business through increased premium volume, expansion of product offerings and geographic reach, and the acquisition of other companies, including The Chubb Corporation (Chubb Corp), to become a global property and casualty (P&C) leader.

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

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

At December 31, 2017, we employed approximately 31,000 people. We believe that employee relations are satisfactory.

We make available free of charge through our website (investors.chubb.com, under Financials) our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, if any, filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after they have been electronically filed with or furnished to the U.S. Securities and Exchange Commission (SEC). Also available through our website (under Investor Relations / Corporate Governance) are our Corporate Governance Guidelines, Code of Conduct, and Charters for the Committees of our Board of Directors (the Board). Printed documents are available by contacting our Investor Relations Department (Telephone: +1 (441) 299-9283, E-mail: investorrelations@chubb.com).

We also use our website as a means of disclosing material, non-public information and for complying with our disclosure obligations under SEC Regulation FD (Fair Disclosure). Accordingly, investors should monitor the Investor Relations portion of our website, in addition to following our press releases, SEC filings, and public conference calls and webcasts. The information contained on, or that may be accessed through, our website is not incorporated by reference into, and is not a part of, this report. The public may also read and copy any materials Chubb files with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549 or by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Customers

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

loss of any one insured would have a material adverse effect on our financial condition or results of operations, and no one insured or group of affiliated insureds account for as much as 10 percent of our total revenues.

Competition

Competition in the insurance and reinsurance marketplace is substantial. We compete on an international and regional basis with major U.S., Bermuda, European, and other international insurers and reinsurers and with underwriting syndicates, some of which have greater financial, technological, marketing, distribution and management resources than we do. In addition, capital market participants have created alternative products that are intended to compete with reinsurance products. We also compete with new companies and existing companies that move into the insurance and reinsurance markets. Competitors include other stock companies, mutual companies, alternative risk sharing groups (such as group captives and catastrophe pools), and other underwriting organizations. Competitors sell through various distribution channels and business models, across a broad array of product lines, and with a high level of variation regarding geographic, marketing, and customer segmentation. We compete for business not only on the basis of price but also on the basis of availability of coverage desired by customers and quality of service. Our ability to compete is dependent on a number of factors, particularly our ability to maintain the appropriate financial strength ratings as assigned by independent rating agencies and effectively utilize new technology in our business. Our broad market capabilities in personal, commercial, specialty, and A&H lines made available by our underwriting expertise, business infrastructure, and global presence, define our competitive advantage. Our strong balance sheet is attractive to businesses, and our strong capital position and global platform affords us opportunities for growth not available to smaller, less diversified insurance companies. Refer to "Segment Information" for competitive environment by segment.

Trademarks and Trade Names

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

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. The following table presents net premiums earned (NPE) by segment:

Years Ended December 31 (in millions of U.S. dollars, except for percentages)	2017 Net Premiums Earned	% of Total	2016 Net Premiums Earned	% of Total	2015 Net Premiums Earned	% of Total
North America Commercial P&C Insurance	\$ 12,191	42%	\$ 12,217	43%	\$ 5,634	33%
North America Personal P&C Insurance	4,399	15%	4,319	15%	948	5%
North America Agricultural Insurance	1,508	6%	1,316	5%	1,364	8%
Overseas General Insurance	8,131	28%	8,132	28%	6,471	38%
Global Reinsurance	704	2%	710	2%	849	5%
Life Insurance	2,101	7%	2,055	7%	1,947	11%
Total	\$ 29,034	100%	\$ 28,749	100%	\$ 17,213	100%

The results of operations of Chubb Corp are included from the acquisition date forward (i.e., after January 14, 2016). Additional financial information about our segments, including net premiums earned by geographic region, is included in Note 15 to the Consolidated Financial Statements.

North America Commercial P&C Insurance (42 percent of 2017 Consolidated NPE)

Overview

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

- Major Accounts, a retail division focused on large institutional organizations and corporate companies
- Commercial Insurance, which includes the retail division focused on middle market customers and small businesses
- Westchester and Chubb Bermuda, our wholesale and specialty divisions

Products and Distribution

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

The Major Accounts operations, which represented approximately 40 percent of North America Commercial P&C Insurance's net premiums earned in 2017, are organized into the following distinct business units, each offering specialized products and services targeted at specific markets:

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

The Commercial Insurance operations, which include Small Commercial, represented approximately 40 percent of North America Commercial P&C Insurance's net premiums earned in 2017. Commercial Insurance provides a broad range of P&C, professional lines, and Accident & Health products targeted to U.S and Canadian-based middle market customers in a variety of industries with annual revenues generally greater than \$10 million, while the Small Commercial operations provide a broad range of property and casualty, workers' compensation, small commercial management and professional liability for small businesses based in the U.S., targeted to customers with annual revenues up to \$10 million.

- Commercial Insurance products and services offered include traditional property and casualty lines of business, including Package which combines property and general liability, workers' compensation, automobile, umbrella; financial lines of business, including professional liability, management liability and cyber risk coverage; and other lines including environmental, accident & health, international coverages, and product recall. Commercial Insurance distributes its insurance products through a North American network of independent retail agents, regional brokers, multinational and digital brokers. Generally, our customers purchase insurance through a single retail agent or broker, do not employ a risk management department and do not retain significant risk through self-insured retentions. The majority of our customers purchase a Package or Portfolio product.
- Small Commercial Insurance products and services offered include property and casualty lines of business, including a business owner policy which contains property and general liability, financial lines, including professional liability, management liability, and cyber risk, workers' compensation, automobile liability, and international coverages. Products are generally offered through a North American network of retail agents and brokers.

Wholesale and Specialty P&C, which represented approximately 20 percent of North America Commercial P&C Insurance's net premiums earned in 2017, comprises Westchester and Chubb Bermuda. Westchester serves the market for business risks that tend to be hard to place or not easily covered by traditional policies due to unique or complex exposures. Products offered include wholesale excess and surplus lines property, casualty, environmental, professional liability, inland marine, and product recall coverages in the U.S., Canada, and Bermuda.

Chubb Bermuda provides commercial insurance products on an excess basis including excess liability, D&O, professional liability, property, and political risk, the latter being written by Sovereign Risk Insurance Ltd., a wholly-owned managing agent. Chubb Bermuda focuses on Fortune 1000 companies and targets risks that are generally low in frequency and high in severity. Chubb Bermuda offers its products primarily through the Bermuda offices of major, internationally recognized insurance brokers.

Competitive Environment

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

The Commercial Insurance and Small Commercial Insurance operations compete against numerous insurance companies ranging from large national carriers to small and mid-size insurers who provide specialty coverages and standard P&C products.

Westchester competes against a number of large, national carriers as well as regional competitors and other entities offering risk alternatives such as self-insured retentions and captive programs. Chubb Bermuda competes against international commercial carriers writing business on an excess of loss basis.

North America Personal P&C Insurance (15 percent of 2017 Consolidated NPE)

Overview

The North America Personal P&C Insurance segment includes the business written by Chubb Personal Risk Services division, which comprises Chubb high net worth personal lines business and ACE Private Risk Services, with operations in the U.S. and Canada. This segment provides affluent and high net worth individuals and families with homeowners, automobile and collector cars, valuable articles (including fine arts), personal and excess liability, travel insurance, and recreational marine insurance and services. Our homeowners business, including valuable articles, represented 69 percent of North America Personal P&C Insurance's net premiums earned in 2017.

Products and Distribution

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

Competitive Environment

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

North America Agricultural Insurance (6 percent of 2017 Consolidated NPE)

Overview

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

Products and Distribution

The Rain and Hail business provides comprehensive MPCI and crop-hail insurance, and Chubb Agribusiness offers farm and ranch coverages as well as specialty P&C coverages for companies that manufacture, process and distribute agriculture products. The MPCI program is offered in conjunction with the U.S. Department of Agriculture (USDA). 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 allow 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. For additional information, refer to "Crop Insurance", under Item 7.

Competitive Environment

Rain and Hail primarily operates in a federally regulated program where all approved providers offer the same product forms and rates through independent and/or captive agents. Chubb Agribusiness competes against both national and regional competitors offering specialty P&C insurance coverages to companies that manufacture, process, and distribute agricultural products.

Overseas General Insurance (28 percent of 2017 Consolidated NPE)

Overview

The Overseas General Insurance segment comprises Chubb International and Chubb Global Markets (CGM). CGM, our London-based international specialty and excess and surplus lines business, includes Lloyd's of London (Lloyd's) Syndicate 2488, a wholly-owned Chubb syndicate supported by funds at Lloyd's provided by Chubb Corporate Members. Syndicate 2488 has an underwriting capacity of £405 million for the Lloyd's 2018 year of account. The syndicate is managed by Chubb's Lloyd's managing agency, ACE Underwriting Agencies Limited.

Products and Distribution

Chubb International maintains a presence in every major insurance market in the world and is organized geographically along product lines as follows: Europe, Asia Pacific, Eurasia and Africa, Far East, and Latin America. Products offered include P&C, A&H, specialty coverages, and personal lines insurance products and services. Chubb International's P&C business is generally written, on both a direct and assumed basis, through major international, regional, and local brokers and agents. Certain European branded products are also offered via a digital-commerce platform, Chubb Online, that allows brokers to quote, bind, and issue specialty policies online. Property insurance products include traditional commercial fire coverage as well as energy industry-related, marine, construction, and other technical coverages. Principal casualty products are commercial primary and excess casualty, environmental, and general liability. A&H and other consumer lines products are distributed through brokers, agents, direct marketing programs, and sponsor relationships. The A&H operations primarily offer personal accident and supplemental medical coverages including accidental death, business/holiday travel, specified disease, disability, medical and hospital indemnity, and income protection. We are not in the primary healthcare business. With respect to our supplemental medical and hospital indemnity products, we typically pay fixed amounts for claims and are therefore largely insulated from the direct impact of rising healthcare costs. Chubb International specialty coverages include D&O, professional indemnity, energy, aviation, political risk, and specialty personal lines products. Chubb International's personal lines operations provide specialty products and services designed to meet the needs of specific target markets and include property damage, automobile, homeowners, and personal liability.

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

Competitive Environment

Chubb International's primary competitors include U.S.-based companies with global operations, as well as non-U.S. global carriers and indigenous companies in regional and local markets. For the A&H lines of business, locally based competitors also include financial institutions and bank owned insurance subsidiaries. Our international operations have the distinct advantage of being part of one of the few international insurance groups with a global network of licensed companies able to write policies on a locally admitted basis. The principal competitive factors that affect the international operations are underwriting expertise and pricing, relative operating efficiency, product differentiation, producer relations, and the quality of policyholder services. A competitive strength of our international operations is our global network and breadth of insurance programs, which assist individuals and business organizations to meet their risk management objectives, while also giving us the advantage of accessing local technical expertise, accomplishing a spread of risk, and offering a global network to service multinational accounts.

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

Global Reinsurance (2 percent of 2017 Consolidated NPE)

Overview

The Global Reinsurance segment represents Chubb's reinsurance operations comprising Chubb Tempest Re Bermuda, Chubb Tempest Re USA, Chubb Tempest Re International, and Chubb Tempest Re Canada. Global Reinsurance markets reinsurance products worldwide under the Chubb Tempest Re brand name and provides solutions for small to mid-sized clients and multinational ceding companies. Global Re offers a broad array of traditional and non-traditional (e.g., loss portfolio transfer) property and casualty products.

Products and Distribution

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

Chubb Tempest Re Bermuda principally provides property catastrophe reinsurance globally to insurers of commercial and personal property. Property catastrophe reinsurance is on an occurrence or aggregate basis and protects a ceding company against an accumulation of losses covered by its issued insurance policies, arising from a common event or occurrence. Chubb Tempest Re Bermuda underwrites reinsurance principally on an excess of loss basis, meaning that its exposure only arises after the ceding company's accumulated losses have exceeded the attachment point of the reinsurance policy. Chubb Tempest Re Bermuda also writes other types of reinsurance on a limited basis for selected clients. Examples include proportional property where the reinsurer shares a proportional part of the premiums and losses of the ceding company, together with casualty (catastrophe workers' compensation) and specialty lines (assumed retrocessional catastrophe business and terrorism). Chubb Tempest Re Bermuda's business is produced through reinsurance intermediaries.

Chubb Tempest Re USA writes all lines of traditional and specialty P&C reinsurance, and surety and fidelity reinsurance for the North American market, principally on a treaty basis, with a focus on writing property per risk and casualty reinsurance. Chubb Tempest Re USA underwrites reinsurance on both a proportional and excess of loss basis. This unit's diversified portfolio is produced through reinsurance intermediaries.

Chubb Tempest Re International provides traditional and specialty P&C reinsurance to insurance companies worldwide, with emphasis on non-U.S. and Canadian risks. Chubb Tempest Re International writes all lines of traditional and specialty reinsurance including property risk and property catastrophe, casualty, marine, aviation, and specialty through our London- and Zurich-based divisions. The London-based divisions of Chubb Tempest Re International focus on the development of business sourced through London market brokers and, accordingly, write a diverse book of international business using Syndicate 2488 and C EGL. The Zurich-based division focuses on providing reinsurance to continental European insurers via continental European brokers while also serving Asian and Latin American markets. Chubb Tempest Re International also includes our Shanghai, China office which provides reinsurance coverage for Chinese-based risks. Chubb Tempest Re International underwrites reinsurance on both a proportional and excess of loss basis.

Chubb Tempest Re Canada offers a full array of traditional and specialty P&C, and reinsurance to the Canadian market, including casualty, property risk and property catastrophe, surety, and crop hail. Chubb Tempest Re Canada provides coverage through its Canadian company platform and also offers clients access to Syndicate 2488. Chubb Tempest Re Canada underwrites reinsurance on both a proportional and excess of loss basis.

Competitive Environment

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

Life Insurance (7 percent of 2017 Consolidated NPE)

Overview

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

Products and Distribution

Chubb Life provides individual life and group benefit insurance primarily in developing markets, including Hong Kong, Indonesia, South Korea, Taiwan, Thailand, Vietnam, and Egypt; also throughout Latin America; selectively in Europe; and in China through a non-consolidated joint venture insurance company. Chubb Life offers a broad portfolio of protection and savings products including whole life, endowment plans, individual term life, group term life, medical and health, personal accident, credit life, universal life, and unit linked contracts. The policies written by Chubb Life generally provide funds to beneficiaries of insureds after death and/or protection and/or savings benefits while the contract owner is living. Chubb Life sells to consumers through a variety of distribution channels including captive and independent agencies, bancassurance, worksite marketing, retailers, brokers, and direct to consumer marketing. We continue to expand Chubb Life with a focus on opportunities in developing markets that we believe will result in strong and sustainable operating profits as well as a favorable return on capital commitments over time. Our dedicated captive agency distribution channel, whereby agents sell Chubb Life products exclusively, enables us to maintain direct contact with the individual consumer, promote quality sales practices, and exercise greater control over the future of the business. We have developed a substantial sales force of agents principally located in our Asia-Pacific countries. Chubb also maintains approximately 36 percent direct and indirect ownership interest in Huatai Life Insurance Co., Ltd. (Huatai Life), which commenced operations in 2005 and has since grown to become one of the larger life insurance foreign joint ventures in China. Huatai Life offers a broad portfolio of insurance products through a variety of distribution channels including approximately 373 licensed sales locations in 17 Chinese provinces.

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

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

Competitive Environment

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

Corporate

Overview

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

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

Underwriting

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

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

Reinsurance Protection

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

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

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

Unpaid Losses and Loss Expenses

We establish reserves for unpaid losses and loss expenses, which are estimates of future payments on reported and unreported claims for losses and related expenses, with respect to insured events that have occurred. These reserves are recorded in Unpaid losses and loss expenses in the Consolidated balance sheets. The process of establishing loss and loss expense reserves for P&C claims can be complex and is subject to considerable uncertainty as it requires the use of informed estimates and judgments based on circumstances known at the date of accrual. These estimates and judgments are based on numerous factors, and may be revised as additional experience and other data become available and are reviewed, as new or improved methodologies are developed, or as laws change. Internal actuaries regularly analyze the levels of loss and loss expense reserves, taking into consideration factors that may impact the ultimate settlement value of the unpaid losses and loss expenses. These analyses could result in future changes in the estimates of loss and loss expense reserves or reinsurance recoverables and any such changes would be reflected in our results of operations in the period in which the estimates are changed. Losses and loss expenses are charged to income as incurred. The reserve for unpaid losses and loss expenses represents the estimated ultimate losses and loss expenses less paid losses and loss expenses, and comprises case reserves and incurred but not reported (IBNR) reserves. With the exception of certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, and certain reserves for unsettled claims that are discounted in statutory filings, our loss reserves are not discounted for the time value of money. In connection with such structured settlements and certain reserves for unsettled claims, we carried net discounted reserves of \$77 million at December 31, 2017.

For each product line, management, after consultation with internal actuaries, develops a “best estimate” of the ultimate settlement value of the unpaid losses and loss expenses that it believes provides a reasonable estimate of the required reserve. We evaluate our estimates of reserves quarterly in light of developing information. While we are unable at this time to determine whether additional reserves may be necessary in the future, we believe that our reserves for unpaid losses and loss expenses are adequate at December 31, 2017. Future additions to reserves, if needed, could have a material adverse effect on our financial condition, results of operations, and cash flows. For additional information refer to “Critical Accounting Estimates – Unpaid losses and loss expenses”, under Item 7, and Note 7 to the Consolidated Financial Statements, under Item 8.

Investments

Our objective is to maximize investment income and total return while ensuring an appropriate level of liquidity, and investment quality, and diversification. As such, Chubb's investment portfolio is invested primarily in investment-grade fixed-income securities as measured by the major rating agencies. We do not allow leverage in our investment portfolio.

The critical aspects of the investment process are controlled by Chubb Asset Management, an indirect wholly-owned subsidiary of Chubb. These aspects include asset allocation, portfolio and guideline design, risk management, and oversight of external asset managers. In this regard, Chubb Asset Management:

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

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

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

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

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

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

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

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

Regulation

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

Group Supervision

In September 2012, the Pennsylvania Insurance Department (Department), in consultation with other insurance regulatory bodies that oversee Chubb's insurance activities, convened the first Chubb Supervisory College (College). Regulators from approximately 15 jurisdictions worldwide were invited to participate in the College, the purpose of which was to initiate establishment of, and to clarify the membership, participation, functionality, and ongoing activities in, the College with respect to group-wide supervision of Chubb. Representatives from approximately ten jurisdictions attended the College in Philadelphia, Pennsylvania, during which the supervisors reviewed, without adverse comment, information on Chubb. On October 19, 2012, the Department, in cooperation with the other supervisory college regulators, published a notice of its determination that it is the appropriate group-wide supervisor for Chubb.

Since September 2012, the College has convened bi-annually in person; and in July 2017, the College convened its first interim College teleconference. During these meetings, the College reviewed, without adverse comment, information on Chubb. The next in-person College is scheduled for September 2018 in Philadelphia, Pennsylvania.

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

Swiss Operations

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

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

U.S. Operations

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

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

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

We are also required to file an annual summary report with the Department, reflecting our internal assessment of material risks associated with our current business plan and the sufficiency of our capital resources to support those risks.

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

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

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

Government intervention has also occurred in the insurance and reinsurance markets in relation to terrorism coverage in the U.S. (and through industry initiatives in other countries). The U.S. Terrorism Risk Insurance Act (TRIA), which was enacted in 2002 to ensure the availability of insurance coverage for certain types of terrorist acts in the U.S., was extended in 2015 for six years, through December 31, 2020, and applies to certain of our operations.

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

activities in the various states in the U.S. will not have a material adverse impact on our financial condition, results of operations, or business practices.

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

On March 1, 2017, we became subject to the New York Department of Financial Services' Cybersecurity Regulation (the NYDFS Cybersecurity Regulation) which mandates detailed cybersecurity standards for all institutions, including insurance entities, authorized by the NYDFS to operate in New York. Among the requirements are the maintenance of a cybersecurity program with governance controls, risk-based minimum data security standards for technology systems, cyber breach preparedness and response requirements, including reporting obligations, vendor oversight, training, and program record keeping and certification obligations. Because our North America systems are integrated our companies domiciled in other states may also be impacted by this requirement.

Additionally, on October 24, 2017, the National Association of Insurance Commissioners (NAIC) adopted an Insurance Data Security Model Law, which would require licensed insurance entities to comply with detailed information security requirements. The NAIC model law is similar in many respects to the NYDFS Cybersecurity Regulation.

Bermuda Operations

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

Bermuda domiciled subsidiaries must prepare and file with the BMA, audited annual statutory financial statements and audited annual financial statements prepared in accordance with accounting principles generally accepted in the U.S. (GAAP), International Financial Reporting Standards (IFRS), or any such other generally accepted accounting principles as the BMA may recognize. These audited financial statements are made public by the BMA. The Insurance Act prescribes rules for the preparation and content of the statutory financial statements that require Bermuda domiciled subsidiaries to give detailed information and analyses regarding premiums, claims, reinsurance, and investments. In addition, commencing with the 2016 financial year end filing, the Bermuda domiciled subsidiaries are required to prepare and publish a Financial Condition Report (FCR). The FCR provides details of measures governing the business operations, corporate governance framework, solvency and financial performance. The FCR must be filed with the BMA and requires Bermuda insurance companies to make the FCR publicly available.

Effective January 1, 2016, Bermuda implemented a new solvency and risk management regime which has been deemed equivalent to the EU's Solvency II regime. Bermuda statutory reporting rules have been amended to introduce an economic balance sheet (EBS) framework. The Bermuda domiciled subsidiaries submitted their first annual filings under the EBS framework in April 2017.

Bermuda's regulatory regime provides a risk-based capital model, termed the Bermuda Solvency Capital Requirement (BSCR), as a tool to assist the BMA both in measuring risk and in determining appropriate levels of capitalization. The BSCR employs a standard mathematical model that correlates the risk underwritten by Bermuda insurers to their capital. The BSCR framework applies a standard measurement format to the risk associated with an insurer's assets, liabilities, and premiums, including a formula to take into account catastrophe risk exposure.

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

In order to minimize the risk of a shortfall in capital arising from an unexpected adverse deviation and in moving towards the implementation of a risk based capital approach, the BMA has established a threshold capital level, (termed the Target Capital

Level (TCL)), set at 120 percent of ECR, that serves as an early warning tool for the BMA and failure to maintain statutory capital at least equal to the TCL will likely result in increased BMA regulatory oversight.

Under the Insurance Act, Chubb's Bermuda domiciled subsidiaries are prohibited from declaring or paying any dividends of more than 25 percent of total statutory capital and surplus, as shown in its previous financial year statutory balance sheet, unless at least seven days before payment of the dividends, it files with the BMA an affidavit that it will continue to meet its required solvency margins. Furthermore, Bermuda domiciled subsidiaries may only declare and pay a dividend from retained earnings and a dividend or distribution from contributed surplus if it has no reasonable grounds for believing that it is, or would after the payment be, unable to pay its liabilities as they become due, or if the realizable value of its assets would not be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

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

Other International Operations

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

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

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

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

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

On March 29, 2017, the UK government gave notice to the European Union (EU), under Article 50(2) of the Treaty on EU, of the UK's intention to withdraw from the EU. The UK is currently in the process of negotiating a withdrawal agreement. If the UK leaves the EU as expected in March 2019, we intend to locate our EU headquarters in France. The decision to choose France as the headquarters for our Continental European operations is contingent upon receiving all necessary regulatory and other governmental approvals, which might not be obtained in a timely manner or at all.

The EU's General Data Protection Regulation (GDPR) comes into effect on May 25, 2018, and requires businesses operating in the EU or foreign business offering goods and services to or monitoring the behavior of customers in the EU, to comply with onerous accountability obligations and significantly enhanced conditions to processing personal data. For example, the GDPR has more rigorous rules for obtaining consent on the use of personal data and more stringent guidelines to demonstrate compliance. The GDPR also has specific requirements regarding the transfer of data out of the EU, including only transfers to countries deemed to have adequate data protection laws.

The EU's executive body, the European Commission, implemented a new capital adequacy and risk management regulations for the European insurance industry, known as Solvency II, which aims to establish a revised set of EU-wide capital requirements and risk management standards that replaced the Solvency I requirements. The Solvency II requirements were effective January 1, 2016 for our European operations. Our capital management strategies, results of operations, and financial condition were not materially affected by the Solvency II requirements.

Enterprise Risk Management

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

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

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

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

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

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

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

Tax Matters

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

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Position
Evan G. Greenberg	63	Chairman, President, Chief Executive Officer, and Director
John W. Keogh	53	Executive Vice Chairman and Chief Operating Officer
Philip V. Bancroft	58	Executive Vice President and Chief Financial Officer
John J. Lupica	52	Vice Chairman; President, North America Major Accounts & Specialty Insurance
Joseph F. Wayland	60	Executive Vice President and General Counsel
Sean Ringsted	54	Executive Vice President, Chief Digital Officer, and Chief Risk Officer
Timothy A. Boroughs	68	Executive Vice President and Chief Investment Officer
Paul J. Krump	58	Executive Vice President; President, North America Commercial and Personal Insurance
Juan C. Andrade	52	Executive Vice President; President, Overseas General Insurance

Evan G. Greenberg has been a director of Chubb Limited since August 2002. Mr. Greenberg was elected Chairman of the Board of Directors in May 2007. Mr. Greenberg was a director of The Coca-Cola Company from February 2011 until his resignation in October 2016. Mr. Greenberg was appointed to the position of President and Chief Executive Officer of Chubb Limited in May 2004, and in June 2003, was appointed President and Chief Operating Officer of Chubb Limited. Mr. Greenberg was appointed to the position of Chief Executive Officer of Chubb Overseas General in April 2002. He joined Chubb as Vice Chairman, Chubb Limited, and Chief Executive Officer of Chubb Tempest Re in November 2001. Prior to joining Chubb, Mr. Greenberg was most recently President and Chief Operating Officer of American International Group (AIG), a position he held from 1997 until 2000.

John W. Keogh was appointed Executive Vice Chairman of Chubb Limited in November 2015. Mr. Keogh has served as Chief Operating Officer of Chubb Limited since July 2011 and Vice Chairman of Chubb Limited and Chubb Group Holdings since August 2010. Mr. Keogh joined Chubb as Chief Executive Officer of Overseas General Insurance in April 2006 and became Chairman of Overseas General Insurance in August 2010. Prior to joining Chubb, Mr. Keogh served as Senior Vice President, Domestic General Insurance of AIG, and President and Chief Executive Officer of National Union Fire Insurance Company, AIG's member company that specializes in D&O and fiduciary liability coverages. Mr. Keogh joined AIG in 1986. He served in a number of other senior positions there including as Executive Vice President of AIG's Domestic Brokerage Group and as President and Chief Operating Officer of AIG's Lexington Insurance Company unit.

Philip V. Bancroft was appointed Chief Financial Officer of Chubb Limited in January 2002. For nearly 20 years, Mr. Bancroft worked for PricewaterhouseCoopers LLP. Prior to joining Chubb, he served as partner-in-charge of the New York Regional Insurance Practice. Mr. Bancroft had been a partner with PricewaterhouseCoopers LLP for ten years.

John J. Lupica was appointed President, North America Major Accounts & Specialty Insurance in January 2016, Vice Chairman of Chubb Limited and Chubb Group Holdings in November 2013 and Chairman, Insurance - North America, in July 2011. Mr. Lupica had been Chief Operating Officer, Insurance - North America, since 2010 and President of ACE USA since 2006. He also previously served as Division President of U.S. Professional Risk business and U.S. Regional Operations. Mr. Lupica joined Chubb as Executive Vice President of Professional Risk in 2000. Prior to joining Chubb, he served as Senior Vice President for Munich-American Risk Partners, Inc. He also held various management positions at AIG.

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

Sean Ringsted was appointed Executive Vice President and Chief Digital Officer in February 2017 and Chief Risk Officer in November 2008. Mr. Ringsted previously served as Chief Actuary of Chubb Limited from November 2008 to January 2017. Mr.

Ringsted's previous roles at Chubb also include Chief Actuary for Chubb Group from 2004 to 2008, Executive Vice President and Chief Risk Officer for Chubb Tempest Re from 2002 to 2004, and Senior Vice President and Chief Actuary for Chubb Tempest Re from 1998 to 2002. Prior to joining Chubb, Mr. Ringsted was a consultant at Tillinghast-Towers Perrin.

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

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

Juan C. Andrade was appointed Executive Vice President, Chubb Group and President, Overseas General Insurance in January 2016. Mr. Andrade joined Chubb in December 2010 to lead the global personal lines and small commercial property & casualty insurance businesses. In January 2013, he became the Chief Operating Officer for Overseas General Insurance. Prior to joining Chubb, Mr. Andrade was President and Chief Operating Officer of property & casualty operations for The Hartford Financial Services Group. He joined The Hartford in 2006 as head of the property & casualty claims organization.

ITEM 1A. Risk Factors

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

Insurance

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

We have substantial exposure to losses resulting from natural disasters, man-made catastrophes such as terrorism or cyber-attack, and other catastrophic events, including pandemics. This could impact a variety of our businesses, including our commercial and personal lines, and life and accident and health (A&H) products. Catastrophes can be caused by various events, including hurricanes, typhoons, earthquakes, hailstorms, drought, explosions, severe winter weather, fires, war, acts of terrorism, nuclear accidents, political instability, and other natural or man-made disasters, including a global or other wide-impact pandemic or a significant cyber-attack. 2017 witnessed a particularly significant set of catastrophes, principally in the form of Hurricanes Harvey, Irma and Maria; the Mexican earthquakes; and the California wildfires. The incidence and severity of catastrophes are inherently unpredictable and our losses from catastrophes could be substantial. In addition, climate conditions may be changing, primarily through changes in global temperatures, which may increase the frequency and severity of natural catastrophes and the resulting losses in the future. We cannot predict the impact that changing climate conditions, if any, may have on our results of operations or our financial condition. Additionally, we cannot predict how legal, regulatory and/or social responses to concerns around global climate change may impact our business. The occurrence of claims from catastrophic events could result in substantial volatility in our results of operations or financial condition for any fiscal quarter or year. The historical incidence for events such as earthquakes, pandemics and cyber-attacks is infrequent and may not be representative of contemporary exposures and risks. As an example, increases in the values and concentrations of insured property may increase the severity of these occurrences in the future. Although we attempt to manage our exposure to such events through the use of underwriting controls, risk models, and the purchase of third-party reinsurance, catastrophic events are inherently unpredictable and the actual nature of such events when they occur could be more frequent or severe than contemplated in our pricing and risk management expectations. As a result, the occurrence of one or more catastrophic events could have an adverse effect on our results of operations and financial condition.

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

Our results of operations and financial condition depend upon our ability to accurately assess the potential losses associated with the risks that we insure and reinsure. We establish reserves for unpaid losses and loss expenses, which are estimates of future payments of reported and unreported claims for losses and related expenses, with respect to insured events that have

occurred at or prior to the balance sheet date. The process of establishing reserves can be highly complex and is subject to considerable variability as it requires the use of informed estimates and judgments.

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

Included in our loss reserves are liabilities for latent claims such as asbestos and environmental (A&E), which are principally related to claims arising from remediation costs associated with hazardous waste sites and bodily-injury claims related to exposure to asbestos products and environmental hazards. At December 31, 2017, gross A&E liabilities represented approximately 3.5 percent of our loss reserves. The estimation of these liabilities is subject to many complex variables including: the current legal environment; specific settlements that may be used as precedents to settle future claims; assumptions regarding trends with respect to claim severity and the frequency of higher severity claims; assumptions regarding the ability to allocate liability among defendants (including bankruptcy trusts) and other insurers; the ability of a claimant to bring a claim in a state in which it has no residency or exposure; the ability of a policyholder to claim the right to non-products coverage; whether high-level excess policies have the potential to be accessed given the policyholder's claim trends and liability situation; payments to unimpaired claimants; and the potential liability of peripheral defendants. Accordingly, the ultimate settlement of losses, arising from either latent or non-latent causes, may be significantly greater or less than the loss and loss expense reserves held at the balance sheet date. In particular the amount and timing of the settlement of our P&C liabilities are not determinate and our actual payments could be higher than contemplated in our loss reserves owing to the impact of insurance, judicial decisions, and/or social inflation. If our loss reserves are determined to be inadequate, we may be required to increase loss reserves at the time of the determination and our net income and capital may be reduced.

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

As industry practices and legislative, regulatory, judicial, social, financial, technology and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the frequency and severity of claims. In some instances, these changes may not become apparent until after we have issued insurance or reinsurance contracts that are affected by the changes. As a result, the full extent of liability under our insurance or reinsurance contracts may not be known for many years after issuance.

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

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

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

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

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

There is no guarantee our desired amounts of reinsurance or retrocessional reinsurance will be available in the marketplace in the future. In addition to capacity risk, the remaining capacity may not be on terms we deem appropriate or acceptable or with companies with whom we want to do business. Finally, we face some degree of counterparty risk whenever we purchase reinsurance or retrocessional reinsurance. Consequently, the insolvency of these counterparties, or the inability, or unwillingness of any of our present or future reinsurers to make timely payments to us under the terms of our reinsurance or retrocessional agreements could have an adverse effect on us. At December 31, 2017, we had \$15.2 billion of reinsurance recoverables, net of reserves for uncollectible recoverables.

Certain active Chubb companies are primarily liable for A&E and other exposures they have reinsured to our inactive run-off company Century Indemnity Company (Century). At December 31, 2017, the aggregate reinsurance balances ceded by our active subsidiaries to Century were approximately \$1.4 billion. Should Century's loss reserves experience adverse development in the future and should Century be placed into rehabilitation or liquidation, the reinsurance recoverables due from Century to its affiliates would be payable only after the payment in full of third party expenses and liabilities, including administrative expenses and direct policy liabilities. Thus, the intercompany reinsurance recoverables would be at risk to the extent of the shortage of assets remaining to pay these recoverables. While we believe the intercompany reinsurance recoverables from Century are not impaired at this time, we cannot assure that adverse development with respect to Century's loss reserves, if manifested, will not result in Century's insolvency, which could result in our recognizing a loss to the extent of any uncollectible reinsurance from Century. This could have an adverse effect on our results of operations and financial condition.

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

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

Under reinsurance programs covering variable annuity guarantees, we assumed the risk of guaranteed minimum death benefits (GMDB) and guaranteed living benefits (GLB) associated with variable annuity contracts. Our GLB liability includes guaranteed minimum income benefits (GMIB) and guaranteed minimum accumulation benefits (GMAB). We ceased writing this business in 2007. Our net income is directly impacted by changes in the reserves calculated in connection with the reinsurance of GMDB and GLB liabilities. In addition, our net income is directly impacted by the change in the fair value of the GLB liability. Reported liabilities for both GMDB and GLB reinsurance are determined using internal valuation models which require considerable judgment and are subject to significant uncertainty. Refer to the "Critical Accounting Estimates – Guaranteed living benefits (GLB) derivatives" under Item 7 and "Quantitative and Qualitative Disclosures about Market Risk – Reinsurance of GMDB and GLB guarantees" under Item 7A for additional information on the assumptions used in this program. We view our variable annuity reinsurance business as having a similar risk profile to that of catastrophe reinsurance, with the probability of long-term economic loss relatively small at the time of pricing. Adverse changes in market factors and policyholder behavior will have an impact on both Life Insurance underwriting income and consolidated net income.

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

The surety business tends to be characterized by infrequent but potentially high severity losses. The majority of our surety obligations are intended to be performance-based guarantees. When losses occur, they may be mitigated, at times, by recovery rights to the customer's assets, contract payments, and collateral and bankruptcy recoveries. We have substantial commercial and construction surety exposure for current and prior customers. In that regard, we have exposures related to surety bonds

issued on behalf of companies that have experienced or may experience deterioration in creditworthiness. If the financial condition of these companies were adversely affected by the economy or otherwise, we may experience an increase in filed claims and may incur high severity losses, which could have an adverse effect on our results of operations.

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

We have exposure to counterparties through reinsurance and in various industries, including banks, hedge funds and other investment vehicles, and derivative transactions that expose us to credit risk in the event our counterparty fails to perform its obligations. We also have exposure to financial institutions in the form of secured and unsecured debt instruments and equity securities.

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

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

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

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

Financial

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

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

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

As stated, our fixed income portfolio is primarily invested in high quality, investment-grade securities. However, a smaller portion of the portfolio, approximately 13 percent at December 31, 2017, is invested in below investment-grade securities. These securities, which pay a higher rate of interest, also have a higher degree of credit or default risk and may also be less liquid in times of economic weakness or market disruptions. While we have put in place procedures to monitor the credit risk and liquidity of our invested assets, it is possible that, in periods of economic weakness (such as recession), we may experience credit or default losses in our portfolio, which could adversely affect our results of operations and financial condition.

As a part of our ongoing analysis of our investment portfolio, we are required to assess whether the debt and equity securities we hold for which we have recorded an unrealized loss have been "other-than-temporarily impaired" under GAAP, which implies an inability to recover the full economic benefits of these securities. Refer to Note 3 to the Consolidated Financial Statements for additional information. This analysis requires a high degree of judgment and requires us to make certain assessments about the potential for recovery of the assets we hold. Declines in relevant stock and other financial markets, and other factors impacting the value of our investments, could result in impairments and could adversely affect our net income and other financial results.

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

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

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

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

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

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

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

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

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

Chubb Limited is a holding company and does not have any significant operations or assets other than its ownership of the shares of its operating insurance and reinsurance subsidiaries. Dividends and other permitted distributions from our insurance subsidiaries are our primary source of funds to meet ongoing cash requirements, including any future debt service payments and other expenses, and to pay dividends to our shareholders. Some of our insurance subsidiaries are subject to significant regulatory restrictions limiting their ability to declare and pay dividends. The inability of our insurance subsidiaries to pay dividends in an amount sufficient to enable us to meet our cash requirements at the holding company level could have an adverse effect on our operations and our ability to pay dividends to our shareholders and/or meet our debt service obligations.

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

Our reporting currency is the U.S. dollar. In general, we match assets and liabilities in local currencies. Where possible, capital levels in local currencies are limited to satisfy minimum regulatory requirements and to support local insurance operations. The principal currencies creating foreign exchange risk are the British pound sterling, the euro, the Mexican peso, the Brazilian real, the Korean won, the Canadian dollar, the Japanese yen, the Thai baht, the Australian dollar, and the Hong Kong dollar. At December 31, 2017, approximately 27.7 percent of our net assets were denominated in foreign currencies. We may experience losses resulting from fluctuations in the values of non-U.S. currencies, which could adversely impact our results of operations and financial condition.

Operational

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

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

The foreign and U.S. federal and state laws and regulations that are applicable to our operations are complex and may increase the costs of regulatory compliance or subject our business to the possibility of regulatory actions or proceedings. Laws and regulations not specifically related to the insurance industry include trade sanctions that relate to certain countries, anti-money laundering laws, and anti-corruption laws such as the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act 2010, the anti-bribery provisions of the Swiss Penal Code and similar local laws prohibiting corrupt payments to governmental officials. The insurance industry is also affected by political, judicial, and legal developments that may create new and expanded regulations and theories of liability. The current economic and financial climates present additional uncertainties and risks relating to increased regulation and the potential for increased involvement of the U.S. and other governments in the financial services industry.

Regulators in countries where we have operations are working with the International Association of Insurance Supervisors (IAIS) to consider changes to insurance company supervision, including with respect to group supervision and solvency requirements. The IAIS has developed a Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) which is focused on the effective group-wide supervision of international active insurance groups (IAIGs), such as Chubb. As part of ComFrame, the IAIS has announced plans to develop an international capital standard for insurance groups. The details of ComFrame including this global capital standard and its applicability to Chubb are uncertain at this time. In addition, Chubb businesses across the EU are subject to Solvency II, a capital and risk management regime and our Bermuda businesses are subject to an equivalent of the EU's Solvency II regime. Also applicable to Chubb businesses are the requirements of the Swiss Financial Market Supervisory Authority (FINMA) whose regulations include Swiss Solvency Tests. There are also Risk Based Capital (RBC) requirements in the U.S. which are also subject to revision in response to global developments. While it is not

certain how or if these actions will impact Chubb, we do not currently expect that our capital management strategies, results of operations and financial condition will be materially affected by these regulatory changes.

In the event or absence of changes in applicable laws and regulations in particular jurisdictions, we may from time to time face challenges, or changes in approach to oversight of our business from insurance or other regulators, including challenges resulting from requiring the use of information technology that cannot be quickly adjusted to address new regulatory requirements.

We may not be able to comply fully with, or obtain appropriate exemptions from, applicable statutes and regulations and any changes thereto, which could have an adverse effect on our business. Failure to comply with or obtain appropriate authorizations and/or exemptions under any applicable laws and regulations could result in restrictions on our ability to do business or undertake activities that are regulated in one or more of the jurisdictions in which we conduct business and could subject us to fines and other sanctions.

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

We are subject to numerous U.S. federal and state laws and non-U.S. regulations governing the protection of personal and confidential information of our clients or employees, including in relation to medical records, credit card data and financial information. These laws and regulations are increasing in complexity and number, change frequently and sometimes conflict.

We are subject to the New York Department of Financial Services' Cybersecurity Regulation (the NYDFS Cybersecurity Regulation) which mandates detailed cybersecurity standards for all institutions, including insurance entities, authorized by the NYDFS to operate in New York. Among the requirements are the maintenance of a cybersecurity program with governance controls, risk-based minimum data security standards for technology systems, cyber breach preparedness and response requirements, including reporting obligations, vendor oversight, training, and program record keeping and certification obligations. The NYDFS Cybersecurity Regulation has increased our compliance costs and could increase the risk of noncompliance and subject us to regulatory enforcement actions and penalties, as well as reputation risk.

Additionally, on October 24, 2017, the National Association of Insurance Commissioners (NAIC) adopted an Insurance Data Security Model Law, which would require licensed insurance entities to comply with detailed information security requirements. The NAIC model law is similar in many respects to the NYDFS Cybersecurity Regulation. It is not yet known whether or not, and to what extent, states legislatures or insurance regulators where we operate will enact the Insurance Data Security Model Law in whole or in part, or in a modified form. Such enactments, especially if inconsistent between states or with existing laws and regulations could raise compliance costs or increase the risk of noncompliance, with the attendant risk of being subject to regulatory enforcement actions and penalties, as well as reputational harm. Any such events could potentially have an adverse impact on our business, financial condition or results of operations.

We operate in a number of countries outside of the U.S. whose laws may in some cases be more stringent than the requirements in the U.S. For example, European Union (EU) member countries have specific requirements relating to cross-border transfers of personal information to certain jurisdictions, including to the U.S. In addition, some countries provide stronger individual rights and have stricter consumer notice and/or consent requirements for the collection, use or sharing of personal information and more stringent requirements relating to organizations' privacy programs. Moreover, international privacy and data security regulations may become more complex and have greater consequences.

May 25, 2018 is the date on which enforcement begins for the General Data Protection Regulation (the "GDPR") that was adopted by the EU in 2016 as a comprehensive regulation for all EU member states. All of our business units (regardless of whether they are located in the EU) may be subject to the GDPR when personal data is processed in relation to the offer of goods and services to individuals within the EU. Our compliance with GDPR will require preparation, expenditures, and ongoing compliance efforts. Further, as the GDPR has not yet come into effect, enforcement priorities and interpretation of certain provisions are still unclear. Under the GDPR there are penalties for non-compliance which could result in a material fine for certain activities of up to 4 percent of a firm's global annual revenue per violation. Our failure to comply with GDPR and other countries' privacy or data security-related laws, rules or regulations could result in significant penalties imposed by regulators, which could have an adverse effect on our business, financial condition and results of operations.

Political uncertainty in the United Kingdom and the European Union may lead to volatility and/or have an adverse effect on our business, our liquidity and financial condition, and our stock price.

On June 23, 2016, the United Kingdom (UK) voted in a national referendum to withdraw from the European Union (EU). On March 29, 2017, the UK government gave notice to the EU, under Article 50(2) of the Treaty on EU, of the UK's intention to

withdraw from the EU. The UK is currently in the process of negotiating a withdrawal agreement with the EU. However, a withdrawal agreement may not be concluded and ratified within the time limit specified in Article 50(3), in which case the UK may be required to withdraw from the EU without a withdrawal agreement being in force.

The possible exit of the UK (or any other country) from the EU, or prolonged periods of uncertainty relating to such a possibility could result in significant macroeconomic deterioration including, but not limited to, decreases in global stock exchange indices, increased foreign exchange volatility (in particular a further weakening of the pound sterling and euro against other leading currencies), decreased GDP in the UK, and a downgrade of the UK's sovereign credit rating. In addition, these events could push the UK, Eurozone, and/or United States into an economic recession any of which, were they to occur, would further destabilize the global financial markets and could have a material adverse effect on our business, financial condition, and results of operations. We have significant operations in the UK and other EU member states. If the UK leaves the EU as expected in March 2019, we intend to relocate our EU headquarters in France. The decision to choose France as the headquarters for our Continental European operations is contingent upon receiving all necessary regulatory and other governmental approvals, which might not be obtained in a timely manner or at all. Paris is the principal office for our Continental European operations. We have a significant investment there in both financial and human resources, as well as a large portfolio of commercial and consumer insurance business throughout France. Following the withdrawal of the UK from the EU, Chubb will continue to have a substantial presence in London in addition to its offices and operations across the UK and EU.

The rules governing the EU Single Market (which is made up of the 27 other EU member states and to some extent, Iceland, Liechtenstein, and Norway (together, the European Economic Area or EEA)) require local risks to be underwritten by a local authorized insurer, an EEA authorized insurer or a non-local insurer with the benefit of an EU "passport". As such, UK insurers, including us, are currently able to underwrite risks from the UK into EEA member states via a "passport". The UK government has announced that it will not be seeking membership of the EU Single Market during the withdrawal negotiations. However, there can be no assurance that there will be any agreement between the UK and the EU by the date on which the UK withdraws from the EU, by the end of any transitional period, or at all. In addition, any such free trade agreement may not maintain the passporting rights of UK insurers nor deem relevant UK regulations to be equivalent to those of the EU. In the event that, following the UK's withdrawal from the EU, UK insurers are unable to access the EU Single Market via a passporting arrangement, a regulatory equivalence regime or other similar arrangement, such insurers may not be able to underwrite risks into EEA member states except through local branches incorporated in the EEA. Such branches might require local authorization, regulatory and prudential supervision, and capital to be deposited. Although we have commenced implementation of plans to ensure we would have a locally authorized insurer in the UK as well as an EEA authorized insurer able to underwrite risks in EEA/EU member states via a "passport", any change to the terms of the UK's access to the EU Single Market following the withdrawal of the UK from the EU could still have a material adverse effect on our business, financial condition, and results of operations.

In addition, Lloyd's currently benefits from EU Single Market passporting arrangements, which allow its syndicates and coverholders (i.e., only those authorized by our managing agency to enter into a contract but only in accordance with specified terms) to write business in EEA member states. Although Lloyd's has announced steps it will take to maintain its passporting rights within the EU, if it is not successful in maintaining those rights, our ability to write business in the EEA through Lloyd's syndicates and coverholders could have a material adverse effect on our business, financial condition, and results of operations.

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

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

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

Our operations rely on the secure processing, storage, and transmission of confidential and other information and assets, including in our computer systems and networks and those of third-party service providers. Our business depends on effective

information security and systems and the integrity and timeliness of the data our information systems use to run our business. Our ability to adequately price products and services, to establish reserves, to provide effective, efficient and secure service to our customers, to value our investments and to timely and accurately report our financial results also depends significantly on the integrity and availability of the data we maintain, including that within our information systems, as well as data in and assets held through third-party service providers and systems. In an effort to ensure the integrity of such data, we implement new security measures and systems, including the use of confidential intellectual property, and improve or upgrade our existing security measures and systems on a continuing basis. The instances of major cyber incidents have continued to expand in recent years, as exemplified by the 2017 "Petya" and "WannaCry" ransomware attacks. Although we have implemented administrative and technical controls and take protective actions to reduce the risk of cyber incidents and to protect our information technology and assets, and although we additionally endeavor to modify such procedures as circumstances warrant and negotiate agreements with third-party providers to protect our assets, such measures may be insufficient to prevent unauthorized access, computer viruses, malware or other malicious code or cyber-attack, catastrophic events, system failures and disruptions (including in relation to new security measures and systems), employee errors or malfeasance, third party (including outsourced service providers) errors or malfeasance, loss of assets and other events that could have security consequences (each, a Security Event). In some cases, such events may not be immediately detected. As the breadth and complexity of our security infrastructure continues to grow, the potential risk of a Security Event increases. Like other global companies, we have from time to time experienced Security Events, none of which had, individually or in the aggregate, an adverse impact on our business, results of operations, or financial condition. If additional Security Events occur, these events may jeopardize Chubb's or its clients' or counterparties' confidential and other information processed and stored within Chubb, and transmitted through its computer systems and networks, or otherwise cause interruptions, delays, or malfunctions in Chubb's, its clients', its counterparties', or third parties' operations, or result in data loss or loss of assets which could result in significant losses, reputational damage or an adverse effect on our operations and critical business functions. Chubb may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures and to pursue recovery of lost data or assets and we may be subject to litigation and financial losses that are either not insured against or not fully covered by insurance maintained.

The regulatory environment surrounding information security and privacy is increasingly demanding. We are subject to numerous U.S. federal and state laws and regulations in jurisdictions outside the U.S. governing the protection of personal and confidential information of our clients or employees, including in relation to medical records, credit card data and financial information. These laws and regulations are increasing in complexity and number, change frequently and sometimes conflict. If any person, including any of our employees or those with whom we share such information, negligently disregards or intentionally breaches our established controls with respect to our client data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions.

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

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

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

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

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

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

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

Strategic

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

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

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

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

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

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

Acquisitions, such as our acquisition of The Chubb Corporation (Chubb Corp) through a merger (the Chubb acquisition), involve numerous operational, strategic, financial, accounting, legal, tax, and other risks; potential liabilities associated with the acquired businesses; and uncertainties related to design, operation and integration of acquired businesses' internal controls over financial reporting. Difficulties in integrating an acquired company, along with its personnel, may result in the acquired company performing differently than we expected, in operational challenges or in our failure to realize anticipated expense-related efficiencies. Our existing businesses could also be negatively impacted by acquisitions. In addition, goodwill and

intangible assets recorded in connection with insurance company acquisitions may be impaired if premium growth, underwriting profitability, agency retention and policy persistency, among other factors, differ from expectations.

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

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

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

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

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

New tax legislation known as the Tax Cuts and Jobs Act (2017 Tax Act) became law in the U.S. on December 22, 2017. In addition to reducing the U.S. corporate income tax rate from 35 percent to 21 percent, it fundamentally changed many elements of the pre-2017 Tax Act U.S. tax law and introduced several new concepts to tax multinational corporations such as us. Among the most notable new rules are the Base Erosion and Anti-Abuse Tax (commonly called BEAT), which generally applies to payments by U.S. taxpayers to non-U.S. affiliates, and the Global Intangible Low Taxed Income (GILTI) addition to Subpart F income, which for insurance groups potentially expands U.S. taxation on the earnings of foreign subsidiaries. The 2017 Tax Act also includes a one-time reduced-rate transition tax in 2017 on previously untaxed post-1986 earnings of foreign subsidiaries of U.S. corporations. The 2017 Tax Act, which is generally effective for 2018, is a complex law with many significant new provisions and it will be a while before the IRS/Treasury provides meaningful guidance on its application. Thus, there are many uncertainties relating to its ultimate application and effects on our company.

The Organization for Economic Cooperation and Development (OECD) and the European Union (EU) are considering measures that might encourage countries to increase our taxes.

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

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

Shareholders

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

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

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

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

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

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

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

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

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

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

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

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

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

Under Swiss law, if we need to raise equity capital at a time when our share price is below the par value of our shares, the equity issuance could be delayed by the need to obtain shareholder approval, which cannot be assured.

As of December 31, 2017, the par value of our Common Shares is CHF 24.15 per share. Under Swiss law, we generally may not issue registered shares below their par value. In the event there is a need to raise common equity capital at a time when the trading price of our registered shares is below our par value, we will need to obtain approval of our shareholders to decrease the par value of our registered shares. We cannot assure that we would be able to obtain such shareholder approval. Furthermore, obtaining shareholder approval would require filing a preliminary proxy statement with the SEC and convening a meeting of shareholders which would delay any capital raising plans. Furthermore, any reduction in par value would decrease our ability to pay dividends as a repayment of share capital which is not subject to Swiss withholding tax. See "Shareholders may be subject to Swiss withholding taxes on the payment of dividends" for additional information.

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

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

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

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

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

A U.S. tax-exempt organization may recognize unrelated business taxable income if a portion of our insurance income is allocated to the organization. This generally would be the case if either we are a CFC and the tax-exempt shareholder is a 10 percent U.S. shareholder or there is RPII, certain exceptions do not apply, and the tax-exempt organization, directly or indirectly through foreign entities, owns any shares of Chubb Limited. Although we do not believe that any U.S. tax-exempt organization

should be allocated such insurance income, we cannot be certain that this will be the case. Potential U.S. tax-exempt investors are advised to consult their tax advisors.

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

If Chubb Limited is considered a PFIC for U.S. federal income tax purposes, a U.S. person who holds Chubb Limited shares will be subject to adverse U.S. federal income tax consequences in which case their investment could be adversely affected. In addition, if Chubb Limited were considered a PFIC, upon the death of any U.S. individual owning shares, such individual's heirs or estate would not be entitled to a "step-up" in the basis of the shares which might otherwise be available under U.S. federal income tax laws. We believe that we are not, have not been, and currently do not expect to become, a PFIC for U.S. federal income tax purposes. We cannot assure, however, that we will not be deemed a PFIC by the IRS. Recently enacted U.S. federal tax law and proposed regulations previously issued by the IRS contain objective and subjective standards regarding the application of the PFIC provisions to an insurance company. Final regulations or pronouncements interpreting or clarifying these rules may be forthcoming. We cannot predict what impact, if any, such guidance would have on an investor that is subject to U.S. federal income taxation.

Changes in tax law could adversely affect an investment in us and our securities.

New U.S. federal tax law was recently enacted containing significant changes. Portions of the new law address certain previously perceived tax advantages of domestic companies (including insurance companies) that have affiliates with legal domiciles outside the U.S. The new law is complex and lacks developed administrative guidance; thus, the full impact to us, or our investors, is currently unclear. This new law or future tax law changes, administrative guidance, or U.S. court decisions regarding tax law could have an adverse impact on us or our investors.

Similarly, jurisdictions outside the U.S. in which we do business could enact tax legislation in the future that could have an adverse impact on us or our investors. For example, Switzerland is currently pursuing the implementation of corporate tax reform measures. The first effort was rejected by a public vote; however a revised corporate tax reform measure is expected. The next tax reform version could adversely affect us or our investors.

Risks Relating to The Chubb Corporation Acquisition (Chubb Corp Acquisition)

We may fail to realize all of the anticipated benefits of the Chubb Corp Acquisition.

The integration of Chubb Corp may not be as successful as we anticipate. The success of the Chubb Corp acquisition will depend, in part, on our ability to realize the anticipated benefits of cross-selling and other revenue-related benefits from combining our businesses. Some of the assumptions that we have made, such as the achievement of revenue synergies, premium growth and underwriting profitability, among other factors, may differ from expectations.

ITEM 1B. Unresolved Staff Comments

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

ITEM 2. Properties

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

ITEM 3. Legal Proceedings

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

ITEM 4. Mine Safety Disclosures

Item not applicable.

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

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

Quarterly Stock Information

The following table sets forth the high and low closing sales prices of our Common Shares per fiscal quarter, as reported on the New York Stock Exchange Composite Tape, and cash dividends on Common Shares:

Quarter Ended	2017								2016	
	High		Low		Dividends		High		Dividends	
					USD	CHF			USD	CHF
March 31	\$ 140.38	\$ 128.48	\$ 0.69	0.69	\$ 122.47	\$ 108.00	\$ 0.67	0.66		
June 30	\$ 147.58	\$ 135.48	\$ 0.71	0.69	\$ 130.71	\$ 117.19	\$ 0.69	0.68		
September 30	\$ 149.87	\$ 134.88	\$ 0.71	0.68	\$ 130.32	\$ 124.28	\$ 0.69	0.67		
December 31	\$ 155.19	\$ 144.70	\$ 0.71	0.70	\$ 133.32	\$ 121.88	\$ 0.69	0.69		

We have paid dividends each quarter since we became a public company in 1993. Following Chubb's redomestication to Switzerland, our dividends have been distributed primarily by way of a par value reduction. However, our annual dividends were paid by way of a distribution from capital contribution reserves (Additional paid-in capital) through the transfer of dividends from Additional paid-in capital to Retained earnings (free reserves) as approved by our shareholders in 2017 and 2016.

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

The last reported sale price of the Common Shares on the New York Stock Exchange Composite Tape on February 12, 2018 was \$144.61 .

The number of record holders of Common Shares as of February 12, 2018 was 8,466 . This is not the actual number of beneficial owners of Chubb's Common Shares since most of our shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names.

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

Issuer's Repurchases of Equity Securities for the Three Months Ended December 31, 2017

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan ⁽²⁾	Approximate Dollar Value of Shares that May Yet be Purchased Under Publicly Announced Plan ⁽³⁾
October 1 through October 31	28,046	\$ 150.78	25,000	\$ 289 million
November 1 through November 30	257,154	\$ 149.01	253,599	\$ 251 million
December 1 through December 31	556,632	\$ 146.69	555,000	\$ 170 million ⁽⁴⁾
Total	841,832	\$ 147.54	833,599	

- (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) The aggregate value of shares purchased in the three months ended December 31, 2017 as part of the publicly announced plan was \$123 million.
- (3) In November 2016, our Board authorized \$1.0 billion of share repurchases through December 31, 2017.
- (4) Refer to Note 11 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 through December 31, 2018.

Performance Graph

Set forth below is a line graph comparing the dollar change in the cumulative total shareholder return on Chubb's Common Shares from December 31, 2012, through December 31, 2017, as compared to the cumulative total return of the Standard & Poor's 500 Stock Index and the cumulative total return of the Standard & Poor's Property-Casualty Insurance Index. The cumulative total shareholder return is a concept used to compare the performance of a company's stock over time and is the ratio of the stock price change plus the cumulative amount of dividends over the specified time period (assuming dividend reinvestment), to the stock price at the beginning of the time period. The chart depicts the value on December 31, 2013, 2014, 2015, 2016, and 2017, of a \$100 investment made on December 31, 2012, with all dividends reinvested.



	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
Chubb Limited	\$100	\$132	\$151	\$157	\$182	\$205
S&P 500 Index	\$100	\$132	\$151	\$153	\$171	\$208
S&P 500 P&C Index	\$100	\$138	\$160	\$175	\$203	\$248

ITEM 6. Selected Financial Data

On January 14, 2016, we completed the acquisition of the Chubb Corporation (Chubb Corp). The results of operations of Chubb Corp are included in our results from the acquisition date forward (i.e., after January 14, 2016 and only in the 2016 and 2017 columns) within the table below. Refer to Note 2 to the Consolidated Financial Statements for additional information on the acquisition.

(in millions, except per share data and percentages)	2017	2016	2015	2014	2013
Operations data:					
Net premiums earned – excluding Life Insurance segment	\$ 26,933	\$ 26,694	\$ 15,266	\$ 15,464	\$ 14,708
Net premiums earned – Life Insurance segment	2,101	2,055	1,947	1,962	1,905
Total net premiums earned	29,034	28,749	17,213	17,426	16,613
Net investment income	3,125	2,865	2,194	2,252	2,144
Losses and loss expenses	18,454	16,052	9,484	9,649	9,348
Policy benefits	676	588	543	517	515
Policy acquisition costs and administrative expenses	8,614	8,985	5,211	5,320	4,870
Net income	3,861	4,135	2,834	2,853	3,758
Weighted-average shares outstanding – diluted	471	466	329	339	344
Diluted earnings per share	\$ 8.19	\$ 8.87	\$ 8.62	\$ 8.42	\$ 10.92
Balance sheet data (at end of period):					
Total investments	\$ 102,444	\$ 99,094	\$ 66,251	\$ 62,904	\$ 60,928
Total assets	167,022	159,786	102,306	98,223	94,487
Net unpaid losses and loss expenses	49,165	47,832	26,562	27,008	26,831
Net future policy benefits	5,137	4,854	4,620	4,537	4,397
Long-term debt	11,556	12,610	9,389	3,334	3,786
Trust preferred securities	308	308	307	307	307
Total liabilities	115,850	111,511	73,171	68,636	65,662
Shareholders' equity	51,172	48,275	29,135	29,587	28,825
Book value per share	\$ 110.32	\$ 103.60	\$ 89.77	\$ 90.02	\$ 84.83
Selected data:					
Loss and loss expense ratio ⁽¹⁾	65.8%	57.7%	58.1%	58.7%	59.6%
Underwriting and administrative expense ratio ⁽²⁾	28.9%	30.6%	29.2%	29.4%	28.4%
Combined ratio ⁽³⁾	94.7%	88.3%	87.3%	88.1%	88.0%
Cash dividends per share ⁽⁴⁾	\$ 2.82	\$ 2.74	\$ 2.66	\$ 2.70	\$ 2.02

(1) The Loss and loss expense ratio is calculated by dividing losses and loss expenses, excluding the Life Insurance segment, by Net premiums earned – excluding Life Insurance segment. Losses and loss expenses for the Life Insurance segment were \$ 739 million, \$663 million, \$601 million, \$589 million, and \$582 million for the years ended December 31, 2017, 2016, 2015, 2014, and 2013, respectively.

(2) The Underwriting and administrative expense ratio is calculated by dividing the policy acquisition costs and administrative expenses, excluding the Life Insurance segment, by Net premiums earned – excluding Life Insurance segment. Policy acquisition costs and administrative expenses for the Life Insurance segment were \$ 833 million, \$ 816 million, \$ 767 million, \$ 763 million, and \$701 million for the years ended December 31, 2017, 2016, 2015, 2014, and 2013, respectively.

(3) The combined ratio is the sum of Loss and loss expense ratio and the Underwriting and administrative expense ratio.

(4) Cash dividends per share in 2014 include a \$0.12 per share increase related to the fourth quarter 2013, approved by our shareholders on January 10, 2014.

ITEM 7. 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 year ended December 31, 2017. This discussion should be read in conjunction with the consolidated financial statements and related Notes, under Item 8 of this Form 10-K.

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

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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 under Part I, Item 1A, under Risk Factors, starting on page 18 and 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; 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

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

We have grown our business through increased premium volume, expansion of product offerings and geographic reach, and acquisitions of other companies. Acquisitions in 2016 and 2015 are as follows:

- *All segments excluding North America Agricultural Insurance:* The Chubb Corporation (Chubb Corp) (January 14, 2016).
- *North America Personal P&C Insurance:* Fireman's Fund Insurance Company high net worth personal lines insurance business in the U.S. (April 1, 2015).

The consolidated financial statements include results of acquired businesses from the acquisition dates. Refer to Note 2 to the Consolidated Financial Statements for additional information on our acquisitions.

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

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

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

Combined legacy ACE and legacy Chubb Corp results ("comparative basis")

We discuss financial measures on a "comparative basis" for the 2016 and 2015 periods throughout the Management's Discussion and Analysis section. We believe these measures provide visibility into our results, allow for comparability to our historical results and are consistent with how management evaluates results. We define our results discussed on a "comparative basis" as follows:

2016 "comparative basis" results: The combined company results do not include the impact of the unearned premium reserves intangible amortization and the elimination of the historical policy acquisition costs as a result of purchase accounting related to the Chubb Corp acquisition. The combined company results for the year ended December 31, 2016 are inclusive of the first 14 days of January 2016 (the Chubb Corp acquisition closed January 14, 2016).

2015 "comparative basis" results: Legacy ACE plus legacy Chubb Corp historical results after accounting policy alignment adjustments, including reclassifying certain legacy Chubb Corp corporate expenses to administrative expenses and redefining legacy Chubb Corp segment underwriting income by allocating the amortization of deferred policy acquisition costs to each segment. 2015 "comparative basis" results exclude purchase accounting adjustments related to the Chubb Corp acquisition.

A reconciliation of "comparative basis" results as defined above is provided under the Non-GAAP Reconciliation section starting on page 74.

Financial Highlights for the Year Ended December 31, 2017

- Net income was \$3,861 million compared with \$4,135 million last year. Net income in 2017 was adversely impacted by significant catastrophe losses in the year of \$2,171 million after-tax and favorably impacted by a provisional tax benefit of \$450 million, related to the 2017 U.S. Tax Cuts and Jobs Act (2017 Tax Act). Net income included a one-time contribution of \$50 million (\$32.5 million after-tax) to the Chubb Charitable Foundation.
- Total company and P&C net premiums written were \$29.2 billion and \$27.1 billion, respectively, up 3.9 percent and 4.2 percent, respectively.
- Total pre-tax and after-tax catastrophe losses, including reinstatement premiums, were \$2,746 million (10.2 percentage points of the combined ratio) and \$2,171 million, respectively, compared with \$1,060 million (4.0 percentage points of the combined ratio) and \$844 million, respectively, in 2016. Pre-tax catastrophe losses, net of reinsurance and including reinstatement premiums, included \$650 million, \$880 million, and \$201 million from Hurricanes Harvey, Irma, and Maria, respectively, \$277 million and \$157 million from the northern and southern California wildfires, respectively, and \$556 million from other catastrophe losses, principally U.S. weather-related events.
- Since the acquisition of Chubb Corp, we have entered into new reinsurance agreements with third-party reinsurers for certain legacy Chubb Corp business and have taken other merger-related underwriting actions, including exiting certain types of business that do not meet our underwriting standards or adhere to our risk diversification strategy. Together, these items adversely impacted P&C net premiums written growth by \$545 million. Accounting policy alignment also adversely impacted P&C net premiums written growth by \$126 million. In addition, net premiums written growth in 2016 was adversely impacted from a one-time unearned premium reserve (UPR) transfer in 2016 which reduced net premiums written by \$128 million in the prior year.
- P&C combined ratio was 94.7 percent compared with 88.7 percent in 2016. P&C current accident year combined ratio excluding catastrophe losses was 87.6 percent compared with 89.0 percent in 2016.
- Total pre-tax and after-tax favorable prior period development was \$829 million (3.1 percentage points of the combined ratio) and \$634 million, respectively, compared with \$1,135 million pre-tax (4.3 percentage points of the combined ratio) and \$898 million after-tax in 2016.
- Net investment income was \$3,125 million compared with \$2,865 million in 2016. Excluding the amortization of the fair value adjustment on acquired invested assets of Chubb Corp, net investment income was \$3,457 million, compared with \$3,258 million in 2016, up 6.1 percent.
- Share repurchases totaled \$830 million, or approximately 5.9 million shares for the year.

Outlook

In 2017, we produced net income per share of \$8.19 and book value per share growth of 6.5 percent, despite large natural catastrophe events in the year, including Hurricanes Harvey, Irma, and Maria in the U.S and Caribbean, large earthquakes in Mexico, and multiple large wildfires in California. We had strong net premiums written of \$29.2 billion, up nearly 4 percent. We are optimistic about our growth prospects for 2018 given strengthening economies in the U.S. and globally, an improving pricing environment, and because our merger-related underwriting actions and their impact on revenue growth are largely behind us. In particular, we expect our commercial P&C business to continue to grow and benefit from improving pricing conditions in a number of our businesses globally in 2018. We also expect growth to improve in our U.S. middle market and small commercial business, and expect good growth in this area outside the U.S. as well. We also expect good growth in our global A&H and personal lines business from investments we are making in marketing and technology to provide a more digital experience for customers and business partners. One of our strategic focus areas is to transform ourselves to thrive in a digital age. We expect this to significantly enhance our competitive profile and contribute revenue growth and efficiencies in the medium and longer term.

We also expect to benefit from both a lower U.S. corporate tax rate as a result of the 2017 Tax Act and the additional insurance exposure growth that will accompany a growing economy.

There are a number of factors that impact the variability in investment income. Nevertheless, excluding the amortization of the fair value adjustment on acquired invested assets, we expect quarterly investment income to be in the range of \$865 million to \$875 million, and expect it to improve as the year progresses.

Our distribution agreement with Singapore's DBS Bank, the largest banking group in Southeast Asia, and our strategic cooperation agreement with China's PICC Property & Casualty Company, both announced in 2017, are investments that we believe will further expand our global growth potential. At the heart of the distribution agreement with DBS Bank is our joint

ability to market and service insurance digitally to millions of DBS customers, both consumers and businesses, in Asia Pacific countries. The strategic cooperation agreement with PICC is an opportunity to support the insurance needs of PICC and its customers, some of the largest enterprises in China.

We achieved annualized run rate integration-related savings of \$875 million by the end of 2017, ahead of schedule and above initial projections. Through 2017 we have realized \$766 million of savings, of which 63 percent favorably impacted administrative expenses. The expected incremental realized savings in 2018 is more highly weighted to claims expense savings than the administrative expense savings experienced to date. While incremental savings are expected to benefit us in 2018, these savings will be partially offset by increased spending to support growth, including our continued investment in marketing, technology and digitization, and strategic partnerships, such as those mentioned above.

Critical Accounting Estimates

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

- unpaid loss and loss expense reserves, including long-tail asbestos and environmental (A&E) reserves;
- future policy benefits reserves;
- the valuation of value of business acquired (VOBA) and amortization of deferred policy acquisition costs and VOBA;
- the assessment of risk transfer for certain structured insurance and reinsurance contracts;
- reinsurance recoverable, including a provision for uncollectible reinsurance;
- the valuation of our investment portfolio and assessment of other-than-temporary impairments (OTTI);
- the valuation of deferred tax assets;
- the valuation of derivative instruments related to guaranteed living benefits (GLB); and
- the assessment of goodwill for impairment.

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

Unpaid losses and loss expenses

As an insurance and reinsurance company, we are required by applicable laws and regulations and GAAP to establish loss and loss expense reserves for the estimated unpaid portion of the ultimate liability for losses and loss expenses under the terms of our policies and agreements with our insured and reinsured customers. At December 31, 2017, our gross unpaid loss and loss expense reserves were \$63.2 billion and our net unpaid loss and loss expense reserves were \$49.2 billion. With the exception of certain structured settlements, for which the timing and amount of future claim payments are reliably determinable, and certain reserves for unsettled claims that are discounted in statutory filings, our loss reserves are not discounted for the time value of money. In connection with such structured settlements and certain reserves for unsettled claims, we carried net discounted reserves of \$77 million and \$88 million at December 31, 2017 and 2016, respectively.

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

(in millions of U.S. dollars)	December 31, 2017			December 31, 2016		
	Gross Losses	Reinsurance Recoverable (1)	Net Losses	Gross Losses	Reinsurance Recoverable (1)	Net Losses
Balance, beginning of year	\$ 60,540	\$ 12,708	\$ 47,832	\$ 37,303	\$ 10,741	\$ 26,562
Losses and loss expenses incurred	23,933	5,479	18,454	20,195	4,143	16,052
Losses and loss expenses paid	(21,812)	(4,364)	(17,448)	(19,436)	(3,721)	(15,715)
Other (including foreign exchange translation)	518	191	327	(445)	24	(469)
Losses and loss expenses acquired	—	—	—	22,923	1,521	21,402
Balance, end of year	\$ 63,179	\$ 14,014	\$ 49,165	\$ 60,540	\$ 12,708	\$ 47,832

(1) Net of provision for uncollectible reinsurance.

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

The process of establishing loss reserves for property and casualty claims can be complex and is subject to considerable uncertainty as it requires the use of informed estimates and judgments based on circumstances underlying the insured loss known at the date of accrual. For example, the reserves established for high excess casualty claims, asbestos and environmental claims, claims from major catastrophic events, or for our various product lines each require different assumptions and judgments to be made. Necessary judgments are based on numerous factors and may be revised as additional experience and other data become available and are reviewed, as new or improved methods are developed, or as laws change. Hence, ultimate loss payments may differ from the estimate of the ultimate liabilities made at the balance sheet date. Changes to our previous estimates of prior period loss reserves impact the reported calendar year underwriting results, adversely if our estimates increase and favorably if our estimates decrease. The potential for variation in loss reserve estimates is impacted by numerous factors. Reserve estimates for casualty lines are particularly uncertain given the lengthy reporting patterns and corresponding need for IBNR.

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

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

Determining management's best estimate

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

Sensitivity to underlying assumptions

While we believe that our reserve for unpaid losses and loss expenses at December 31, 2017, is adequate, new information or emerging trends that differ from our assumptions may lead to future development of losses and loss expenses that is significantly greater or less than the recorded reserve, which could have a material effect on future operating results. As noted previously, our best estimate of required loss reserves for most portfolios is judgmentally selected for each origin year after considering the results from a number of reserving methods and is not a purely mechanical process. Therefore, it is difficult to convey, in a simple and quantitative manner, the impact that a change to a single assumption will have on our best estimate. In the examples below, we attempt to give an indication of the potential impact by isolating a single change for a specific reserving method that would be pertinent in establishing the best estimate for the product line described. We consider each of the following sensitivity analyses to represent a reasonably likely deviation in the underlying assumption.

North America Commercial P&C Insurance

Given the long reporting and paid development patterns for workers' compensation business, the development factors used to project actual current losses to ultimate losses for our current exposure require considerable judgment that could be material to consolidated loss and loss expense reserves. Specifically, adjusting ground up ultimate losses by a one percent change in the tail factor (i.e., 1.04 changed to either 1.05 or 1.03) would cause a change of approximately \$658 million, either positive or negative, for the projected net loss and loss expense reserves. This represents an impact of about 8.3 percent relative to recorded net loss and loss expense reserves of approximately \$7.9 billion.

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

North America Personal P&C Insurance

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

North America Agricultural Insurance

Approximately 69 percent of the reserves for this segment are from the crop related lines, which all have short payout patterns, with the majority of the liabilities expected to be resolved in the ensuing twelve months. Claim reserves for our Multiple Peril Crop Insurance (MPCI) product are set on a case-by-case basis and our aggregate exposure is subject to state level risk sharing formulae as well as third-party reinsurance. The majority of the development risk arises out of the accuracy of case reserve estimates and the time needed for final crop conditions to be assessed. We do not view our Agriculture reserves as substantially influenced by the general assumptions and risks underlying more typical P&C reserve estimates.

Overseas General Insurance

Certain long-tail lines, such as casualty and professional lines, are particularly susceptible to changes in loss trend and claim inflation. Heightened perceptions of tort and settlement awards around the world can increase the demand for these products as well as contributing to the uncertainty in the reserving estimates. Our reserving methods rely on loss development patterns estimated from historical data and while we attempt to adjust such factors for known changes in the current tort environment, it is possible that such factors may not entirely reflect all recent trends in tort environments. For example, when applying the reported loss development method, the lengthening of our selected loss development patterns by six months would increase reserve estimates on long-tail casualty and professional lines for accident years 2015 and prior by approximately \$484

million. This represents an impact of 13.7 percent relative to recorded net loss and loss expense reserves of approximately \$3.5 billion.

Global Reinsurance

Typically, there is inherent uncertainty around the length of paid and reported development patterns, especially for certain casualty lines such as excess workers' compensation or general liability, which may take decades to fully develop. This uncertainty is accentuated by the need to supplement client development patterns with industry development patterns due to the sometimes low statistical credibility of the data. The underlying source and selection of the final development patterns can thus have a significant impact on the selected ultimate net losses and loss expenses. For example, a 20 percent shortening or lengthening of the development patterns used for U.S. long-tail lines would cause the loss reserve estimate derived by the reported Bornhuetter-Ferguson method for these lines to change by approximately \$458 million. This represents an impact of 52 percent relative to recorded net loss and loss expense reserves of approximately \$888 million.

Assumed reinsurance

At December 31, 2017, net unpaid losses and loss expenses for the Global Reinsurance segment aggregated to \$1.7 billion, consisting of \$843 million of case reserves and \$870 million of IBNR. In comparison, at December 31, 2016, net unpaid losses and loss expenses for the Global Reinsurance segment aggregated to \$1.7 billion, consisting of \$760 million of case reserves and \$978 million of IBNR.

For our catastrophe business, we principally estimate unpaid losses and loss expenses on an event basis by considering various sources of information, including specific loss estimates reported by our cedants, ceding company and overall industry loss estimates reported by our brokers, and our internal data regarding reinsured exposures related to the geographical location of the event. Our internal data analysis enables us to establish catastrophe reserves for known events with more certainty at an earlier date than would be the case if we solely relied on reports from third parties to determine carried reserves.

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

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

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

On occasion, there will be differences between our carried loss reserves and unearned premium reserves and the amount of loss reserves and unearned premium reserves reported by the ceding companies. This is due to the fact that we receive consistent and timely information from ceding companies only with respect to case reserves. For IBNR, we use historical experience and other statistical information, depending on the type of business, to estimate the ultimate loss. We estimate our unearned premium reserve by applying estimated earning patterns to net premiums written for each treaty based upon that treaty's coverage basis (i.e., risks attaching or losses occurring). At December 31, 2017, the case reserves reported to us by our ceding

companies were \$827 million, compared with the \$843 million we recorded. Our policy is to post additional case reserves in addition to the amounts reported by our cedants when our evaluation of the ultimate value of a reported claim is different than the evaluation of that claim by our cedant.

Within Corporate, we also have exposure to certain liability reinsurance lines that have been in run-off since 1994. Unpaid losses and loss expenses relating to this run-off reinsurance business resides within the Brandywine Division of Corporate. Most of the remaining unpaid loss and loss expense reserves for the run-off reinsurance business relate to A&E claims. Refer to the "Asbestos and Environmental (A&E)" section for additional information.

Asbestos and environmental reserves

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

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

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

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

Future policy benefits reserves

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

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

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

Risk transfer

In the ordinary course of business, we both purchase (or cede) and sell (or assume) reinsurance protection. We discontinued the purchase of all finite risk reinsurance contracts, as a matter of policy, in 2002. For both ceded and assumed reinsurance, risk transfer requirements must be met in order to use reinsurance accounting, principally resulting in the recognition of cash flows under the contract as premiums and losses. If risk transfer requirements are not met, a contract is to be accounted for as a deposit, typically resulting in the recognition of cash flows under the contract through a deposit asset or liability and not as revenue or expense. To meet risk transfer requirements, a reinsurance contract must include both insurance risk, consisting of underwriting and timing risk, and a reasonable possibility of a significant loss for the assuming entity. We also apply similar risk transfer requirements to determine whether certain commercial insurance contracts should be accounted for as insurance or a deposit. Contracts that include fixed premium (i.e., premium not subject to adjustment based on loss experience under the contract) for fixed coverage generally transfer risk and do not require judgment.

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

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

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

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

Reinsurance recoverable

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

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

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

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

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

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

uncollectible reinsurance. When regulatory action is taken on a reinsurer, we generally recognize a default factor by estimating an expected recovery on all balances outstanding, net of collateral. When sufficient credible information becomes available, we adjust the provision for uncollectible reinsurance by establishing a default factor pursuant to information received; and

- For captives and other recoverables, management determines the provision for uncollectible reinsurance based on the specific facts and circumstances.

The following table summarizes reinsurance recoverables and the provision for uncollectible reinsurance for each type of recoverable balance at December 31, 2017 :

(in millions of U.S. dollars)	Gross Reinsurance Recoverables on Losses and Loss Expenses	Recoverables (net of Usable Collateral)	Provision for Uncollectible Reinsurance ⁽¹⁾
Type			
Reinsurers with credit ratings	\$ 11,442	\$ 10,097	\$ 166
Reinsurers not rated	426	190	59
Reinsurers under supervision and insolvent reinsurers	100	97	41
Captives	2,199	258	18
Other - structured settlements and pools	1,188	992	37
Total	\$ 15,355	\$ 11,634	\$ 321

⁽¹⁾ The provision for uncollectible reinsurance is based on a default analysis applied to gross reinsurance recoverables, net of approximately \$3.7 billion and \$ 3.3 billion of collateral at December 31, 2017 and 2016 , respectively.

At December 31, 2017 , the use of different assumptions within our approach could have a material effect on the provision for uncollectible reinsurance. To the extent the creditworthiness of our reinsurers were to deteriorate due to an adverse event affecting the reinsurance industry, such as a large number of major catastrophes, actual uncollectible amounts could be significantly greater than our provision for uncollectible reinsurance. Such an event could have a material adverse effect on our financial condition, results of operations, and our liquidity. Given the various considerations used to estimate our uncollectible provision, we cannot precisely quantify the effect a specific industry event may have on the provision for uncollectible reinsurance. However, based on the composition (particularly the average credit quality) of the reinsurance recoverable balance at December 31, 2017 , we estimate that a ratings downgrade of one notch for all rated reinsurers (i.e., from A to A- or A- to BBB+) could increase our provision for uncollectible reinsurance by approximately \$64 million or approximately 0.4 percent of the gross reinsurance recoverable balance, assuming no other changes relevant to the calculation. While a ratings downgrade would result in an increase in our provision for uncollectible reinsurance and a charge to earnings in that period, a downgrade in and of itself does not imply that we will be unable to collect all of the ceded reinsurance recoverable from the reinsurers in question. Refer to Note 5 to the Consolidated Financial Statements for additional information.

Other-than-temporary impairments (OTTI)

Each quarter, we review securities in an unrealized loss position (impaired securities), including fixed maturities, securities lending collateral, equity securities, and other investments, to identify impaired securities to be specifically evaluated for a potential OTTI. Because our investment portfolio is the largest component of consolidated assets, OTTI could be material to our financial condition and results of operations. Refer to Note 3 d) to the Consolidated Financial Statements for a description of the OTTI process.

Deferred taxes

At December 31, 2017 , our net deferred tax liability was \$699 million . Many of our insurance businesses operate in income tax-paying jurisdictions. Our deferred tax assets and liabilities primarily result from temporary differences between the amounts recorded in our consolidated financial statements and the tax basis of our assets and liabilities. We determine deferred tax assets and liabilities separately for each tax-paying component (an individual entity or group of entities that is consolidated for tax purposes) in each tax jurisdiction. The realization of deferred tax assets depends upon the existence of sufficient taxable income within the carryback or carryforward periods under the tax law in the applicable tax jurisdiction. There may be changes in tax laws in a number of countries where we transact business that impact our tax balances. For example, the recently enacted 2017 Tax Act in the U.S. required us to reassess our deferred tax balances, principally to reflect the reduction of the corporate tax rate from 35 percent to 21 percent. We have adjusted our deferred tax balances in the fourth quarter of 2017 based on our best estimate and understanding of the new tax legislation. However, the 2017 Tax Act is a complex law with

many new provisions. Until additional guidance is issued, there are many uncertainties relating to its ultimate application. Refer to Note 8 to the Consolidated Financial Statements for additional information.

At each balance sheet date, management assesses the need to establish a valuation allowance that reduces deferred tax assets when it is more likely than not that all, or some portion, of the deferred tax assets will not be realized. The valuation allowance is based on all available information including projections of future taxable income from each tax-paying component in each tax jurisdiction, principally derived from business plans and available tax planning strategies. Projections of future taxable income incorporate several assumptions of future business and operations that are apt to differ from actual experience. If our assumptions and estimates that resulted in our forecast of future taxable income for each tax-paying component prove to be incorrect, an additional valuation allowance could become necessary, which could have a material adverse effect on our financial condition, results of operations, and liquidity. At December 31, 2017, the valuation allowance of \$99 million reflects management's assessment that it is more likely than not that a portion of the deferred tax asset will not be realized due to the potential inability to utilize foreign tax credits in the U.S. and the inability of certain foreign subsidiaries to generate sufficient taxable income.

Fair value measurements

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

Assumed reinsurance programs involving minimum benefit guarantees under variable annuity contracts

Chubb reinsures various death and living benefit guarantees associated with variable annuities issued primarily in the United States and Japan. We ceased writing this business in 2007. Guarantees which are payable on death are referred to as guaranteed minimum death benefits (GMDB). Guarantees on living benefits (GLB) includes guaranteed minimum income benefits (GMIB) and guaranteed minimum accumulation benefits (GMAB). For further description of this product and related accounting treatment, refer to Note 1 j) to the Consolidated Financial Statements.

Guaranteed living benefits (GLB) derivatives

Our GLB reinsurance is classified as a derivative for accounting purposes and therefore carried at fair value. We believe that the most meaningful presentation of these GLB derivatives is as follows:

- Estimates of the average modeled value of future cash outflows is recorded as incurred losses (i.e., benefit reserves). Cash inflows or revenue are reported as net premiums earned and changes in the benefit reserves are reflected as Policy benefits expense in the Consolidated statements of operations, which is included in underwriting income.
- The incremental difference between the fair value of GLB reinsurance contracts and benefit reserves is reflected in Accounts payable, accrued expenses, and other liabilities in the Consolidated balance sheets and related changes in fair value are reflected in Net realized gains (losses) in the Consolidated statements of operations.

Determination of GLB fair value

The fair value of GLB reinsurance is estimated using an internal valuation model, which includes current market information and estimates of policyholder behavior from the perspective of a theoretical market participant that would assume these liabilities. All of our 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 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 more timely market information. Due to the inherent uncertainties of the assumptions used in the valuation models to determine the fair value of these derivative products, actual experience may differ materially from the estimates reflected in our Consolidated Financial Statements.

We intend to hold these derivative contracts to maturity (i.e., the expiration of the underlying liabilities through lapse, annuitization, death, or expiration of the reinsurance contract). To partially offset the risk of changes in the fair value of GLB reinsurance contracts, we invest in derivative hedge instruments. At maturity, the cumulative realized gains and losses (excluding cumulative hedge gains or losses) from fair value changes of GLB reinsurance contracts will net to zero because, over time, the insurance liability will be increased or decreased to equal our obligation.

Determination of GLB and Guaranteed minimum death benefits (GMDB) benefit reserves

Management established benefit reserves based on a long-term benefit ratio (or loss ratio) calculated using assumptions reflecting management’s best estimate of the future short-term and long-term performance of the variable annuity line of business. Despite the long-term nature of the risk, the benefit ratio calculation is impacted by short-term market movements that may be judged by management to be transient. Management regularly examines both qualitative and quantitative analysis, including a review of the differential between the benefit ratio used at the most recent valuation date and the benefit ratio calculated on subsequent dates. Management regularly evaluates its estimates and uses judgment to determine the extent to which assumptions underlying the benefit ratio calculation should be adjusted. For the year ended December 31, 2017, management determined that no change to the benefit ratio was warranted.

For further information on the estimates and assumptions used in determining the fair value of GLB reinsurance, refer to Note 4 to the Consolidated Financial Statements. For a sensitivity discussion of the effect of changes in interest rates, equity indices, and other assumptions on the fair value of GLBs, and the estimated resulting impact on our net income, refer to Item 7A.

Risk Management

We employ a strategy to manage the financial market and policyholder behavior risks embedded in the reinsurance of variable annuity (VA) guarantees. Risk management begins with underwriting a prospective client and guarantee design, with particular focus on protecting our position from policyholder options that, because of anti-selective behavior, could adversely impact our obligation.

A second layer of risk management is the structure of the reinsurance contracts. All VA guarantee reinsurance contracts include some form of annual or aggregate claim limit(s). For example, for 65 percent of the GMDB portfolio (based on guaranteed value), there is an annual claim limit of 2 percent of account value. The different categories of claim limits are as follows:

Reinsurance program covering	% of total guaranteed value (GV)	% of GV that has additional reinsurance coverage	Additional terms
GMDB with an annual claim limit of 2% of account value (AV)	65% of total GMDB	2% for GLB N/A	
GMDB with annual claim limits that are a function of underlying GV (varies from 0.4% to 2.0% of GV)	30% of total GMDB	80% for GLB	<ul style="list-style-type: none"> • 50% of GV subject to annual claim deductibles (1) of 0.1% to 0.2% of GV • 30% of GV subject to an aggregate claim limit of approximately \$275 million
GMDB and GMAB	5% of total GLB 5% of total GMDB	N/A	<ul style="list-style-type: none"> • Programs are quota-share (QS) agreements with QS % decreasing as ratio of AV to GV decreases: <ul style="list-style-type: none"> — QS 100% for ratios between 100% - 75% — QS 60% for ratios between 75% - 45% — QS 30% for ratios less than 45% • 5% of GV subject to a per policy claim deductible of 8.8% of GV for GMAB only (1)
GMIB with annual claim limits that are a function of underlying GV (typically 10% of GV)	65% of total GLB	45% for GMDB	<ul style="list-style-type: none"> • Annual annuitization limit range 17.5% - 30%: <ul style="list-style-type: none"> — 55% subject to limit of 30% — 45% subject to limit of 20% or under • 43% of GV subject to minimum annuity conversion factors that limits exposure to low interest rates
GMIB with an aggregate claim limit of \$2.0 billion	30% of total GLB	35% for GMDB	<ul style="list-style-type: none"> • Annual annuitization limit of 20% • 65% of GV subject to minimum annuity conversion factors that limit exposure to low interest rates • 40% of GV subject to an aggregate claim deductible of 2% of underlying annuity deposits

(1) Chubb would only pay total annual claims in excess of deductibles.

A third layer of risk management is the hedging strategy which looks to mitigate both long-term economic loss over time as well as dampen income statement volatility. We owned financial market instruments as part of the hedging strategy with a fair value (liability) asset of \$(21) million and \$ 1 million at December 31, 2017 and 2016 , respectively. The instruments are substantially collateralized by our counterparties, on a daily basis.

We also limit the aggregate amount of variable annuity reinsurance guarantee risk we are willing to assume. The last substantive transactions were quoted in late 2007. The aggregate number of policyholders is currently decreasing through policyholder withdrawals, annuitizations, and deaths at a rate of 5 percent to 15 percent per annum.

Note that GLB claims cannot occur for any reinsured policy until it has reached the end of its “waiting period”. As shown in the table below, 80 percent of the policies we reinsure reached the end of their “waiting periods” in 2017 and prior.

Year of first payment eligibility	Percent of living benefit account values
2017 and prior	80%
2018	10%
2019	3%
2020	1%
2021	2%
2022 and after	4%
Total	100%

The following table presents the historical cash flows under these policies for the periods indicated. The amounts represent accrued past premium received and claims paid, split by benefit type.

(in millions of U.S. dollars)	2017			2016			2015		
	GMDB	GLB	Total	GMDB	GLB	Total	GMDB	GLB	Total
Premium received	\$ 49	\$ 110	\$ 159	\$ 55	\$ 118	\$ 173	\$ 61	\$ 121	\$ 182
Less paid claims	31	54	85	42	39	81	28	16	44
Net cash received	\$ 18	\$ 56	\$ 74	\$ 13	\$ 79	\$ 92	\$ 33	\$ 105	\$ 138

Collateral

Chubb holds collateral on behalf of most of its clients in the form of qualified assets in trust or letters of credit, typically in an amount sufficient for the client to obtain statutory reserve credit for the reinsurance. The timing of the calculation and amount of the collateral varies by client according to the particulars of the reinsurance treaty and the statutory reserve guidelines of the client's domicile.

Goodwill impairment assessment

Goodwill, which represents the excess of acquisition cost over the estimated fair value of net assets acquired, was \$15.5 billion and \$15.3 billion at December 31, 2017 and 2016, respectively. Goodwill is assigned to applicable reporting units of acquired entities at the time of acquisition. Our reporting units are the same as our reportable segments. For goodwill balances by reporting units, refer to Note 6 to the Consolidated Financial Statements.

Goodwill is not amortized but is subject to a periodic evaluation for impairment at least annually, or earlier if there are any indications of possible impairment. Impairment is tested at the reporting unit level. The impairment evaluation first uses a qualitative assessment to determine whether it is more likely than not (i.e., more than a 50 percent probability) that the fair value of a reporting unit is greater than its carrying amount. If a reporting unit fails this qualitative assessment, a single quantitative analysis is used to measure and record the amount of the impairment.

In assessing the fair value of a reporting unit, we make assumptions and estimates about the profitability attributable to our reporting units, including:

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

If our assumptions and estimates made in assessing the fair value of acquired entities change, we could be required to write-down the carrying value of goodwill which could be material to our results of operations in the period the charge is taken.

Based on our impairment testing for 2017, we determined no impairment was required and none of our reporting units were at risk for impairment.

Consolidated Operating Results – Years Ended December 31, 2017 , 2016 , and 2015

(in millions of U.S. dollars, except for percentages)				% Change	
	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
Net premiums written ⁽¹⁾	\$ 29,244	\$ 28,145	\$ 17,713	3.9 %	58.9 %
Net premiums earned ⁽¹⁾	29,034	28,749	17,213	1.0 %	67.0 %
Net investment income	3,125	2,865	2,194	9.1 %	30.6 %
Net realized gains (losses)	84	(145)	(420)	NM	(65.5)%
Total revenues	32,243	31,469	18,987	2.5 %	65.7 %
Losses and loss expenses	18,454	16,052	9,484	15.0 %	69.3 %
Policy benefits	676	588	543	15.0 %	8.3 %
Policy acquisition costs	5,781	5,904	2,941	(2.1)%	100.7 %
Administrative expenses	2,833	3,081	2,270	(8.0)%	35.7 %
Interest expense	607	605	300	0.3 %	101.7 %
Other (income) expense	(400)	(222)	(51)	80.2 %	335.3 %
Amortization of purchased intangibles	260	19	171	NM	(88.9)%
Chubb integration expenses	310	492	33	(37.0)%	NM
Total expenses	28,521	26,519	15,691	7.5 %	69.0 %
Income before income tax	3,722	4,950	3,296	(24.8)%	50.2 %
Income tax expense (benefit)	(139)	815	462	NM	76.4 %
Net income	\$ 3,861	\$ 4,135	\$ 2,834	(6.6)%	45.9 %

NM – not meaningful

⁽¹⁾ On a constant-dollar basis for the years ended December 31, 2017 and 2016, net premiums written increased \$1.1 billion , or 3.9 percent, and \$10.8 billion, or 62.3 percent, respectively, and net premiums earned increased \$232 million , or 0.8 percent, and \$11.9 billion, or 70.3 percent, respectively. Amounts are calculated by translating prior period results using the same local currency rates as the comparable current period.

Net Premiums Written
2017 vs. 2016

Net premiums written reflect the premiums we retain after purchasing reinsurance protection. Consolidated net premiums written increased \$1.1 billion in 2017 , reflecting growth across most segments. The increase is also due to the timing of the Chubb Corp acquisition in the prior year, which excluded approximately \$ 855 million of production generated prior to the Chubb Corp acquisition close on January 14, 2016 (14-day stub period). On a comparative basis, which includes the 14-day stub period, net premiums written increased \$ 244 million . This increase in premiums was partially offset by merger-related actions of \$582 million . Merger-related actions include the cancellation of certain portfolios or lines of business that do not meet our underwriting standards and the purchase of additional reinsurance due to the acquisition of Chubb Corp.

- Net premiums written in our North America Commercial P&C Insurance segment increased \$288 million in 2017 . On a comparative basis, which includes the 14-day stub period (\$519 million), net premiums written decreased \$231 million driven by merger-related actions (\$278 million). Excluding these items, net premiums written increased \$47 million , or 0.4 percent, as growth, primarily in our risk management and casualty business was offset by declines in property and select components of our financial lines businesses due to competitive market conditions.
- Net premiums written in our North America Personal P&C Insurance segment increased \$380 million in 2017 . On a comparative basis, which includes the 14-day stub period (\$100 million), net premiums written increased \$ 280 million reflecting both growth across most lines as well as the non-renewal of a quota share treaty in 2017 covering the acquired Fireman's Fund homeowners and automobile businesses (\$189 million).
- Net premiums written in our North America Agricultural Insurance segment increased \$188 million in 2017, primarily due to an increase in MPCl production and growth in our Agriculture P&C products. The increase in MPCl premium was driven in part by higher policy count and the year-over-year impact of our update to the MPCl margin estimate which resulted in a smaller cession to the U.S. government in 2016. Under the government's crop insurance profit and loss calculation formulas, we retained more premiums in 2017 as losses were higher compared to 2016.

- Net premiums written in our Overseas General Insurance segment increased \$217 million in 2017, or \$220 million on a constant-dollar basis. Excluding the favorable impact of the 14-day stub period (\$215 million), unfavorable impact of merger-related accounting policy adjustments in 2016 to align the timing of premium recognition (\$126 million) and merger-related actions (\$131 million), net premiums written increased \$262 million on a constant-dollar basis, driven by growth in personal lines business, primarily from new automobile business written in Latin America, as well as growth across most property and casualty (P&C) lines, primarily in Asia and Latin America.
- Net premiums written in our Global Reinsurance segment increased \$9 million in 2017 primarily due to a \$30 million increase in catastrophe reinstatement premiums and the favorable impact of the 14-day stub period (\$20 million). These increases were negatively impacted by merger-related actions of \$10 million, declining rates and increasing competition.
- Net premiums written in our Life Insurance segment increased \$17 million in 2017 due to growth in our Asian international life operations and Combined Insurance supplemental A&H program business. This growth was partially offset by planned declines in our Latin American operations, reflecting merger-related actions of \$37 million, and in our life reinsurance business, which continues to decline as no new business is currently being written.

2016 vs. 2015

Consolidated net premiums written increased \$10.4 billion in 2016, primarily due to the Chubb Corp acquisition, which added about \$10.8 billion of growth to premiums. This increase in premiums was partially offset by the adverse impact of foreign exchange of \$367 million. On a constant-dollar basis, as if legacy ACE and legacy Chubb were one company in 2015 and since the beginning of 2016 (comparative basis), net premiums written decreased \$843 million in 2016, primarily driven by merger-related actions (\$650 million), including the purchase of additional reinsurance. See below for additional items impacting net premiums written.

- Net premiums written in our North America Commercial P&C Insurance segment increased \$6,025 million in 2016. On a comparative basis, net premiums written decreased \$355 million in 2016, principally due to merger-related actions (\$241 million). In addition, net premiums decreased due to lower new business written, driven by competitive market conditions and rate declines.
- Net premiums written in our North America Personal P&C Insurance segment increased \$2,961 million in 2016. On a comparative basis, excluding the impact of a number of risk management related actions (\$525 million), net premiums written were up 1.3 percent in 2016 due to growth in our high net worth homeowners and auto lines.
- Net premiums written in our Overseas General Insurance segment increased \$1,490 million in 2016, and increased \$95 million, on a comparative constant-dollar basis, primarily driven by growth in personal lines, property and casualty lines (P&C), and A&H lines. This increase was partially offset by declines in our business written by Chubb Global Markets and by merger-related actions (\$119 million).
- Net premiums written in our Life Insurance segment increased \$126 million in 2016 and increased \$32 million on a comparative basis. Growth in our international life operations and in our Combined Insurance Supplemental A&H program business was partially offset by the adverse effect of foreign exchange. Our life reinsurance business continues to decline as there is no new life reinsurance business currently being written. On a constant-dollar basis, production, which includes deposits collected on universal life and investment contracts of \$1,006 million in 2016 and \$997 million in 2015, increased 6.0 percent.
- Net premiums written in our North America Agricultural Insurance segment decreased \$18 million in 2016, primarily due to the revision to the 2016 crop year margin estimate related to the MPC1 program, which resulted in lower premium retention under the premium sharing formula with the U.S. government. This decrease was partially offset by lower cessions under existing third-party proportional reinsurance programs.
- Net premiums written in our Global Reinsurance segment decreased \$152 million in 2016 and decreased \$161 million on a comparative basis, as we maintained underwriting discipline in an environment of declining rates and increasing competition. In addition, the decline in premiums reflects increased cessions of \$17 million due to the purchase of additional property catastrophe reinsurance coverage in 2016.

Line of Business

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

(in millions of U.S. dollars, except for percentages)					% Change	
	2017	2016	2015	C\$ (1)	2016	C\$ (1) % Change ex Merger actions 2017 vs. 2016
Commercial multiple peril ⁽²⁾	\$ 879	\$ 815	\$ —	\$ 816	7.7 %	8.2 %
Commercial casualty	3,638	3,433	2,171	3,434	5.9 %	8.5 %
Workers' compensation	2,067	2,006	901	2,006	3.0 %	7.1 %
Professional liability	3,491	3,544	1,516	3,541	(1.4)%	0.1 %
Surety	627	584	323	585	7.2 %	8.1 %
Property and other short-tail lines	3,866	3,856	2,884	3,859	0.2 %	3.2 %
International other casualty	1,092	1,038	755	1,019	7.2 %	9.8 %
Total Commercial P&C	15,660	15,276	8,550	15,260	2.6 %	5.1 %
Agriculture	1,516	1,328	1,346	1,328	14.2 %	14.2 %
Personal automobile - North America	775	698	219	700	10.7 %	10.7 %
Personal automobile - International	788	674	700	671	17.4 %	18.6 %
Personal homeowners	3,302	3,053	937	3,057	8.0 %	7.6 %
Personal other	1,441	1,399	606	1,402	2.8 %	9.3 %
Total Personal lines	6,306	5,824	2,462	5,830	8.2 %	9.6 %
Total Property and Casualty lines	23,482	22,428	12,358	22,418	4.7 %	6.8 %
Other Lines						
Global A&H ⁽³⁾	4,056	3,970	3,548	3,990	1.7 %	3.3 %
Reinsurance	685	676	828	670	2.2 %	3.7 %
Life	1,021	1,071	979	1,077	(5.2)%	(1.8)%
Total consolidated	\$ 29,244	\$ 28,145	\$ 17,713	\$ 28,155	3.9 %	5.9 %

(1) On a constant-dollar basis. Amounts are calculated by translating prior period results using the same local currency 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 the Global A&H line item above.

On a constant-dollar basis, total consolidated net premiums written, excluding merger actions, increased 5.9 percent in 2017 due to the following:

- Total commercial P&C net premiums written, excluding merger actions, increased 5.1 percent in 2017 due to growth in our risk management and casualty business as well as growth in Asia and Latin America.
- Total personal lines net premiums written, excluding merger actions, increased 9.6 percent in 2017 primarily due to new automobile business written in Latin America and the non-renewal of a quota share treaty in 2017.
- Global A&H lines, excluding merger actions, increased 3.3 percent in 2017 due to growth in North America, Latin America and Asia, as well as in our Combined Insurance Supplemental A&H program business.
- Reinsurance lines, excluding merger actions, increased 3.7 percent in 2017 primarily due to increased catastrophe reinstatement premiums, partially offset by declining rates and increasing competition.

Net Premiums Earned**2017 vs. 2016**

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 \$285 million, or \$232 million on a constant-dollar basis in 2017, primarily due to the same factors driving the increase in net premiums written as described above.

The prior year excluded approximately \$391 million of premiums earned in the 14-day stub period. On a comparative constant-dollar basis, which includes the 14-day stub period, net premiums earned decreased \$159 million as growth was more than offset by merger-related actions.

2016 vs. 2015

Net premiums earned increased \$11.5 billion in 2016, primarily due to the Chubb Corp acquisition which added about \$11.8 billion of growth to premiums, partially offset by the adverse impact of foreign currency of \$328 million. On a constant-dollar basis, net premiums earned increased \$11.9 billion in 2016.

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 combined ratio:

	2017	2016	2015
Loss and loss expense ratio	65.8%	57.7%	58.1%
Policy acquisition cost ratio	19.5%	20.2%	16.1%
Administrative expense ratio	9.4%	10.4%	13.1%
Combined ratio	94.7%	88.3%	87.3%

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

(in millions of U.S dollars)	2017	2016	2015
Catastrophe losses, pre-tax	\$ 2,753	\$ 1,067	\$ 321
Favorable prior period development net of related reinstatement premiums, pre-tax	\$ 829	\$ 1,135	\$ 546

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. The following table presents the break out of catastrophe losses for the twelve months ended December 31, 2017, by segment, net of reinsurance as well as reinstatement premiums (RIPs) collected (expensed):

Catastrophe Loss Charge by Event										
(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Total excluding RIPs	RIPs collected (expensed)	Total including RIPs		
Net losses										
N. California wildfires	\$ 61	\$ 151	\$ —	\$ 2	\$ 42	\$ 256	\$ (21)	\$ 277		
S. California wildfires	23	134	—	—	—	157	—	157		
Hurricane Harvey	391	175	1	40	48	655	5	650		
Hurricane Irma	464	206	2	79	159	910	30	880		
Hurricane Maria	50	—	—	89	55	194	(7)	201		
Mexico Earthquakes	—	—	—	25	—	25	—	25		
Other	231	205	15	96	9	556	—	556		
Total	\$ 1,220	\$ 871	\$ 18	\$ 331	\$ 313	\$ 2,753				
Reinstatement premium collected (expensed)	(4)	(22)	—	(4)	37			7		
Total before income tax	\$ 1,224	\$ 893	\$ 18	\$ 335	\$ 276			\$ 2,746		

Catastrophe losses through December 31, 2016 included severe weather-related events in the U.S., including Hurricane Matthew, severe weather-related events in Europe, a wildfire in Canada, and earthquakes in Ecuador and New Zealand. Catastrophe losses through December 31, 2015 included severe weather-related events in the U.S. and Asia, a chemical storage facility explosion in Tianjin, China, a hailstorm in Australia, and flooding and an earthquake in Chile.

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 \$829 million in 2017 compared to \$1,135 million in the prior year, a decline of \$306 million, pre-tax primarily reflecting favorable prior accident year loss activity, though at a reduced level from 2016. In addition, 2017 included higher adverse development related to asbestos, environmental, and other run-off liabilities compared to the prior year. Refer to the Prior Period Development section in Note 7 to the Consolidated Financial Statements for additional information.

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The loss ratio numerator includes losses and loss expenses adjusted to exclude catastrophe losses and PPD. The loss ratio 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. In periods where there are adjustments on loss sensitive policies, these adjustments are excluded from PPD and net premiums earned when calculating this ratio. We believe that excluding the impact of catastrophe losses and PPD provides a better evaluation of our underwriting performance and enhances the understanding of the trends in our property & casualty business that may be obscured by these items.

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"):

	2017	2016	2015
Loss and loss expense ratio	65.8 %	57.7 %	58.1 %
Catastrophe losses and related reinstatement premiums	(10.2)%	(4.0)%	(2.1)%
Prior period development net of related reinstatement premiums	3.2 %	4.3 %	3.6 %
Current accident year loss and loss expense ratio excluding catastrophe losses	58.8 %	58.0 %	59.6 %

2017 vs. 2016

The CAY loss ratio excluding catastrophe losses increased 0.8 percentage points in 2017, primarily due to the following:

- Higher non-catastrophe large losses in property lines and mix of business in our Major Accounts division in our North America Commercial P&C Insurance segment, driven by growth in casualty lines which have a higher loss ratio and declines in property lines which have a lower loss ratio (0.4 percentage points);
- Higher non-catastrophe large losses in our North America Personal P&C Insurance segment (0.2 percentage point);
- An updated allocation that more appropriately classified certain claims-related expenses as loss adjustment expenses (previously reported as administrative expenses). This updated allocation increased loss adjustment expenses (0.4 percentage points), with an offsetting decrease to administrative expenses;
- Partially offset by integration-related claims handling expense savings realized of \$128 million (0.5 percentage points).

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 decreased 0.7 percentage points in 2017, compared to the prior year period, which included a net unfavorable impact of purchase accounting adjustments related to the Chubb Corp acquisition (0.7 percentage points). The decrease was also due to integration-related expense savings realized (0.2 percentage points), which was offset by a change in the mix of business, principally in our Overseas General Insurance segment, and the non-renewal of the Fireman's Fund quota share treaty.

Our administrative expense ratio decreased 1.0 percentage point in 2017, primarily due to integration-related expense savings realized as a result of the Chubb Corp acquisition of \$262 million (1.0 percentage point), lower employee benefit-related expenses (0.7 percentage points), and the updated loss expenses and administrative expenses allocation as noted above (0.4 percentage points), partially offset by the impact of merit-based salary increases, inflation, and increased spending to support growth.

2016 vs. 2015

The CAY loss ratio excluding catastrophe losses decreased 1.6 percentage points in 2016, primarily due to the net favorable impact of the Chubb Corp acquisition which experienced a relatively lower loss ratio in our North America P&C businesses but experienced a higher loss ratio in our international business. The current year also included claims handling expense savings realized in connection with the integration of Chubb Corp of \$60 million (0.2 percentage points).

On a comparative basis, the CAY loss ratio excluding catastrophe losses decreased 0.1 percentage points in 2016.

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 increased 4.1 percentage points in 2016, primarily due to the addition of the Chubb Corp business which carried a higher acquisition cost ratio (2.1 percentage points) and due to the net unfavorable impact of purchase accounting adjustments (1.4 percentage points) related to the Chubb Corp acquisition in the current year and the Fireman's Fund acquisition in the prior year. In addition, during 2016, we determined that certain underwriting costs that are directly attributable to the successful acquisition of business previously classified as

administrative expenses were more appropriately classified as policy acquisition costs. This resulted in a \$290 million (1.1 percentage points) increase to policy acquisition costs, with an offsetting decrease to administrative expenses in 2016.

On a comparative basis, the policy acquisition cost ratio increased 0.3 percentage points in 2016, primarily due to the impact of the Fireman's Fund acquisition in 2015 which favorably impacted the prior year ratio by 0.4 percentage points.

Our administrative expense ratio decreased 2.7 percentage points in 2016, primarily due to cost savings realized as a result of the Chubb Corp acquisition of \$223 million (0.8 percentage points), the \$290 million (1.1 percentage points) reclassification of underwriting costs that are directly attributable to the successful acquisition of business, as discussed above, and the one-time pension curtailment benefit of \$90 million (0.3 percentage points) related to the amendment of our U.S. pension plan as part of a harmonization effort that moves us toward a more unified retirement savings approach.

On a comparative basis, our administrative expense ratio decreased 0.5 percentage points in 2016, primarily due to cost savings realized as a result of the Chubb Corp acquisition and the one-time pension curtailment benefit, as discussed above, partially offset by increased spending to support growth initiatives.

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.

Policy benefits were \$676 million, \$588 million and \$543 million in 2017, 2016 and 2015, respectively, which included separate account liabilities losses (gains) of \$97 million, \$11 million and \$(19) million, respectively. The offsetting movements of these liabilities are recorded in Other income (expense) on the Consolidated statement of operations. Excluding the separate account gains and losses, Policy benefits were \$579 million in 2017, compared with \$577 million and \$562 million in 2016 and 2015, respectively.

Refer to the Corporate results section below for information on Net investment income, Interest expense, and Income tax expense.

Integration-Related Savings

Integration-related savings realized were \$152 million, \$177 million, \$201 million, and \$236 million for the first, second, third, and fourth quarters of 2017, respectively. Integration-related savings of \$236 million in the fourth quarter of 2017 included savings realized of \$71 million in Losses and loss expenses, \$32 million in Policy acquisition costs, \$130 million in Administrative expenses, and \$3 million in Net investment income.

The following table presents consolidated integration-related savings realized by segment and income statement line item:

Years Ended December 31

2017 (in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	Overseas General Insurance	Global Reinsurance	Corporate	Total P&C	Life Insurance	Consolidated
Losses and loss expenses	\$ 102	\$ 37	\$ 49	\$ —	\$ —	\$ 188	\$ —	\$ 188
Policy acquisition costs	40	13	34	—	—	87	—	87
Administrative expenses	169	67	182	2	59	479	6	485
Net investment income	3	2	—	—	1	6	—	6
Total	\$ 314	\$ 119	\$ 265	\$ 2	\$ 60	\$ 760	\$ 6	\$ 766
2016								
Losses and loss expenses	\$ 34	\$ 15	\$ 11	\$ —	\$ —	\$ 60	\$ —	\$ 60
Policy acquisition costs	19	6	12	—	—	37	—	37
Administrative expenses	91	38	66	1	25	221	2	223
Net investment income	2	2	—	—	1	5	—	5
Total	\$ 146	\$ 61	\$ 89	\$ 1	\$ 26	\$ 323	\$ 2	\$ 325
Incremental Change								
Losses and loss expenses	\$ 68	\$ 22	\$ 38	\$ —	\$ —	\$ 128	\$ —	\$ 128
Policy acquisition costs	21	7	22	—	—	50	—	50
Administrative expenses	78	29	116	1	34	258	4	262
Net investment income	1	—	—	—	—	1	—	1
Total	\$ 168	\$ 58	\$ 176	\$ 1	\$ 34	\$ 437	\$ 4	\$ 441

Segment Operating Results – Years Ended December 31, 2017 , 2016 , and 2015

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

North America Commercial P&C Insurance

The North America Commercial P&C Insurance segment comprises operations that provide property and casualty (P&C) 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).

(in millions of U.S. dollars, except for percentages)	2017	2016	2015	% Change	
				2017 vs. 2016	2016 vs. 2015
Net premiums written	\$ 12,028	\$ 11,740	\$ 5,715	2.5%	105.4%
Net premiums earned	12,191	12,217	5,634	(0.2)%	116.9%
Losses and loss expenses	8,287	7,439	3,661	11.4%	103.2%
Policy acquisition costs	1,873	2,023	531	(7.4)%	281.0%
Administrative expenses	981	1,125	621	(12.8)%	81.2%
Underwriting income	1,050	1,630	821	(35.6)%	98.5%
Net investment income	1,961	1,860	1,032	5.4%	80.2%
Other (income) expense	1	(2)	(7)	NM	(71.4)%
Segment income	\$ 3,010	\$ 3,492	\$ 1,860	(13.8)%	87.7%
Loss and loss expense ratio	68.0%	60.9%	65.0%	7.1 pts	(4.1) pts
Policy acquisition cost ratio	15.4%	16.6%	9.4%	(1.2) pts	7.2 pts
Administrative expense ratio	8.0%	9.2%	11.0%	(1.2) pts	(1.8) pts
Combined ratio	91.4%	86.7%	85.4%	4.7 pts	1.3 pts

NM – not meaningful

Premiums
2017 vs. 2016

Net premiums written increased \$288 million in 2017 due to the timing of the Chubb Corp acquisition in 2016. Approximately \$519 million of production was generated prior to the acquisition close on January 14, 2016 (14-day stub period). On a comparative basis, which includes the 14-day stub period, net premiums written, excluding merger-related actions of \$278 million, increased \$47 million, or 0.4 percent, as growth, primarily in our risk management and casualty business was offset by declines in property and select components of our financial lines businesses due to competitive market conditions.

Net premiums earned decreased \$ 26 million in 2017. On a comparative basis, which includes the 14-day stub period (\$208 million), net premiums earned decreased \$234 million driven primarily by merger-related actions.

2016 vs. 2015

Net premiums written increased \$6,025 million in 2016 primarily due to the Chubb Corp acquisition which added about \$5.9 billion in premiums to this segment.

On a comparative basis (refer to non-GAAP section), net premiums written declined \$355 million in 2016, principally reflecting merger-related actions (\$241 million) which decreased premiums, and lower new business written, driven by competitive market conditions and rate declines, particularly in our property and financial lines. Partially offsetting the decline was growth in our global risk management and workers' compensation lines reflecting new business and strong renewal retention.

Net premiums earned increased \$6,583 million in 2016 primarily due to the Chubb Corp acquisition which added about \$6.5 billion in earned premiums. On a comparative basis, net premiums earned decreased \$59 million primarily due to the same

factors driving the decrease in net premiums written as described above, partially offset by the earning in of prior year premium growth.

Combined Ratio

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

(in millions of U.S. dollars)	2017		2016		2015	
Catastrophe losses, pre-tax	\$	1,220	\$	448	\$	85
Favorable prior period development net of related reinstatement premiums, pre-tax	\$	746	\$	778	\$	264

Catastrophe losses were primarily from the following events:

- 2017: Hurricane Irma, Hurricane Harvey, Hurricane Maria and severe weather-related events in the U.S., including California wildfires
- 2016: severe weather-related events in the U.S., including Hurricane Matthew, and a wildfire in Canada
- 2015: severe-weather related events in the U.S., a Mexican hurricane, and civil unrest in Baltimore, Maryland

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"):

	2017	2016	2015
Loss and loss expense ratio	68.0 %	60.9 %	65.0 %
Catastrophe losses and related reinstatement premiums	(10.0)%	(3.7)%	(1.5)%
Prior period development net of related reinstatement premiums	6.3 %	6.5 %	4.7 %
Current accident year loss and loss expense ratio excluding catastrophe losses	64.3 %	63.7 %	68.2 %

2017 vs. 2016

The CAY loss ratio excluding catastrophe losses increased 0.6 percentage points for 2017, primarily due to mix of business in our Major Accounts division, driven by growth in casualty lines which have a higher loss ratio and declines in property lines which have a lower loss ratio, as well as an updated allocation that more appropriately classified certain claims-related expenses as loss adjustment expenses (previously reported as administrative expenses). This updated allocation increased loss adjustment expenses (0.6 percentage points for 2017) with an offsetting decrease to administrative expenses. This increase was partially offset by integration-related expense savings realized of \$68 million (0.5 percentage points).

The policy acquisition cost ratio decreased 1.2 percentage points in 2017, compared to the prior year which included the net unfavorable impact of initial year purchase accounting adjustments related to the Chubb Corp acquisition (1.1 percentage points). Excluding this item, the policy acquisition cost ratio decreased 0.1 percentage points primarily due to integration-related expense savings realized of \$21 million.

The administrative expense ratio decreased 1.2 percentage points in 2017 primarily reflecting integration-related expense savings realized of \$78 million (0.7 percentage points), lower employee benefit-related expenses of \$107 million (0.9 percentage points), and the updated loss expenses and administrative expenses allocation as noted above (0.6 percentage points for 2017), partially offset by the impact of merit-based salary increases, inflation, and increased spending to support growth.

2016 vs. 2015

The CAY loss ratio excluding catastrophe losses decreased 4.5 percentage points in 2016, primarily due to the addition of the Chubb Corp business, which experienced a lower loss ratio. On a comparative basis, CAY loss ratio excluding catastrophe losses increased 0.8 percentage points in 2016, primarily due to lower non-catastrophe losses in the prior year, partially offset by integration related claims handling expense savings realized of \$34 million (0.3 percentage points).

The policy acquisition cost ratio increased 7.2 percentage points in 2016, primarily due to the addition of the Chubb Corp business which carried a higher acquisition cost ratio and due to the normal impact of initial year purchase accounting adjustments related to the Chubb Corp acquisition. In addition, during 2016, we determined that certain underwriting costs that are directly attributable to the successful acquisition of business previously classified as administrative expenses were more

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appropriately classified as policy acquisition costs. Excluding these items, the policy acquisition cost ratio decreased 0.4 percentage points in 2016, primarily due to integration related savings realized.

The normal impact of initial year purchase accounting adjustments related to the Chubb Corp acquisition includes a fair value adjustment for the unearned premiums at the date of the purchase. This adjustment is then amortized into policy acquisition costs. Partially offsetting this is a favorable impact related to the recognition of the acquired unearned premiums without having to recognize the associated policy acquisition costs. The net impact of these purchase accounting adjustments was an increase to policy acquisition costs of \$130 million (1.1 percentage points) in 2016, which did not recur in 2017. In addition, the reclassification described above resulted in a \$129 million (1.1 percentage points of the ratio) increase to policy acquisition costs in 2016 with an offsetting decrease to administrative expenses.

On a comparative basis, which excludes purchase accounting adjustments, the policy acquisition cost ratio decreased 0.4 percentage points in 2016, primarily due to integration related savings realized as described above.

The administrative expense ratio decreased 1.8 percentage points in 2016 due to the \$129 million reclassification noted above which decreased the administrative expense ratio by 1.1 percentage points, and the inclusion of the Chubb Corp businesses which carried a lower administrative expense ratio, partially offset by increased spending to support growth.

On a comparative basis, the administrative expense ratio decreased 0.2 percentage points in 2016, as cost savings realized of \$91 million (0.7 percentage points) were partially offset by increased spending to support growth.

North America Personal P&C Insurance

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

(in millions of U.S. dollars, except for percentages)	2017	2016	2015	% Change	
				2017 vs. 2016	2016 vs. 2015
Net premiums written	\$ 4,533	\$ 4,153	\$ 1,192	9.1%	248.4%
Net premiums earned	4,399	4,319	948	1.9%	355.5%
Losses and loss expenses	3,265	2,558	590	27.6%	333.6%
Policy acquisition costs	899	966	69	(6.9)%	NM
Administrative expenses	264	363	123	(27.3)%	195.1%
Underwriting income (loss)	(29)	432	166	NM	160.2%
Net investment income	226	207	25	9.2%	NM
Other (income) expense	4	6	2	(33.3)%	200.0%
Amortization of purchased intangibles	16	19	78	(15.8)%	(75.6)%
Segment income	\$ 177	\$ 614	\$ 111	(71.2)%	453.2%
Loss and loss expense ratio	74.2%	59.2%	62.3%	15.0 pts	(3.1) pts
Policy acquisition cost ratio	20.4%	22.4%	7.3%	(2.0) pts	15.1 pts
Administrative expense ratio	6.1%	8.4%	13.0%	(2.3) pts	(4.6) pts
Combined ratio	100.7%	90.0%	82.6%	10.7 pts	7.4 pts

NM – not meaningful

**Premiums
2017 vs. 2016**

Net premiums written increased \$380 million in 2017. On a comparative basis, which includes the 14-day stub period (\$100 million), net premiums written increased \$ 280 million reflecting both growth across most lines as well as the non-renewal of a quota share treaty in 2017 covering the acquired Fireman's Fund homeowners and automobile businesses (\$189 million).

Net premiums earned increased \$80 million , primarily due to the factors described above.

2016 vs. 2015

Net premiums written increased \$2,961 million in 2016. On a comparative basis, excluding the impact of a number of risk management related actions (\$525 million), net premiums written were up 1.3 percent in 2016 due to growth in our high net worth homeowners and auto lines.

Net premiums earned increased \$3,371 million in 2016 primarily due to the Chubb Corp acquisition. On a comparative basis, net premiums earned decreased slightly in 2016.

Combined Ratio

The following table presents pre-tax catastrophe losses and pre-tax unfavorable prior period development:

(in millions of U.S. dollars)	2017	2016	2015
Catastrophe losses, pre-tax	\$ 871	\$ 326	\$ 63
Unfavorable prior period development net of related reinstatement premiums, pre-tax	\$ (69)	\$ (27)	\$ (25)

Catastrophe losses were primarily from the following events:

- 2017: Hurricane Harvey, Hurricane Irma, and severe weather-related events in the U.S., including California wildfires
- 2016: severe weather-related events in the U.S., including Hurricane Matthew
- 2015: severe weather-related events in the U.S., including the California wildfires

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"):

	2017	2016	2015
Loss and loss expense ratio	74.2 %	59.2 %	62.3 %
Catastrophe losses and related reinstatement premiums	(20.1)%	(7.5)%	(6.7)%
Prior period development net of related reinstatement premiums	(1.5)%	(0.7)%	(2.7)%
Current accident year loss and loss expense ratio excluding catastrophe losses	52.6 %	51.0 %	52.9 %

2017 vs. 2016

The CAY loss ratio excluding catastrophe losses increased 1.6 percentage points in 2017, primarily due to higher non-catastrophe large losses (1.2 percentage points), as well as an updated allocation that more appropriately classified certain claims-related expenses as loss adjustment expenses (previously reported as administrative expenses). This updated allocation increased loss adjustment expenses (0.5 percentage points), with an offsetting decrease to administrative expenses. This increase was partially offset by integration-related claims handling expense savings realized of \$22 million (0.5 percentage points).

The policy acquisition cost ratio decreased 2.0 percentage points in 2017 compared to the prior year which included the net unfavorable impact from purchase accounting adjustments (1.9 percentage points) related to the Chubb Corp acquisition. Excluding this adjustment, the policy acquisition cost ratio remained flat as the increase related to the non-renewal of the Fireman's Fund quota share treaty which had a higher ceded acquisition cost ratio was offset by integration-related expense savings realized of \$7 million (0.2 percentage points).

The administrative expense ratio decreased 2.3 percentage points in 2017, due to integration-related expense savings realized of \$29 million (0.7 percentage points), lower employee benefit-related expenses of \$42 million (0.9 percentage points), and the updated loss expenses and administrative expenses allocation as noted above (0.5 percentage points).

2016 vs. 2015

The CAY loss ratio excluding catastrophe losses decreased 1.9 percentage points in 2016 primarily due to the addition of the Chubb Corp business, which experienced a lower loss ratio. On a comparative basis, CAY loss ratio excluding catastrophe losses decreased 0.8 percentage points reflecting lower non-catastrophe weather related losses and integration related claims handling expense savings of \$15 million (0.3 percentage points).

The policy acquisition cost ratio increased 15.1 percentage points in 2016, primarily due to the net unfavorable impact of purchase accounting adjustments (12.5 percentage points) related to the Chubb Corp acquisition in the current year, which will

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not recur in 2017, and the Fireman's Fund acquisition in the prior year and due to the addition of the Chubb Corp business which carried a higher acquisition cost ratio (2.7 percentage points).

On a comparative basis, which excludes purchase accounting adjustments related to the Chubb Corp acquisition, the policy acquisition cost ratio increased 0.9 percentage points in 2016, primarily due to our Fireman's Fund acquisition in the prior year which favorably impacted the prior year policy acquisition cost ratio by \$100 million (2.2 percentage points). This increase was partially offset by the favorable impact of the ceded commission benefits related to the additional reinsurance purchased in 2016.

The administrative expense ratio decreased 4.6 percentage points in 2016, primarily due to the Chubb Corp acquisition which carried a lower administrative expense ratio.

On a comparative basis, the administrative expense ratio remained flat as cost savings realized as a result of the Chubb Corp acquisition of \$38 million (0.9 percentage points) were offset by increased spending to support growth.

North America Agricultural Insurance

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

(in millions of U.S. dollars, except for percentages)	2017	2016	2015	% Change	
				2017 vs. 2016	2016 vs. 2015
Net premiums written	\$ 1,516	\$ 1,328	\$ 1,346	14.2%	(1.3)%
Net premiums earned	1,508	1,316	1,364	14.6%	(3.6)%
Losses and loss expenses ⁽¹⁾	1,043	898	1,097	16.1%	(18.1)%
Policy acquisition costs	81	83	69	(2.4)%	20.3%
Administrative expenses	(8)	(6)	1	33.3%	NM
Underwriting income	392	341	197	15.0%	73.1%
Net investment income	25	20	23	25.0%	(13.0)%
Other (income) expense	2	1	1	100.0%	—
Amortization of purchased intangibles	29	29	30	—	(3.3)%
Segment income	\$ 386	\$ 331	\$ 189	16.6%	75.1%
Loss and loss expense ratio	69.2 %	68.3 %	80.4%	0.9 pts	(12.1) pts
Policy acquisition cost ratio	5.4 %	6.3 %	5.1%	(0.9) pts	1.2 pts
Administrative expense ratio	(0.6)%	(0.5)%	—	(0.1) pts	(0.5) pts
Combined ratio	74.0 %	74.1 %	85.5%	(0.1) pts	(11.4) pts

NM – not meaningful

(1) Gains (losses) on crop derivatives were \$ (7) million, \$(5) million, and \$(9) million in 2017, 2016, and 2015, 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

2017 vs 2016

Net premiums written increased \$188 million in 2017, primarily due to an increase in MPCI production and growth in our Agriculture P&C products. The increase in MPCI premium was driven in part by higher policy count and the year over year impact of our update to the MPCI margin estimate which resulted in a smaller cession to the U.S. government. Under the government's crop insurance profit and loss calculation formulas, we retained more premiums in 2017 as losses were higher compared to 2016.

Net premiums earned increased \$192 million in 2017, due to the factors described above.

2016 vs 2015

Net premiums written decreased \$18 million in 2016 primarily due to the revision to the 2016 crop year margin estimate related to the MPCl program, which resulted in lower premium retention under the premium sharing formula with the U.S. government. Under the government's crop insurance profit and loss calculation formulas, we retained less premiums in 2016 as losses were lower compared to 2015. This decrease was partially offset by lower cessions under existing third-party proportional reinsurance programs.

Net premiums earned decreased \$48 million in 2016 primarily due to the same factors driving the decrease in net premiums written as described above.

Underwriting income increased \$144 million in 2016 primarily due to the favorable revision to the 2016 crop year margin estimate reflecting a combination of better than average yields and less than expected movement in price between base price and harvest price this year.

Combined Ratio

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

(in millions of U.S. dollars)	2017	2016	2015
Catastrophe losses, pre-tax	\$ 18	\$ 19	\$ 9
Favorable prior period development net of related reinstatement premiums, pre-tax	\$ 119	\$ 72	\$ 45

Catastrophe losses in 2017, 2016, and 2015 were primarily from our farm, ranch and specialty P&C business. Net favorable prior period development was \$119 million, \$72 million, and \$45 million in 2017, 2016, and 2015, respectively. For 2017, the prior period development amount included \$174 million of favorable incurred losses and \$11 million of lower acquisition costs due to lower than expected MPCl losses for the 2016 crop year, partially offset by a \$66 million decrease in net premiums earned related to the MPCl profit and loss calculation formula. For 2016, the prior period development amount included \$99 million of favorable incurred losses due to lower than expected MPCl losses for the 2015 crop year, partially offset by \$52 million of unfavorable decrease in net premiums earned related to the government's crop insurance profit and loss calculation formulas. Also included in prior period development, but not impacting the loss and loss expense ratio was a \$12 million favorable benefit of ceded profit share commissions earned from third-party reinsurers.

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"):

	2017	2016	2015
Loss and loss expense ratio	69.2 %	68.3 %	80.4 %
Catastrophe losses and related reinstatement premiums	(1.2)%	(1.5)%	(0.7)%
Prior period development net of related reinstatement premiums	8.2 %	5.6 %	3.1 %
Current accident year loss and loss expense ratio excluding catastrophe losses	76.2 %	72.4 %	82.8 %

2017 vs 2016

The CAY loss ratio excluding catastrophe losses increased 3.8 percentage points in 2017 reflecting the revision to the 2017 crop year margin estimate as discussed above.

The policy acquisition cost ratio decreased 0.9 percentage point in 2017, primarily due to lower direct commissions in the current year and an increase in MPCl net premiums earned.

The administrative expense ratio remained relatively flat in 2017.

2016 vs 2015

The CAY loss ratio excluding catastrophe losses decreased 10.4 percentage points in 2016 reflecting the revision to the 2016 crop year margin estimate as discussed above.

The policy acquisition cost ratio increased 1.2 percentage point in 2016, primarily due to the reduction in net premiums earned related to the government's crop insurance profit and loss calculation formula this year of \$202 million, compared to a reduction

of \$30 million in the prior year. Excluding the impact of these reductions in net premiums earned, the policy acquisition ratio increased over prior year by 0.4 percentage points, primarily due to higher agent profit sharing commissions in the current year. In addition, during 2016, we determined that certain underwriting costs that are directly attributable to the successful acquisition of business previously classified as administrative expenses were more appropriately classified as policy acquisition costs. This resulted in a \$2 million (0.2 percentage points) increase to policy acquisition costs, with an offsetting decrease to administrative expenses in 2016.

The administrative expense ratio decreased 0.5 percentage points in 2016 primarily due to higher Administrative and Operating (A&O) reimbursements on the MPCI business and the reclassification as noted above.

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.

(in millions of U.S. dollars, except for percentages)	2017	2016	2015	% Change	
				2017 vs. 2016	2016 vs. 2015
Net premiums written ⁽¹⁾	\$ 8,341	\$ 8,124	\$ 6,634	2.7%	22.5%
Net premiums earned	8,131	8,132	6,471	—	25.7%
Losses and loss expenses	4,281	4,005	3,052	6.9%	31.2%
Policy acquisition costs	2,221	2,136	1,581	4.0%	35.1%
Administrative expenses	982	1,057	997	(7.1)%	6.0%
Underwriting income ⁽²⁾	647	934	841	(30.7)%	11.1%
Net investment income	610	600	534	1.7%	12.4%
Other (income) expense	(4)	(11)	(17)	(63.6)%	(35.3)%
Amortization of purchased intangibles	45	48	61	(6.3)%	(21.3)%
Segment income	\$ 1,216	\$ 1,497	\$ 1,331	(18.8)%	12.5%
Loss and loss expense ratio	52.6%	49.3%	47.2%	3.3 pts.	2.1 pts.
Policy acquisition cost ratio	27.3%	26.3%	24.4%	1.0 pt.	1.9 pts.
Administrative expense ratio	12.1%	12.9%	15.4%	(0.8) pts.	(2.5) pts.
Combined ratio	92.0%	88.5%	87.0%	3.5 pts.	1.5 pts.

(1) On a constant-dollar basis, for the years ended December 31, 2017 and 2016, net premiums written increased \$220 million, or 2.7 percent, and increased \$1,792 million, or 28.3 percent, respectively. Amounts are calculated by translating prior period results using the same local currency rates as the comparable current period.

(2) On a constant-dollar basis, for the years ended December 31, 2017 and 2016, underwriting income decreased \$310 million, or 32.3 percent, and increased \$115 million or 14.1 percent, respectively. Amounts are calculated by translating prior period results using the same local currency rates as the comparable current period.

Premiums

2017 vs. 2016

Net premiums written increased \$217 million in 2017, or \$220 million on constant-dollar basis. Excluding the favorable impact of the 14-day stub period (\$215 million), adverse impact of merger-related accounting policy adjustments in 2016 to align the timing of premium recognition (\$126 million) and merger-related actions (\$131 million), net premiums written increased \$262 million on a constant-dollar basis, driven by growth in personal lines business, primarily from new automobile business written in Latin America, as well as growth across most property and casualty (P&C) lines, primarily in Asia and Latin America.

Net premiums earned remained flat in 2017, and decreased \$31 million on a constant-dollar basis, primarily due to a higher mix of multi-year policies written in the current year in comparison to the growth in net premiums written, as well as from the merger-related actions described above. These decreases were partially offset by the favorable impact of the 14-day stub period, as noted above.

2016 vs. 2015

Net premiums written increased \$1,490 million in 2016, primarily due to the impact of the Chubb Corp acquisition, which added about \$1.5 billion of growth in premiums. This increase was partially offset by the adverse impact of foreign exchange which decreased premiums by \$302 million in 2016.

In 2016, net premiums written increased \$95 million, on a constant-dollar comparative basis, primarily driven by growth in personal lines, property and casualty lines (P&C), and A&H lines, partially offset by declines in our business written by Chubb Global Markets. Personal lines and P&C growth was primarily in Europe and Asia. Growth in personal lines was negatively impacted by our decision to exit the legacy Chubb Brazilian high net worth automobile business due to competitive market conditions. Growth in P&C was partially offset by declines in Latin America, reflecting economic conditions. A&H lines growth was driven by new business, primarily in Latin America and Asia. Additionally, growth was partially offset by merger-related actions (\$119 million).

Net premiums earned increased \$1,661 million in 2016, and increased \$81 million on a constant-dollar comparative basis, primarily due to the same factors driving the movements in net premiums written as described above.

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

(in millions of U.S. dollars, except for percentages)	2017	2016	2015	C\$ ⁽¹⁾ 2016	% Change		
					2017 vs. 2016	C\$ ⁽¹⁾ 2017 vs. 2016	2016 vs. 2015
Region							
Europe	\$ 3,281	\$ 3,227	\$ 2,508	\$ 3,162	1.7 %	3.8 %	28.7 %
Latin America	2,108	1,992	1,767	2,044	5.8 %	3.1 %	12.7 %
Asia	2,596	2,537	1,963	2,549	2.3 %	1.8 %	29.2 %
Other ⁽²⁾	356	368	396	366	(3.3)%	(2.7)%	(7.1)%
Net premiums written	\$ 8,341	\$ 8,124	\$ 6,634	\$ 8,121	2.7 %	2.7 %	22.5 %
	2017 % of Total	2016 % of Total	2015 % of total				
Region							
Europe	40%	40%	38%				
Latin America	25%	25%	27%				
Asia	31%	31%	30%				
Other ⁽²⁾	4%	4%	5%				
Net premiums written	100%	100%	100%				

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

(2) Comprises Combined International, Eurasia and Africa region, and other international.

Combined Ratio

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

(in millions of U.S. dollars)	2017	2016	2015
Catastrophe losses, pre-tax	\$ 331	\$ 183	\$ 142
Favorable prior period development net of related reinstatement premiums, pre-tax	\$ 252	\$ 423	\$ 343

Catastrophe losses were primarily from the following events:

- 2017 : Hurricane Maria, Hurricane Harvey, Hurricane Irma, Earthquakes in Mexico, Cyclone Debbie in Australia, and flooding in Latin America
- 2016: severe weather related events in Europe, earthquakes in Ecuador and New Zealand, and flooding in the U.K.
- 2015: a chemical storage facility explosion in Tianjin, China, a hailstorm in Australia, flooding and an earthquake in Chile, and severe storms in the U.K. and Asia

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"):

	2017	2016	2015
Loss and loss expense ratio	52.6 %	49.3 %	47.2 %
Catastrophe losses and related reinstatement premiums	(4.0)%	(2.3)%	(2.2)%
Prior period development net of related reinstatement premiums	3.1 %	5.2 %	5.3 %
Current accident year loss and loss expense ratio excluding catastrophe losses	51.7 %	52.2 %	50.3 %

2017 vs. 2016

The CAY loss ratio excluding catastrophe losses decreased 0.5 percentage points in 2017, primarily due to a change in the mix of business (0.5 percentage points) towards products and regions that have a lower loss ratio and a higher acquisition cost ratio and integration-related claims handling expense savings realized of \$ 38 million (0.5 percentage points), partially offset by a higher non-catastrophe large losses in the current year (0.2 percentage points).

The policy acquisition cost ratio increased 1.0 percentage point in 2017, compared to the prior year periods, which included the net favorable impact of initial year purchase accounting adjustments related to the Chubb Corp acquisition (0.3 percentage points). Excluding this item, the policy acquisition cost ratio increased 0.7 percentage points for the twelve months ended December 31, 2017, primarily due to a change in the mix of business (0.4 percentage points) towards products and regions within personal lines which have a higher acquisition cost ratio and a lower loss ratio. In addition, the adverse impact of aligning accounting policy after the Chubb Corp acquisition in the prior year increased the policy acquisition ratio by 0.2 percentage points. These increases were partially offset by integration-related expense savings realized of \$ 22 million (0.3 percentage points).

The administrative expense ratio decreased 0.8 percentage points in 2017, primarily due to integration-related expense savings realized of \$ 116 million (1.4 percentage points). This decrease was partially offset by the impact of merit-based salary increases, inflation, and increased spending to support growth initiatives.

2016 vs. 2015

The CAY loss ratio excluding catastrophe losses increased 1.9 percentage points in 2016, primarily due to the Chubb Corp acquisition which experienced a higher loss ratio.

On a comparative basis (refer to non-GAAP section), the CAY loss ratio excluding catastrophe losses increased 0.5 percentage points in 2016, primarily due to a lower level of short-tail large losses in the prior year.

The policy acquisition cost ratio increased 1.9 percentage points in 2016, primarily because we determined that certain underwriting costs that are directly attributable to the successful acquisition of business previously classified as administrative expenses were more appropriately classified as policy acquisition costs. This resulted in a \$144 million (1.8 percentage points) increase to policy acquisition costs, with an offsetting decrease to administrative expenses in 2016.

On a comparative basis, which excludes purchase accounting adjustments related to the Chubb Corp acquisition, the policy acquisition cost ratio increased 0.8 percentage points in 2016, due to a shift in the mix of business away from E&S lines, which carry a lower acquisition cost ratio, towards more personal lines products which carry a higher acquisition cost ratio.

The administrative expense ratio decreased 2.5 percentage points in 2016, due to the \$144 million (1.8 percentage points) reclassification noted above, and cost savings realized as a result of the Chubb Corp acquisition of \$66 million (0.8 percentage points).

On a comparative basis, the administrative expense ratio decreased 1.0 percentage points in 2016, primarily due to cost savings realized as a result of the Chubb Corp acquisition as noted above.

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.

(in millions of U.S. dollars, except for percentages)				% Change	
	2017	2016	2015	2017 vs. 2016	2016 vs. 2015
Net premiums written	\$ 685	\$ 676	\$ 828	1.4%	(18.4)%
Net premiums earned	704	710	849	(0.7)%	(16.5)%
Losses and loss expenses	561	325	290	72.6%	12.1%
Policy acquisition costs	177	187	214	(5.3)%	(12.6)%
Administrative expenses	44	52	49	(15.4)%	6.1%
Underwriting income (loss)	(78)	146	296	NM	(50.7)%
Net investment income	273	263	300	3.8%	(12.3)%
Other (income) expense	(1)	(4)	(6)	(75.0)%	(33.3)%
Segment income	\$ 196	\$ 413	\$ 602	(52.5)%	(31.4)%
Loss and loss expense ratio	79.8%	45.7%	34.2%	34.1 pts.	11.5 pts.
Policy acquisition cost ratio	25.1%	26.3%	25.2%	(1.2) pts.	1.1 pts.
Administrative expense ratio	6.3%	7.5%	5.8%	(1.2) pts.	1.7 pts.
Combined ratio	111.2%	79.5%	65.2%	31.7 pts.	14.3 pts.

NM – not meaningful

Premiums

2017 vs. 2016

Net premiums written increased \$ 9 million in 2017 primarily due to a \$30 million increase in catastrophe reinstatement premiums and the timing of the Chubb Corp acquisition which excluded approximately \$20 million of production generated prior to the Chubb Corp acquisition close on January 14, 2016 (14-day stub period). These increases were negatively impacted by merger-related actions of \$ 10 million, declining rates and increasing competition.

Net premiums earned were about flat in 2017, which is approximately in line with the modest increase in net premiums written.

2016 vs. 2015

Net premiums written decreased \$152 million in 2016 as we maintained underwriting discipline in an environment of declining rates and increasing competition. In addition, the decline in premiums reflects increased cessions of \$17 million due to the purchase of additional property catastrophe reinsurance in 2016. On a comparative basis (refer to non-GAAP section), net premiums written declined \$161 million in 2016 due to the same factors as described above.

Net premiums earned decreased \$139 million in 2016 and \$165 million on a comparative basis, primarily due to the same factors driving the decrease in net premiums written as described above.

Combined Ratio

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

(in millions of U.S. dollars)	2017	2016	2015
Catastrophe losses, pre-tax ⁽¹⁾	\$ 313	\$ 91	\$ 22
Favorable prior period development net of related reinstatement premiums, pre-tax ⁽²⁾	\$ 59	\$ 78	\$ 119
(1) Excludes catastrophe reinstatement premiums collected - pre-tax	\$ 37	\$ 7	\$ 1
(2) Excludes reinstatement premiums (collected) expensed on prior period development - pre-tax	\$ (4)	\$ 5	\$ 4

Catastrophe losses were primarily from the following events:

- 2017 : Hurricane Irma, Hurricane Maria, Hurricane Harvey, Northern California Wildfires, and severe weather related events in the U.S.
- 2016 : Fort McMurray wildfire, Hurricane Matthew, and severe weather-related events in Europe, the U.S. and Canada
- 2015 : 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"):

	2017	2016	2015
Loss and loss expense ratio	79.8 %	45.7 %	34.2 %
Catastrophe losses and related reinstatement premiums	(42.4)%	(12.5)%	(2.6)%
Prior period development net of related reinstatement premiums	8.6 %	11.8 %	14.3 %
Current accident year loss and loss expense ratio excluding catastrophe losses	46.0 %	45.0 %	45.9 %

2017 vs. 2016

The CAY loss ratio excluding catastrophe losses increased 1.0 percentage point in 2017 mainly due to an increase in the loss ratio on our U.S. property business.

The policy acquisition cost ratio decreased 1.2 percentage points in 2017 primarily due to higher net earned premiums from fully earned catastrophe reinstatement premiums, partially offset by lower profit commissions receivable on our outbound retrocessional treaties.

The administrative expense ratio decreased 1.2 percentage points in 2017 primarily reflecting expense reductions implemented to align our cost structure with our premium base and integration-related expense savings realized.

2016 vs. 2015

The CAY loss ratio excluding catastrophe losses decreased 0.9 percentage points in 2016 primarily due to a change in the mix of business towards products that have a lower loss ratio. On a comparative basis, the CAY loss ratio excluding catastrophe losses decreased 1.7 percentage points in 2016 due to the change in the mix of business as described above.

The policy acquisition cost ratio increased 1.1 percentage points in 2016 primarily due to a change in the mix of business towards regions and products that have higher acquisition cost ratios, partially offset by the impact of the Chubb Corp acquisition which carries a lower acquisition cost ratio. On a comparative basis, the policy acquisition cost ratio increased 1.9 percentage points in 2016, primarily due to the change in the mix of business as described above.

The administrative expense ratio increased 1.7 percentage points in 2016 primarily due to decreases in net premiums earned and the inclusion of the Chubb Corp business. On a comparative basis, the administrative expense ratio increased 1.2 percentage points in 2016 primarily due to decreases in net premiums earned outpacing the decline in administrative expenses.

Life Insurance

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

(in millions of U.S. dollars, except for percentages)	2017	2016	2015	% Change	
				2017 vs. 2016	2016 vs. 2015
Net premiums written	\$ 2,141	\$ 2,124	\$ 1,998	0.8 %	6.3 %
Net premiums earned	2,101	2,055	1,947	2.2 %	5.6 %
Losses and loss expenses	739	663	601	11.5 %	10.3 %
Policy benefits ⁽¹⁾	676	588	543	15.0 %	8.3 %
(Gains) losses from fair value changes in separate account assets ⁽¹⁾	(97)	(11)	19	NM	NM
Policy acquisition costs	530	509	476	4.1 %	6.9 %
Administrative expenses	303	307	291	(1.3)%	5.5 %
Net investment income	313	283	265	10.6 %	6.8 %
Life Insurance underwriting income	263	282	282	(6.7)%	—
Other (income) expense ⁽¹⁾	13	16	4	(18.8)%	300.0 %
Amortization of purchased intangibles	2	3	2	(33.3)%	50.0 %
Segment income	\$ 248	\$ 263	\$ 276	(5.7)%	(4.7)%

NM – not meaningful

⁽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

2017 vs. 2016

Net premiums written increased \$ 17 million in 2017, due to growth in our Asian international life operations and Combined Insurance supplemental A&H program business. This growth was partially offset by planned declines in our Latin American operations, reflecting merger-related actions of \$ 37 million, and in our life reinsurance business, which continues to decline as no new business is currently being written.

2016 vs. 2015

Net premiums written increased \$126 million in 2016, primarily reflecting the impact of the Chubb Corp acquisition, which added \$64 million of growth to premiums. In addition, growth in our international life operations, primarily in Asia, and in our Combined Insurance supplemental A&H program business contributed to the increase. The adverse effect of foreign exchange impacted growth in net premiums written by \$41 million in 2016. Our life reinsurance business continues to decline as there is no new life reinsurance business currently being written. On a comparative basis, net premiums written increased \$32 million in 2016 due to the same factors as described above.

Deposits

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

(in millions of U.S. dollars, except for percentages)	2017	2016	2015	% Change		
				2017 vs. 2016	C\$ ⁽¹⁾ 2017 vs. 2016	2016 vs. 2015
Deposits collected on universal life and investment contracts	\$ 1,436	\$ 1,006	\$ 1,015	42.7%	39.4%	(0.9)%

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

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deposits collected increased in 2017 due to growth in Taiwan, partially offset by a decline in Korea. Foreign exchange favorably impacted growth by \$ 25 million in 2017 .

Life deposits collected decreased slightly in 2016 due to a decline in Korea, partially offset by growth in other Asian markets, primarily in Hong Kong, Vietnam, and Taiwan. Foreign exchange adversely impacted growth by \$18 million in 2016.

Life Insurance underwriting income

Life Insurance underwriting income decreased \$19 million in 2017 compared to 2016 primarily due to the adverse impact of updating our long-term benefit ratio in our variable annuity business in 2016 (\$48 million). This decrease was partially offset by higher net investment income as well as improved margins in our international life operations and growth in our Combined North America operations.

Life Insurance underwriting income remained flat in 2016 compared to 2015 due to the adverse impact of updating our long-term benefit ratio in the fourth quarter of 2016 as described above (\$17 million), which was offset by unfavorable loss reserve development in the prior year in our Combined Insurance supplemental A&H program business.

Corporate

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

Our exposure to A&E claims principally arises out of liabilities acquired when we purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and legacy Chubb Corp A&E claims in 2016. Corporate staff expenses and net investment income of Chubb Limited, including the amortization of the fair value adjustment on acquired invested assets and debt, interest expense, amortization of purchased intangibles related to the Chubb Corp acquisition, Chubb integration expenses and other merger related expenses, the one-time pension curtailment benefit related to the harmonization of our U.S. pension plans, and the results of Chubb Group Management and Holdings Ltd, and Chubb INA Holdings Inc. are reported within Corporate.

(in millions of U.S. dollars, except for percentages)	2017	2016	2015	% Change	
				2017 vs. 2016	2016 vs. 2015
Losses and loss expenses	\$ 285	\$ 169	\$ 202	68.6 %	(16.3)%
Policy acquisition costs	—	—	1	—	NM
Administrative expenses	267	183	188	45.9 %	(2.7)%
Underwriting loss	552	352	391	56.8 %	(10.0)%
Net investment income (loss)	(283)	(368)	15	(23.1)%	NM
Interest expense	607	605	300	0.3 %	101.7 %
Adjusted net realized gains (losses)	91	(140)	(411)	NM	(65.9)%
Other (income) expense	(318)	(217)	(47)	46.5 %	361.7 %
Amortization expense (benefit) of purchased intangibles	168	(80)	—	NM	NM
Chubb integration expenses	310	492	33	(37.0)%	NM
Income tax expense (benefit)	(139)	815	462	NM	76.4 %
Net corporate loss	\$ (1,372)	\$ (2,475)	\$ (1,535)	(44.6)%	61.2 %

NM – not meaningful

Losses and loss expenses in 2017, 2016, and 2015 were primarily due to unfavorable prior period development related to Brandywine asbestos and environmental exposures and related unallocated loss adjustment expenses. Refer to Note 7 of the Consolidated Financial Statements for further information. Additionally, during the fourth quarter of 2016, we amended several of our U.S. retirement programs as part of a harmonization effort that moved us towards a more unified retirement savings approach. This resulted in a one-time pension curtailment benefit of \$113 million , \$ 23 million of which was related to claims staff and was therefore recorded in losses and loss expenses in the above table. Refer to Note 13 to the Consolidated Financial Statements for further discussion of the pension curtailment.

Administrative expenses were higher by \$ 84 million in 2017 compared to 2016 which included the one-time pension curtailment benefit in 2016 discussed above, of which \$90 million reduced administrative expenses last year. This increase was partially offset by integration-related expense savings (\$34 million) and lower post-retirement benefit expenses (\$7 million).

Administrative expenses were lower by \$5 million in 2016 compared to 2015 primarily due to the one-time pension curtailment benefit in 2016, offset by the addition of Chubb Corp expenses from the Chubb Corp acquisition of \$69 million. On a comparative basis, administrative expenses decreased \$131 million, primarily due to the one-time pension curtailment benefit and cost savings of \$25 million realized as a result of the Chubb Corp acquisition.

Net investment income for the years ended December 31, 2017 and 2016 included amortization of \$332 million and \$393 million, respectively, related to the fair value adjustment on invested assets related to the Chubb Corp acquisition. Excluding the fair value adjustment amortization, net investment income increased by \$24 million and \$10 million at December 31, 2017 and 2016 , respectively, primarily due to a higher overall invested asset base. Refer to the Net Investment Income section for a discussion on consolidated Net investment income.

Interest expense increased \$ 2 million in 2017 primarily due to the timing of the Chubb Corp acquisition in the prior year which excluded approximately \$8 million of interest expense incurred prior to the Chubb Corp acquisition close on January 14, 2016 and higher interest expense related to our notional cash pool (\$30 million) and repurchase agreements (\$6 million) in 2017. These increases were partially offset by the conversion of the interest rate on our \$1.0 billion of unsecured junior subordinated capital securities to a floating rate, equal to the three-month LIBOR plus 2.25 percentage points (\$17 million) and the retirement of the \$500 million of 5.7% senior debt that matured in February 2017 (\$25 million). Interest expense increased \$305 million in 2016 primarily driven by the \$5.3 billion senior notes issued in November 2015, as well as the \$3.3 billion par value of debt assumed in connection with the Chubb Corp acquisition.

During 2017, net realized gains of \$91 million were primarily associated with a net decrease in the fair value of GLB liabilities of \$364 million. The decrease was primarily due to higher global equity market levels and annual changes in our assumptions for interest rates and assumptions on policyholder behavior. These impacts were partially offset by the unfavorable impact of discounting future claims for one less year. The net gains associated with the valuation of GLB liabilities were partially offset by realized losses on our investment portfolio of \$37 million. Refer to Note 4 of the Consolidated Financial Statements for further information regarding the fair value of GLB liabilities.

During 2016, net realized losses of \$140 million were primarily associated with net losses on our investment portfolio of \$156 million, partially offset by realized gains associated with a net decrease in the fair value of GLB liabilities of \$50 million. The decrease was primarily due to higher global equity market levels and the impact of updating our assumptions on policyholder behavior, partially offset by the unfavorable impact of discounting future claims for one less year.

During 2015, realized losses of \$411 million were primarily associated with a net increase in the fair value of GLB liabilities; this increase was primarily due to the falling equity market levels and the unfavorable impact of discounting future claims for one less year, partially offset by higher interest rates. Additionally, there were realized losses on our investment portfolio of \$106 million.

As part of our loss mitigation strategy for our GLB exposures, we maintain positions in derivative instruments that decrease in fair value when the S&P 500 index increases. During the years ended December 31, 2017 , 2016 , and 2015 , we experienced realized losses of \$261 million , \$136 million , and \$10 million , respectively, related to these derivative instruments. For further discussion of the remaining Net realized gains and (losses), refer to the Net Realized and Unrealized Gains (Losses) section.

For the year ended December 31, 2017 , Other income recognized in Corporate was \$ 318 million, compared to \$ 217 million and \$ 47 million in the years ended December 31, 2016 and 2015, respectively, comprised of:

- Other income in 2017 of \$406 million, compared to \$227 million, and \$67 million in 2016 and 2015, respectively, from our share of net realized gains from partially-owned investment companies.
- Other expense in 2017 of \$88 million, compared to \$10 million and \$20 million in 2016 and 2015, respectively. The higher expense in 2017 was primarily due to a \$50 million charitable contribution to The Chubb Charitable Foundation and an increase in capital taxes resulting from a higher equity base after the Chubb Corp acquisition.

Amortization expense of purchased intangibles increased \$ 248 million for the year ended December 31, 2017 , primarily reflecting the increase in intangible amortization expense related to agency distribution relationships and renewal rights as well as lower amortization benefit from the fair value adjustment of Unpaid losses and loss expenses acquired as part of the Chubb Corp acquisition. Refer to the Amortization of purchased intangibles and Other amortization section for further information.

Chubb integration expenses

The following table presents the components of Chubb integration expenses:

(in millions of U.S dollars)	2017	2016	2015
Personnel-related expenses	\$ 168	\$ 181	\$ —
Consulting fees	64	125	16
Leases and real estate termination costs	26	58	—
Legal fees	—	—	6
System integration costs	—	—	5
Advisor fees	—	38	—
Other	52	90	6
Totals	\$ 310	\$ 492	\$ 33

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.

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.

In 2017, 2016, and 2015, our effective income tax rate was (3.7) percent, 16.5 percent, and 14.0 percent, respectively. The effective income tax rate in 2017 included the favorable transition income tax benefit of \$450 million, representing our best estimate of the impact of the 2017 Tax Act. This benefit was recorded in the fourth quarter of 2017, the period when the legislation was enacted. In addition, the income tax benefit in 2017 reflects the significant catastrophe losses in the year. Refer to Note 8 to the Consolidated Financial Statements for additional information on the 2017 Tax Act. The increase in the effective income tax rate in 2016 compared to 2015 was primarily due to realized losses being generated in lower taxing jurisdictions and realized gains being generated in higher taxing jurisdictions in 2016, compared to net realized losses in both higher and lower taxing jurisdictions in 2015. Additionally, a higher percentage of profit excluding realized gains and losses were generated in higher taxing jurisdictions in 2016, largely driven by earnings generated as a result of the Chubb Corp acquisition.

The lower tax rates attributed to our foreign operations primarily reflect the lower corporate tax rates that have prevailed outside of the U.S. prior to the U.S. tax reform. During 2017, approximately 62 percent of our total pre-tax income was tax effected based on these lower rates compared with 54 percent and 69 percent in 2016 and 2015, respectively. The significant lower taxing jurisdictions outside of the U.S. include the U.K., Switzerland, and Bermuda with federal income tax rates in those countries of 19.0 percent, 7.83 percent, and 0.0 percent, respectively.

Non-GAAP Reconciliation

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

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. The P&C combined ratio also excludes the one-time pension curtailment benefit recognized in 2016. Current accident year (CAY) P&C combined ratio excluding catastrophe losses excludes the impact of catastrophe losses and PPD. We believe this measure provides a better evaluation of our underwriting performance and enhances the understanding of the trends in our property and casualty business that may be obscured by these items.

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The following table presents the calculation of combined ratio, as reported, to combined ratio, adjusted for catastrophe losses (CATs) and PPD:

For the Twelve Months Ended December 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	A \$ 8,287	\$ 3,265	\$ 1,043	\$ 4,281	\$ 561	\$ 285	\$ 17,722
Catastrophe losses	(1,220)	(871)	(18)	(331)	(313)	—	(2,753)
PPD and related adjustments							
PPD, net of related adjustments - favorable (unfavorable)	746	(69)	119	252	59	(278)	829
Net earned premium adjustments on PPD - unfavorable (favorable)	42	—	66	—	(4)	—	104
Expense adjustments - unfavorable (favorable)	6	—	(11)	—	—	—	(5)
Reinstatement premiums expensed on PPD	9	—	—	—	—	—	9
PPD - gross of related adjustments - favorable (unfavorable)	803	(69)	174	252	55	(278)	937
CAY Loss and loss expense ex CATs	B \$ 7,870	\$ 2,325	\$ 1,199	\$ 4,202	\$ 303	\$ 7	\$ 15,906
Policy acquisition costs and administrative expenses							
Policy acquisition costs and administrative expenses	C \$ 2,854	\$ 1,163	\$ 73	\$ 3,203	\$ 221	\$ 267	\$ 7,781
Expense adjustments - favorable (unfavorable)	(6)	—	11	—	—	—	5
Policy acquisition costs and administrative expenses, adjusted	D \$ 2,848	\$ 1,163	\$ 84	\$ 3,203	\$ 221	\$ 267	\$ 7,786
Denominator							
Net premiums earned	E \$ 12,191	\$ 4,399	\$ 1,508	\$ 8,131	\$ 704		\$ 26,933
Reinstatement premiums (collected) expensed on catastrophe losses	4	22	—	4	(37)		(7)
Net earned premium adjustments on PPD - unfavorable (favorable)	42	—	66	—	(4)		104
Reinstatement premiums expensed on PPD	9	—	—	—	—		9
Net premiums earned excluding adjustments	F \$ 12,246	\$ 4,421	\$ 1,574	\$ 8,135	\$ 663		\$ 27,039
Combined ratio							
Losses and loss expense ratio	A/E	68.0%	74.2%	69.2%	52.6%	79.8%	65.8%
Policy acquisition costs and administrative expense ratio	C/E	23.4%	26.5%	4.8%	39.4%	31.4%	28.9%
Combined ratio		91.4%	100.7%	74.0%	92.0%	111.2%	94.7%
CAY Combined ratio, adjusted for CATs							
Loss and loss expense ratio, adjusted	B/F	64.3%	52.6%	76.2%	51.7%	46.0%	58.8%
Policy acquisition costs and administrative expense ratio, adjusted	D/F	23.2%	26.3%	5.3%	39.3%	33.2%	28.8%
CAY Combined ratio, adjusted for CATs		87.5%	78.9%	81.5%	91.0%	79.2%	87.6%

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

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"Comparative basis" measures presented throughout this section are prepared exclusive of the impact of the unearned premium reserves intangible amortization and the elimination of the historical policy acquisition costs as a result of purchase accounting related to the Chubb Corp acquisition in order to present the underlying profitability of our insurance business for the entire relevant periods. We believe this measure provides visibility into our results, allows for comparability to our historical results and is consistent with how management evaluates results. We have discussed our results on a "Comparative basis" for 2016 and 2015, defined below:

2016 "Comparative basis" results: The combined company results do not include the impact of the unearned premium reserves intangible amortization and the elimination of the historical policy acquisition costs as a result of purchase accounting related to the Chubb Corp acquisition. The combined company results for the year ended December 31, 2016 are inclusive of the first 14 days of January 2016 (the Chubb Corp acquisition closed January 14, 2016).

2015 "Comparative basis" results: Legacy ACE plus legacy Chubb Corp historical results after accounting policy alignment adjustments, including reclassifying certain legacy Chubb Corp corporate expenses to administrative expenses and redefining legacy Chubb Corp segment underwriting income by allocating the amortization of deferred policy acquisition costs to each segment. 2015 "Comparative basis" results exclude purchase accounting adjustments.

The following tables present a reconciliation of 2016 "Comparative basis" results to 2016 results, as well as 2015 "Comparative basis" results to 2015 results and pro forma results as calculated in accordance with SEC Article 11:

(in millions of U.S. dollars, except percentages)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Consolidated
Net premiums written							
<i>2016</i>							
Net premiums written	\$ 11,740	\$ 4,153	\$ 1,328	\$ 8,124	\$ 676	\$ 2,124	\$ 28,145
14 day stub period	519	100	—	215	20	1	855
2016 Comparative basis	\$ 12,259	\$ 4,253	\$ 1,328	\$ 8,339	\$ 696	\$ 2,125	\$ 29,000
<i>2015 Comparative basis</i>							
Net premiums written	\$ 5,715	\$ 1,192	\$ 1,346	\$ 6,634	\$ 828	\$ 1,998	\$ 17,713
Legacy Chubb	6,899	3,570	—	2,099	29	36	12,633
Accounting policy alignment	—	—	—	18	—	59	77
2015 Comparative basis ⁽¹⁾	\$ 12,614	\$ 4,762	\$ 1,346	\$ 8,751	\$ 857	\$ 2,093	\$ 30,423
Constant-dollar 2015 Comparative basis	\$ 12,605	\$ 4,756	\$ 1,346	\$ 8,244	\$ 843	\$ 2,049	\$ 29,843
Constant-dollar change Comparative basis	\$ (346)	\$ (503)	\$ (18)	\$ 95	\$ (147)	\$ 76	\$ (843)
Constant-dollar percent change Comparative basis	(2.8)%	(10.6)%	(1.3)%	1.2%	(17.5)%	3.7%	(2.8)%
Net premiums earned							
<i>2016</i>							
Net premiums earned	\$ 12,217	\$ 4,319	\$ 1,316	\$ 8,132	\$ 710	\$ 2,055	\$ 28,749
14 day stub period	208	110	—	71	—	2	391
2016 Comparative basis	\$ 12,425	\$ 4,429	\$ 1,316	\$ 8,203	\$ 710	\$ 2,057	\$ 29,140
<i>2015 Comparative basis</i>							
Net premiums earned	\$ 5,634	\$ 948	\$ 1,364	\$ 6,471	\$ 849	\$ 1,947	\$ 17,213
Legacy Chubb	6,850	3,506	—	2,096	26	40	12,518
Accounting policy alignment	—	—	—	(1)	—	56	55
2015 Comparative basis ⁽¹⁾	\$ 12,484	\$ 4,454	\$ 1,364	\$ 8,566	\$ 875	\$ 2,043	\$ 29,786
Constant-dollar 2015 Comparative basis	\$ 12,471	\$ 4,454	\$ 1,364	\$ 8,122	\$ 863	\$ 2,001	\$ 29,275
Constant-dollar change Comparative basis	\$ (46)	\$ (25)	\$ (48)	\$ 81	\$ (153)	\$ 56	\$ (135)
Constant-dollar percent change Comparative basis	(0.4)%	(0.6)%	(3.6)%	1.0%	(17.9)%	2.8%	(0.5)%

⁽¹⁾ Comparative basis amounts for premium are calculated on the same basis as SEC pro forma.

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(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	Corporate	Total P&C
Loss and loss expenses							
2016							
Loss and loss expenses	\$ 7,439	\$ 2,558	\$ 893	\$ 4,005	\$ 325	\$ 169	\$ 15,389
14 day stub period	127	53	—	42	—	—	222
(Gain) loss on crop derivatives	—	—	5	—	—	—	5
Pension curtailment benefit	—	—	—	—	—	23	23
2016 Comparative basis	\$ 7,566	\$ 2,611	\$ 898	\$ 4,047	\$ 325	\$ 192	\$ 15,639
2015							
Loss and loss expenses	\$ 3,661	\$ 590	\$ 1,088	\$ 3,052	\$ 290	\$ 202	\$ 8,883
Legacy Chubb	3,681	2,079	—	1,064	5	105	6,934
(Gain) loss on crop derivatives	—	—	9	—	—	—	9
Accounting policy alignments	—	—	—	4	—	(14)	(10)
2015 Comparative basis ⁽¹⁾	\$ 7,342	\$ 2,669	\$ 1,097	\$ 4,120	\$ 295	\$ 293	\$ 15,816
Policy acquisition costs							
2016							
Policy acquisition costs	\$ 2,023	\$ 966	\$ 83	\$ 2,136	\$ 187	\$ —	\$ 5,395
Amortization of acquired UPR intangible asset	(859)	(492)	—	(208)	—	—	(1,559)
Elimination of deferred acquisition cost benefit	729	406	—	238	—	—	1,373
14 day stub period	33	14	—	13	—	—	60
2016 Comparative basis	\$ 1,926	\$ 894	\$ 83	\$ 2,179	\$ 187	\$ —	\$ 5,269
2015							
Policy acquisition costs	\$ 531	\$ 69	\$ 69	\$ 1,581	\$ 214	\$ 1	\$ 2,465
Legacy Chubb	1,321	774	—	491	—	—	2,586
Accounting policy alignment	128	15	—	138	—	—	281
2015 Comparative basis	\$ 1,980	\$ 858	\$ 69	\$ 2,210	\$ 214	\$ 1	\$ 5,332
Amortization of acquired UPR intangible asset	855	490	—	205	—	—	1,550
Elimination of deferred acquisition cost benefit	(709)	(406)	—	(169)	—	—	(1,284)
2015 SEC pro forma	\$ 2,126	\$ 942	\$ 69	\$ 2,246	\$ 214	\$ 1	\$ 5,598
Administrative expenses							
2016							
Administrative expenses	\$ 1,125	\$ 363	\$ (6)	\$ 1,057	\$ 52	\$ 183	\$ 2,774
Pension curtailment benefit	—	—	—	—	—	90	90
14 day stub period	35	13	—	12	—	3	63
2016 Comparative basis	\$ 1,160	\$ 376	\$ (6)	\$ 1,069	\$ 52	\$ 276	\$ 2,927
2015							
Administrative expenses	\$ 621	\$ 123	\$ 1	\$ 997	\$ 49	\$ 188	\$ 1,979
Legacy Chubb	694	271	—	343	6	45	1,359
Accounting policy alignment	(128)	(15)	—	(142)	—	84	(201)
2015 Comparative basis ⁽¹⁾	\$ 1,187	\$ 379	\$ 1	\$ 1,198	\$ 55	\$ 317	\$ 3,137
(Favorable) unfavorable PPD, pre-tax							
2015							
(Favorable) unfavorable PPD, pre-tax	\$ (264)	\$ 25	\$ (45)	\$ (343)	\$ (119)	\$ 200	\$ (546)
Legacy Chubb	(519)	(43)	—	(134)	(19)	91	(624)
2015 Comparative basis ⁽¹⁾	\$ (783)	\$ (18)	\$ (45)	\$ (477)	\$ (138)	\$ 291	\$ (1,170)
Catastrophe losses, pre-tax							
2015							
Catastrophe losses, pre-tax	\$ 85	\$ 63	\$ 9	\$ 142	\$ 22	\$ —	\$ 321
Legacy Chubb	183	320	—	20	4	—	527
2015 Comparative basis ⁽¹⁾	\$ 268	\$ 383	\$ 9	\$ 162	\$ 26	\$ —	\$ 848

⁽¹⁾ Comparative basis amounts for Loss and loss expenses, Administrative expenses, Prior period development and Catastrophe losses are calculated on the same basis as SEC pro forma.

Net Investment Income

(in millions of U.S. dollars)	2017	2016	2015
Fixed maturities	\$ 2,987	\$ 2,779	\$ 2,157
Short-term investments	131	93	49
Equity securities	38	36	16
Other investments	133	98	86
Gross investment income (1)	3,289	3,006	2,308
Investment expenses	(164)	(141)	(114)
Net investment income (1)	\$ 3,125	\$ 2,865	\$ 2,194
(1) Includes amortization expense related to fair value adjustment of acquired invested assets related to the Chubb Corp acquisition	\$ (332)	\$ (393)	\$ —

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 9.1 percent in 2017 compared with 2016 primarily reflecting higher private equity income distributions that included a \$44 million final distribution from a co-investment with one of our private equity fund partners and a higher overall invested asset base. Additionally, the current year's amortization expense related to the fair value adjustment of acquired invested assets is \$61 million less than prior year. Net investment income increased 30.6 percent in 2016 compared with 2015 primarily due to the Chubb Corp acquisition which added \$1.2 billion of net investment income, partially offset by the unfavorable impact of liquidating investments to fund the acquisition, and the unfavorable impact of amortizing the purchase accounting fair value adjustment to investments at the date of acquisition of \$393 million.

Our yield on average invested assets was 3.5 percent in 2017 and 3.4 percent and 3.5 percent in 2016 and 2015, respectively, 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 2.8 percent for 2017 and 2.4 percent and 2.8 percent in 2016 and 2015, respectively.

The following table shows the yield on average invested assets:

(in millions of U.S. dollars, except for percentages)	2017	2016	2015
Average invested assets	\$ 99,675	\$ 96,656	\$ 63,252
Net investment income	\$ 3,125	\$ 2,865	\$ 2,194
Yield on average invested assets (1)	3.5%	3.4%	3.5%

(1) Excludes \$332 million and \$393 million of amortization on the purchase accounting fair value adjustment of acquired invested assets related to the Chubb Corp acquisition in 2017 and 2016, 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 available for sale investment 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 discussion related to how we assess OTTI for all of our investments, including credit-related OTTI, and the related impact on Net income, refer to Note 3 d) to the Consolidated Financial Statements. 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 obligations liability adjustment, are reported as separate components of Accumulated other comprehensive income in Shareholders' equity in the Consolidated balance sheets.

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

(in millions of U.S. dollars)	Year Ended December 31, 2017			Year Ended December 31, 2016		
	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact
Fixed maturities	\$ (31)	\$ 537	\$ 506	\$ (163)	\$ 83	\$ (80)
Fixed income derivatives	(11)	—	(11)	(33)	—	(33)
Public equity	16	88	104	44	52	96
Private equity	(11)	8	(3)	(4)	(49)	(53)
Total investment portfolio ⁽¹⁾	(37)	633	596	(156)	86	(70)
Variable annuity reinsurance derivative transactions, net of applicable hedges	103	—	103	(83)	—	(83)
Other derivatives	(5)	—	(5)	(10)	—	(10)
Foreign exchange	36	471	507	118	(154)	(36)
Other	(13)	(16)	(29)	(14)	543	529
Net gains (losses) before tax	\$ 84	\$ 1,088	\$ 1,172	\$ (145)	\$ 475	\$ 330

⁽¹⁾ For the year ended December 31, 2017, other-than-temporary impairments in Net realized gains (losses) include \$23 million for fixed maturities, \$10 million for public equity, and \$12 million for private equity. For the year ended December 31, 2016, other-than-temporary impairments in Net realized gains (losses) include \$81 million for fixed maturities, \$8 million for public equity, and \$14 million for private equity.

Amortization of purchased intangibles and Other amortization

Amortization expense related to purchased intangibles amounted to \$260 million, \$19 million, and \$171 million for the years ended December 31, 2017, 2016, and 2015, respectively. Amortization expense of purchased intangibles was low in 2016 reflecting the favorable impact of the amortization benefit from the fair value adjustment on acquired Unpaid losses and loss expenses. This benefit was lower in 2017 and will be comparatively lower in 2018. As a result, the amortization of purchased intangibles is expected to increase to \$338 million in 2018 as presented in the table below.

Amortization expense in 2018 is expected to be \$338 million as shown in the table below, or approximately \$85 million each quarter.

The following table presents, as of December 31, 2017, the estimated pre-tax amortization expense (benefit) of purchased intangibles, at current foreign currency exchange rates, for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Associated with the Chubb Corp Acquisition					Other intangible assets ⁽²⁾	Total Amortization of purchased intangibles
	Agency distribution relationships and renewal rights	Internally developed technology	Fair value adjustment on Unpaid losses and loss expense	Total ⁽¹⁾			
2018	\$ 325	\$ 32	\$ (102)	\$ 255	\$ 83	\$ 338	
2019	282	—	(63)	219	75	294	
2020	241	—	(36)	205	67	272	
2021	218	—	(20)	198	61	259	
2022	198	—	(14)	184	57	241	
Total	\$ 1,264	\$ 32	\$ (235)	\$ 1,061	\$ 343	\$ 1,404	

⁽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 December 31, 2017, the deferred tax liability associated with the Other intangibles assets (excluding the fair value adjustment on Unpaid losses and loss expenses) was \$1,433 million.

The following table presents, as of December 31, 2017, the expected reduction to 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 next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Reduction to deferred tax liability associated with intangible assets	
2018	\$	97
2019		79
2020		68
2021		61
2022		56
Total	\$	361

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

The following table presents at December 31, 2017, 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 next five years as follows:

For the Years Ending December 31 (in millions of U.S. dollars)	Amortization (expense) benefit of the fair value adjustment on	
	Acquired invested assets (1)	Assumed long-term debt (2)
2018	\$ (300)	\$ 31
2019	(270)	19
2020	(250)	19
2021	(38)	19
2022	—	19
Total	\$ (858)	\$ 107

(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

Interest expense in 2017 of \$607 million was comprised of interest expense on our debt obligations (\$560 million) which included \$8 million of amortization of debt issuance costs, interest expense on notional pools (\$56 million), fees on collateral, and repurchase agreements and credit facility usage (\$40 million). This expense was offset by the amortization of the fair value of debt related to the Chubb Corp acquisition (\$49 million). Interest expense in 2016 was comparable at \$605 million.

For 2018, interest expense on our existing debt obligations is expected to be \$513 million, which includes \$8 million of amortization of debt issuance costs. This estimate excludes interest expense expected to be incurred in 2018 relating to our notional pools, fees on collateral, repurchase agreements and credit facilities, as interest expense in these arrangements are based on usage and could fluctuate from prior years. This estimated interest expense also excludes \$31 million of expected amortization of fair value of debt related to the Chubb Corp acquisition.

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 4.2 years at both December 31, 2017 and 2016. 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 December 31, 2017.

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

(in millions of U.S. dollars)	December 31, 2017		December 31, 2016	
	Fair Value	Cost/ Amortized Cost	Fair Value	Cost/ Amortized Cost
Fixed maturities available for sale	\$ 78,939	\$ 77,835	\$ 80,115	\$ 79,536
Fixed maturities held to maturity	14,474	14,335	10,670	10,644
Short-term investments	3,561	3,561	3,002	3,002
	96,974	95,731	93,787	93,182
Equity securities	937	737	814	706
Other investments	4,672	4,417	4,519	4,270
Total investments	\$ 102,583	\$ 100,885	\$ 99,120	\$ 98,158

The fair value of our total investments increased \$3.5 billion during the year ended December 31, 2017, primarily due to the investing of operating cash flows, unrealized appreciation, and the favorable impact of foreign exchange, partially offset by the payment of dividends on our Common Shares, repurchases of our Common Shares, and the repayment of \$500 million senior notes that matured in February 2017.

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The following tables present the market value of our fixed maturities and short-term investments at December 31, 2017 and 2016 . The first table lists investments according to type and the second according to S&P credit rating:

(in millions of U.S. dollars, except for percentages)	December 31, 2017		December 31, 2016	
	Market Value	% of Total	Market Value	% of Total
Treasury	\$ 4,049	4%	\$ 2,832	3%
Agency	564	1%	699	1%
Corporate and asset-backed securities	27,215	28%	26,944	29%
Mortgage-backed securities	18,032	19%	15,435	16%
Municipal	20,766	21%	22,768	24%
Non-U.S.	22,787	23%	22,107	24%
Short-term investments	3,561	4%	3,002	3%
Total	\$ 96,974	100%	\$ 93,787	100%
AAA	\$ 15,512	16%	\$ 15,746	17%
AA	37,407	39%	36,235	39%
A	18,369	19%	17,519	19%
BBB	12,377	13%	12,237	13%
BB	7,941	8%	6,993	7%
B	5,135	5%	4,814	5%
Other	233	—	243	—
Total	\$ 96,974	100%	\$ 93,787	100%

Corporate and asset-backed securities

The following table presents our 10 largest global exposures to corporate bonds by market value at December 31, 2017 :

(in millions of U.S. dollars)	Market Value
Wells Fargo & Co	\$ 579
JP Morgan Chase & Co	465
Anheuser-Busch InBev NV	439
Goldman Sachs Group Inc	437
AT&T Inc	406
General Electric Co	376
Verizon Communications Inc	345
Morgan Stanley	335
Bank of America Corp	320
Citigroup Inc	312

Mortgage-backed securities

December 31, 2017 (in millions of U.S. dollars)	S&P Credit Rating					Market Value	Amortized Cost
	AAA	AA	A	BBB	BB and below	Total	Total
Agency residential mortgage-backed (RMBS)	\$ —	\$ 14,876	\$ —	\$ —	\$ —	\$ 14,876	\$ 14,857
Non-agency RMBS	11	10	72	16	26	135	133
Commercial mortgage-backed	2,858	118	45	—	—	3,021	3,013
Total mortgage-backed securities	\$ 2,869	\$ 15,004	\$ 117	\$ 16	\$ 26	\$ 18,032	\$ 18,003

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 55 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 December 31, 2017 :

(in millions of U.S. dollars)	Market Value	Amortized Cost
United Kingdom	\$ 1,387	\$ 1,364
Republic of Korea	1,056	978
Canada	933	944
Federative Republic of Brazil	741	730
Province of Ontario	646	647
United Mexican States	536	544
Province of Quebec	507	507
Kingdom of Thailand	462	431
Federal Republic of Germany	424	419
French Republic	326	313
Other Non-U.S. Government Securities ⁽¹⁾	4,497	4,385
Total	\$ 11,515	\$ 11,262

(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 December 31, 2017 :

(in millions of U.S. dollars)	Market Value		Amortized Cost	
United Kingdom	\$	1,979	\$	1,904
Canada		1,413		1,396
United States ⁽¹⁾		960		939
France		829		804
Netherlands		773		754
Australia		758		743
Germany		561		545
Switzerland		356		345
Japan		319		320
China		312		308
Other Non-U.S. Corporate Securities		3,012		2,932
Total	\$	11,272	\$	10,990

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

Below-investment grade corporate fixed income portfolio

Below-investment grade securities have different characteristics than investment grade corporate debt securities. Risk of loss from default by the borrower is greater with below-investment grade securities. Below-investment grade securities are generally unsecured and are often subordinated to other creditors of the issuer. Also, issuers of below-investment grade securities usually have higher levels of debt and are more sensitive to adverse economic conditions, such as recession or increasing interest rates, than investment grade issuers. At December 31, 2017, 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 1,100 issuers, with the greatest single exposure being \$152 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. Nine 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.

Asbestos and Environmental (A&E)

Asbestos and environmental (A&E) reserving considerations

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

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

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

	Asbestos (by causative agent)		Environmental (by account)	
	2017	2016	2017	2016
Open at beginning of year	1,766	1,145	1,395	1,011
Newly reported	106	81	81	76
Closed or otherwise disposed	123	23	138	18
Acquired	—	563	—	326
Open at end of year	1,749	1,766	1,338	1,395

Closed or otherwise disposed claims were significantly higher in 2017 due to a review of pending cases completed in 2017. Survival ratios are calculated by dividing the asbestos or environmental loss and allocated loss adjustment expense (ALAE) reserves by the average asbestos or environmental loss and ALAE payments for the three most recent calendar years (3-year survival ratio). The 3-year survival ratios for gross and net Asbestos loss and ALAE reserves were 4.5 years and 5.2 years, respectively. The 3-year survival ratios for gross and net Environmental loss and ALAE reserves were 4.3 years and 4.4 years, respectively. The survival ratios provide only a very rough depiction of reserves and are significantly impacted by a number of factors such as aggressive settlement practices, variations in gross to ceded relationships within the asbestos or environmental claims, and levels of coverage provided. We, therefore, urge caution in using these very simplistic ratios to gauge reserve adequacy.

Catastrophe Management

We actively monitor and manage our catastrophe risk accumulation around the world. 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 December 31, 2017. 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 \$2,889 million (or 5.6 percent of our total shareholders' equity at December 31, 2017).

(in millions of U.S. dollars, except for percentages)	Modeled Net PML					
	Worldwide ⁽¹⁾		U.S. Hurricane		California Earthquake	
	Annual Aggregate		Annual Aggregate		Single Occurrence	
	Chubb	% of Total Shareholders' Equity	Chubb	% of Total Shareholders' Equity	Chubb	% of Total Shareholders' Equity
1-in-10	\$ 2,033	4.0%	\$ 1,166	2.3%	\$ 366	0.7%
1-in-100	\$ 4,450	8.7%	\$ 2,889	5.6%	\$ 1,395	2.7%
1-in-250	\$ 7,267	14.2%	\$ 5,144	10.1%	\$ 1,495	2.9%

⁽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 December 31, 2017 reflects our in-force portfolio at October 1, 2017. The December 31, 2017 modeled loss information reflects the April 1, 2017 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, 2017 through March 31, 2018, 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, 2017 through March 31, 2018 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 two series of property catastrophe bonds in place (assumed as part of the Chubb Corp acquisition) that offer 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 2014 series currently provides \$270 million of coverage as part of a \$300 million layer in excess of \$2,660 million retention through March 14, 2018. The East Lane VI 2015 series currently provides \$250 million of coverage as part of a \$408 million layer in excess of \$2,014 million retention through March 13, 2020.

Political Risk and Credit Insurance

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

Our political risk insurance provides protection to commercial lenders against defaults on cross border loans, insulates investors against equity losses, and protects exporters against defaults on contracts. Commercial lenders, our largest client segment, are covered for missed scheduled loan repayments due to acts of confiscation, expropriation or nationalization by the host government, currency inconvertibility or exchange transfer restrictions, or war or other acts of political violence. In addition, in the case of loans to government-owned entities or loans that have a government guarantee, political risk policies cover scheduled payments against risks of non-payment or non-honoring of government guarantees. Equity investors and corporations receive similar coverage to that of lenders, except they are protected against financial losses, inability to repatriate dividends, and physical damage to their operations caused by covered events. Our export contracts protection provides coverage for both exporters and their financing banks against the risk of contract frustration due to government actions, including non-payment by government entities.

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

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

Crop Insurance

We are, and have been since the 1980s, one of the leading writers of crop insurance in the U.S. and have conducted that business through a managing general agent subsidiary of Rain and Hail. We provide protection throughout the U.S. on a variety of crops and are therefore geographically diversified, which reduces the risk of exposure to a single event or a heavy accumulation of losses in any one region. 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 MPCCI 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 MPCCI 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 MPCCI 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 MPCCI premium is determined using a number of factors including commodity prices and related volatility. For instance, in most states the pricing for the MPCCI 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

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

We anticipate that positive cash flows from operations (underwriting activities and investment income) should be sufficient to cover cash outflows under most loss scenarios for the near term. Should the need arise, we generally have access to capital markets and available credit facilities. Refer to "Credit Facilities" below for additional information. Our access to funds under the existing credit facility is dependent on the ability of the bank that is a party to the facility to meet its funding commitments. Should our existing credit provider experience financial difficulty, we may be required to replace credit sources, possibly in a difficult market. If we cannot obtain adequate capital or sources of credit on favorable terms, on a timely basis, or at all, our business, operating results, and financial condition could be adversely affected. To date, we have not experienced difficulty accessing our credit facility.

To further ensure the sufficiency of funds to settle unforeseen claims, we hold certain invested assets in cash and short-term

investments. In addition, for certain insurance, reinsurance, or deposit contracts that tend to have relatively large and reasonably predictable cash outflows, we attempt to establish dedicated portfolios of assets that are duration-matched with the related liabilities. With respect to the duration of our overall investment portfolio, we manage asset durations to both maximize return given current market conditions and provide sufficient liquidity to cover future loss payments. All things being equal, in a low interest rate environment, the overall duration of our fixed maturities tends to be shorter and in a high interest rate environment, such duration tends to be longer. At December 31, 2017, the average duration of our fixed maturities (4.2 years) is less than the average expected duration of our insurance liabilities (4.3 years).

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

The payment of dividends or other statutorily permissible distributions from our operating companies are subject to the laws and regulations applicable to each jurisdiction, as well as the need to maintain capital levels adequate to support the insurance and reinsurance operations, including financial strength ratings issued by independent rating agencies. During 2017, 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 \$450 million and \$1.0 billion from its Bermuda subsidiaries in 2017 and 2016, 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. Chubb Limited received no dividends from CGM in 2017 and 2016.

The U.S. insurance subsidiaries of Chubb INA may pay dividends, without prior regulatory approval, subject to restrictions set out in state law of the subsidiary's domicile (or, if applicable, commercial domicile). Chubb INA's international subsidiaries are also subject to insurance laws and regulations particular to the countries in which the subsidiaries operate. These laws and regulations sometimes include restrictions that limit the amount of dividends payable without prior approval of regulatory insurance authorities. Chubb Limited received no dividends from Chubb INA in 2017 and 2016. Debt issued by Chubb INA is serviced by statutorily permissible distributions by Chubb INA's insurance subsidiaries to Chubb INA as well as other group resources. Chubb INA received dividends of \$2.1 billion and \$1.8 billion from its subsidiaries in 2017 and 2016, respectively. At December 31, 2017, the amount of dividends available to be paid to Chubb INA in 2018 from its subsidiaries without prior approval of insurance regulatory authorities totals \$3.3 billion.

Chubb INA received \$1.0 billion in capital contributions from Chubb Limited and \$4.2 billion from Chubb Group Holdings during 2016. Chubb INA did not receive any capital contributions in 2017.

Cash Flows

Our insurance and reinsurance operations provide liquidity in that premiums are received in advance, sometimes substantially in advance, of the time claims are paid. Generally, cash flows are affected by claim payments that, due to the nature of our operations, may comprise large loss payments on a limited number of claims and which can fluctuate significantly from period to period. The irregular timing of these loss payments can create significant variations in cash flows from operations between periods. Refer to "Contractual Obligations and Commitments" for our estimate of future claim payments by period. Sources of liquidity include cash from operations, routine sales of investments, and financing arrangements. The following is a discussion of our cash flows for 2017, 2016, and 2015.

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

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Operating cash flows were \$4.5 billion in 2017 , compared to \$5.3 billion and \$3.9 billion in 2016 and 2015, respectively. Operating cash flow was lower in 2017 compared to 2016 principally reflecting higher claims paid, principally due to the significant catastrophe losses in the year. The increase in operating cash flows of \$1.4 billion in 2016 compared to 2015 was primarily due to cash flow contributions from legacy Chubb Corp operations, partially offset by integration expenses paid, higher interest paid on long-term debt, and higher taxes paid.

Cash used for investing was \$2.4 billion in 2017 , compared to \$5.3 billion and \$ 6.3 billion in 2016 and 2015, respectively. Cash used for investing in 2017 was lower compared to 2016 which included cash paid for the purchase of Chubb Corp of \$14.3 billion, largely funded by sales in our investment portfolio, including net proceeds in short-term investments. Cash used for investing in 2015 included an increase in short-term investments to fund the Chubb Corp acquisition.

Cash (used for) from financing was \$(2.3) billion in 2017 , compared to \$ (742) million in 2016 , and \$ 3.7 billion in 2015 . Cash used for financing was higher by \$1.6 billion in 2017 compared to 2016 principally reflecting \$501 million of repayments of long-term debt and \$ 801 million of share repurchases. Cash from financing in 2015 included \$4.9 billion of net proceeds from the issuance of long-term debt (net of repayments) partially offset by \$862 million of dividends paid on Common Shares and \$758 million of share repurchases.

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

In the current low interest rate environment, we use repurchase agreements as a low-cost funding alternative. At December 31, 2017 , there were \$ 1.4 billion in repurchase agreements outstanding with various maturities over the next 7 months.

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

Capital Resources

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

	December 31	December 31
(in millions of U.S. dollars, except for percentages)	2017	2016
Short-term debt	\$ 1,013	\$ 500
Long-term debt	11,556	12,610
Total financial debt	12,569	13,110
Trust preferred securities	308	308
Total shareholders' equity	51,172	48,275
Total capitalization	\$ 64,049	\$ 61,693
Ratio of financial debt to total capitalization	19.6%	21.3%
Ratio of financial debt plus trust preferred securities to total capitalization	20.1%	21.8%

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.

Included in the debt obligations are junior subordinated capital securities of \$1.0 billion. Prior to April 15, 2017, these securities carried a fixed interest rate of 6.375 percent. Effective April 15, 2017, these securities bear interest at a rate equal to the three-month LIBOR plus 2.25 percentage points. The current interest rate at the time of this filing on these securities is 3.97 percent. The scheduled maturity date for these securities is April 15, 2037.

We believe our financial strength provides us with the flexibility and capacity to obtain available funds externally through debt or equity financing on both a short-term and long-term basis. Our ability to access the capital markets is dependent on, among other things, market conditions and our perceived financial strength. We have accessed both the debt and equity markets from time to time. We generally maintain the ability to issue certain classes of debt and equity securities via an unlimited 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. We have an unlimited shelf registration which allows us to issue certain classes of debt and equity. This shelf registration expires in October 2018.

Securities Repurchases

From time to time, we repurchase shares as part of our capital management program. Our Board of Directors has authorized share repurchase programs as follows:

- \$1.5 billion of Chubb Common Shares from January 1, 2015 through December 31, 2015
- \$1.0 billion of Chubb Common Shares from November 17, 2016 through December 31, 2017
- \$1.0 billion of Chubb Common Shares from January 1, 2018 through December 31, 2018.

Share repurchases may be made in the open market, in privately negotiated transactions, block trades, accelerated repurchases and/or through option or other forward transactions. In 2015, we repurchased \$734 million of Common Shares in a series of open market transactions under the Board share repurchase authorization. There were no share repurchases in 2016. In 2017, we repurchased \$ 830 million of Common Shares in a series of open market transactions under the Board share repurchase authorization.

Common Shares

Our Common Shares had a par value of CHF 24.15 each at December 31, 2017 .

As of December 31, 2017 , there were 15,950,685 Common Shares in treasury with a weighted average cost of \$121.85 per share.

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

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

At our May 2017 annual general meeting, our shareholders approved an annual dividend for the following year of up to \$2.84 per share, expected to be paid in four quarterly installments of \$0.71 per share after the annual general meeting by way of distribution from capital contribution reserves, transferred to free reserves for payment. The Board will determine the record and payment dates at which the annual dividend may be paid until the date of the 2018 annual general meeting, and is authorized to abstain from distributing a dividend at its discretion. The first three quarterly installments each of \$ 0.71 per share, have been distributed by the Board as expected.

Dividend distributions on Common Shares amounted to CHF 2.76 (\$2.82) per share for the year ended December 31, 2017. Refer to Note 11 to the Consolidated Financial Statements for additional information on our dividends.

Contractual Obligations and Commitments

The following table presents our future payments due by period under contractual obligations at December 31, 2017 :

(in millions of U.S. dollars)	Payments Due By Period				
	Total	2018	2019 and 2020	2021 and 2022	Thereafter
Payment amounts determinable from the respective contracts					
Deposit liabilities ⁽¹⁾	\$ 1,872	\$ 20	\$ 33	\$ 46	\$ 1,773
Purchase obligations ⁽²⁾	641	209	290	142	—
Investments, including Limited Partnerships ⁽³⁾	5,081	1,728	1,576	1,111	666
Operating leases	900	181	286	203	230
Repurchase agreements	1,408	1,408	—	—	—
Short-term debt	1,000	1,000	—	—	—
Long-term debt	11,260	—	1,810	1,000	8,450
Trust preferred securities	309	—	—	—	309
Interest on debt obligations ⁽⁴⁾	7,044	516	926	851	4,751
Total obligations in which payment amounts are determinable from the respective contracts	29,515	5,062	4,921	3,353	16,179
Payment amounts not determinable from the respective contracts					
Estimated gross loss payments under insurance and reinsurance contracts	63,202	17,139	17,559	8,859	19,645
Estimated payments for future policy benefits	19,939	943	1,786	1,595	15,615
Total contractual obligations and commitments	\$ 112,656	\$ 23,144	\$ 24,266	\$ 13,807	\$ 51,439

(1) Refer to Note 1 k) to the Consolidated Financial Statements.

(2) Primarily comprises audit fees and agreements with vendors to purchase system software administration and maintenance services.

(3) Funding commitment primarily related to limited partnerships. The timing of the payments of these commitments is uncertain and may differ from the estimated timing in the table.

(4) Included in the debt obligations are junior subordinated capital securities of \$1.0 billion, these securities bear interest at a rate equal to the three-month LIBOR plus 2.25 percentage points. For purposes of the above table, interest from January 1, 2018 through January 15, 2018, was calculated at a rate of 3.609 percent. Interest after January 15, 2018 is calculated using the three-month LIBOR rate as of January 12, 2018 plus 2.25 percentage points totaling 3.972 percent. The scheduled maturity date for these securities is April 15, 2037. Interest payments for the period from the scheduled maturity date through the final maturity date, March 29, 2067, would increase the contractual obligation by \$1,207 million.

The above table excludes the following items:

- Pension obligations: Minimum funding requirements for our pension obligations are immaterial. Subsequent funding commitments are apt to vary due to many factors and are difficult to estimate at this time. Refer to Note 13 to the Consolidated Financial Statements for additional information.
- Liabilities for unrecognized tax benefits: The liability for unrecognized tax benefits, excluding interest, was \$13 million at December 31, 2017. We recognize accruals for interest and penalties, if any, related to unrecognized tax benefits in Income tax expense in the Consolidated statements of operations. At December 31, 2017, we had \$3 million in liabilities for income tax-related interest and penalties in our Consolidated balance sheets. We are unable to make a reasonably reliable estimate for the timing of cash settlement with respect to these liabilities. Refer to Note 8 to the Consolidated Financial Statements for additional information.

We have no other significant contractual obligations or commitments not reflected in the table above. We do not have any off-balance sheet arrangements that are reasonably likely to have a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources.

Estimated gross loss payments under insurance and reinsurance contracts

We are obligated to pay claims under insurance and reinsurance contracts for specified loss events covered under those contracts. Such loss payments represent our most significant future payment obligation as a P&C insurance and reinsurance company. In contrast to other contractual obligations, cash payments are not determinable from the terms specified within the

contract. For example, we do not ultimately make a payment to our counterparty for many insurance and reinsurance contracts (i.e., when a loss event has not occurred) and if a payment is to be made, the amount and timing cannot be determined from the contract. In the table above, we estimate payments by period relating to our gross liability for unpaid losses and loss expenses included in the Consolidated balance sheet at December 31, 2017, and do not take into account reinsurance recoverable. These estimated loss payments are inherently uncertain and the amount and timing of actual loss payments are likely to differ from these estimates and the differences could be material. Given the numerous factors and assumptions involved in both estimates of loss and loss expense reserves and related estimates as to the timing of future loss and loss expense payments in the table above, differences between actual and estimated loss payments will not necessarily indicate a commensurate change in ultimate loss estimates. The liability for Unpaid losses and loss expenses presented in our balance sheet is discounted for 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. Accordingly, the estimated amounts in the table exceed the liability for Unpaid losses and loss expenses presented in our balance sheet. Refer to Note 1 h) to the Consolidated Financial Statements for additional information.

Estimated payments for future policy benefits

We establish reserves for future policy benefits for life, long-term health, and annuity contracts. The amounts in the table are gross of fees or premiums due from the underlying contracts. The liability for Future policy benefits for life, long-term health, and annuity contracts presented in our balance sheet is discounted and reflected net of fees or premiums due from the underlying contracts. Accordingly, the estimated amounts in the table exceed the liability for Future policy benefits presented in our balance sheet. Payment amounts related to these reserves must be estimated and are not determinable from the contract. Due to the uncertainty with respect to the timing and amount of these payments, actual results could materially differ from the estimates in the table.

Credit Facilities

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

On October 25, 2017, we entered into a credit facility that provides for up to \$1.0 billion of availability, all of which may be used for the issuance of LOC and for revolving loans. We have the ability to increase the capacity to \$2.0 billion under certain conditions, but any such increase would not raise the sub-limit for revolving loans above \$1.0 billion. Our existing credit facility has a remaining term expiring in October 2022. At December 31, 2017, our LOC usage was \$250 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. In the event that such credit support is insufficient, we could be required to provide alternative security to clients. This could take the form of additional insurance trusts supported by our investment portfolio or funds withheld using our cash resources. The value of LOCs required is driven by, among other things, statutory liabilities reported by variable annuity guarantee reinsurance clients, loss development of existing reserves, the payment pattern of such reserves, the expansion of business, and loss experience of such business.

The facility noted above requires that we maintain certain covenants, all of which have been met at December 31, 2017. These covenants include:

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

At December 31, 2017, (a) the minimum consolidated net worth requirement under the covenant described in (i) above was \$34.985 billion and our actual consolidated net worth as calculated under that covenant was \$50.6 billion and (b) our ratio of debt to total capitalization, as calculated under the covenant which excludes the fair value adjustment of debt acquired through the Chubb Corp acquisition, was 0.19 to 1, which is below the maximum debt to total capitalization ratio of 0.35 to 1 as described in (ii) above.

Our failure to comply with the covenants under any credit facility would, subject to grace periods in the case of certain covenants, result in an event of default. This could require us to repay any outstanding borrowings or to cash collateralize LOCs

under such facility. Our failure to repay material financial obligations, as well as our failure with respect to certain other events expressly identified, would result in an event of default under the facility.

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.

Ratings

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

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

Credit ratings assess a company's ability to make timely payments of principal and interest on its debt.

It is possible that, in the future, one or more of the rating agencies may reduce our existing ratings. If one or more of our ratings were downgraded, we could incur higher borrowing costs, and our ability to access the capital markets could be impacted. In addition, our insurance and reinsurance operations could be adversely impacted by a downgrade in our financial strength ratings, including a possible reduction in demand for our products in certain markets. Also, we have insurance and reinsurance contracts which contain rating triggers. In the event the S&P or A.M. Best financial strength ratings of Chubb fall, we may be faced with the cancellation of premium or be required to post collateral on our underlying obligation associated with this premium. We estimate that at December 31, 2017, a one-notch downgrade of our S&P or A.M. Best financial strength ratings would result in an immaterial loss of premium or requirement for collateral to be posted.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Sensitive Instruments and Risk Management

Market risk represents the potential for loss due to adverse changes in the fair value of financial instruments. We are exposed to potential losses from various market risks including changes in interest rates, equity prices, and foreign currency exchange rates. Further, through writing the GLB and GMDB products, we are exposed to volatility in the equity and credit markets, as well as interest rates. Our investment portfolio consists primarily of fixed income securities, denominated in both U.S. dollars and foreign currencies, which are sensitive to changes in interest rates and foreign currency exchange rates. The majority of our fixed income portfolio is classified as available for sale. The effect of market movements on our available for sale investment portfolio impacts Net income (through Net realized gains (losses)) when securities are sold or when we record an OTTI charge in Net income. Changes in interest rates and foreign currency exchange rates will have an immediate effect on Shareholders' equity and Comprehensive income and in certain instances, Net income. From time to time, we also use derivative instruments such as futures, options, swaps, and foreign currency forward contracts to manage the duration of our investment portfolio and foreign currency exposures and also to obtain exposure to a particular financial market. At December 31, 2017 and 2016, our notional exposure to derivative instruments was \$4.8 billion and \$6.2 billion, respectively. These instruments are recognized as assets or liabilities in our consolidated financial statements and are sensitive to changes in interest rates, foreign currency exchange rates, and equity security prices. As part of our investing activities, we from time to time purchase to be announced mortgage backed securities (TBAs). Changes in the fair value of TBAs are included in Net realized gains (losses) and therefore, have an immediate effect on both our Net income and Shareholders' equity.

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

The following is a discussion of our primary market risk exposures at December 31, 2017 . Our policies to address these risks in 2017 were not materially different from 2016 . We do not currently anticipate significant changes in our primary market risk exposures or in how those exposures are managed in future reporting periods based upon what is known or expected to be in effect in future reporting periods.

Interest rate risk – fixed income portfolio and debt obligations

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

The following table presents the impact at December 31, 2017 and 2016 , on the fair value of our fixed income portfolio of a hypothetical increase in interest rates of 100 bps applied instantly across the U.S. yield curve (an immediate time horizon was used as this presents the worst case scenario):

(in billions of U.S. dollars, except for percentages)	2017		2016	
Fair value of fixed income portfolio	\$	97.0	\$	93.8
Pre-tax impact of 100 bps increase in interest rates:				
Decrease in dollars	\$	4.1	\$	3.9
As a percentage of total fixed income portfolio at fair value		4.2%		4.2%

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

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

The following table presents the impact at December 31, 2017 and 2016 , on the fair value of our debt obligations of a hypothetical decrease in interest rates of 100 bps applied instantly across the U.S. yield curve (an immediate time horizon was used as this presents the worst case scenario):

(in millions of U.S. dollars, except for percentages)	2017		2016	
Fair value of debt obligations, including repurchase agreements	\$	15,221	\$	15,360
Impact of 100 bps decrease in interest rates:				
Increase in dollars	\$	1,144	\$	1,154
As a percentage of total debt obligations at fair value		7.5%		7.5%

Foreign currency management

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

The following table summarizes the net assets in non-U.S. currencies at December 31, 2017 and 2016 :

(in millions of U.S. dollars, except for percentages)	2017		2016		2017 vs. 2016 % change in exchange rate per USD
	Value of Net Assets	Exchange rate per USD	Value of Net Assets	Exchange rate per USD	
British pound sterling (GBP)	\$ 2,696	1.3513	\$ 2,643	1.2340	9.5 %
Canadian dollar (CAD)	2,289	0.7955	2,508	0.7440	6.9 %
Euro (EUR)	1,846	1.2005	1,871	1.0517	14.1 %
Brazilian real (BRL)	1,524	0.3019	1,194	0.3072	(1.7)%
Australian dollar (AUD)	1,283	0.7809	1,327	0.7208	8.3 %
Mexican peso (MXN)	815	0.0509	687	0.0483	5.3 %
Korean won (KRW) (x100)	674	0.0937	316	0.0829	13.0 %
Thai baht (THB)	513	0.0307	429	0.0279	10.0 %
Japanese yen (JPY)	465	0.0089	391	0.0086	3.1 %
Hong Kong dollar (HKD)	400	0.1280	370	0.1289	(0.7)%
Other foreign currencies	1,644	various	1,191	various	NM
Value of net assets denominated in foreign currencies	\$ 14,149		\$ 12,927		
As a percentage of total net assets	27.7%		26.8%		
Pre-tax decrease to Shareholders' equity of a hypothetical 10 percent strengthening of the U.S. dollar	\$ 1,285		\$ 1,175		

NM – not meaningful

(1) At December 31, 2017, net assets denominated in foreign currencies comprised approximately 41 percent tangible assets and 59 percent intangible assets, primarily goodwill.

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.

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The tables below are estimates of the sensitivities to instantaneous changes in economic inputs (e.g., equity shock, interest rate shock etc.) or actuarial assumptions at December 31, 2017 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 December 31, 2017 .
- 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, 10 percent— 20 percent international equity ex-Japan, up to 10 percent Japan 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, the MSCI EAFE index as a proxy for international equity, and the TOPIX as a proxy for Japan 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 December 31, 2017 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 80 percent of that population has become eligible to annuitize and generate a claim (since approximately 20 percent of policies are not eligible to annuitize until after December 31, 2017). 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 first quarter 2018 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	\$ 228	\$ 148	\$ 29	\$ (160)	\$ (389)	\$ (656)
	Increase/(decrease) in hedge value	(157)	—	157	315	472	630
	Increase/(decrease) in net income	\$ 71	\$ 148	\$ 186	\$ 155	\$ 83	\$ (26)
Flat	(Increase)/decrease in Gross FVL	\$ 120	\$ —	\$ (180)	\$ (397)	\$ (658)	\$ (952)
	Increase/(decrease) in hedge value	(157)	—	157	315	472	630
	Increase/(decrease) in net income	\$ (37)	\$ —	\$ (23)	\$ (82)	\$ (186)	\$ (322)
-100 bps	(Increase)/decrease in Gross FVL	\$ (57)	\$ (232)	\$ (438)	\$ (683)	\$ (966)	\$ (1,277)
	Increase/(decrease) in hedge value	(157)	—	157	315	472	630
	Increase/(decrease) in net income	\$ (214)	\$ (232)	\$ (281)	\$ (368)	\$ (494)	\$ (647)

Sensitivities to Other Economic Variables

(in millions of U.S. dollars)		AA-rated Credit Spreads		Interest Rate Volatility		Equity Volatility	
		+100 bps	-100 bps	+2 %	-2 %	+2 %	-2 %
(Increase)/decrease in Gross FVL		\$ 58	\$ (65)	\$ —	\$ —	\$ (6)	\$ 5
Increase/(decrease) in hedge value		—	—	—	—	—	—
Increase/(decrease) in net income		\$ 58	\$ (65)	\$ —	\$ —	\$ (6)	\$ 5

Sensitivities to Actuarial Assumptions

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

(in millions of U.S. dollars)		Lapses			
		+50 %	+25 %	-25 %	-50 %
(Increase)/decrease in Gross FVL		\$ 77	\$ 43	\$ (50)	\$ (106)
Increase/(decrease) in hedge value		—	—	—	—
Increase/(decrease) in net income		\$ 77	\$ 43	\$ (50)	\$ (106)

(in millions of U.S. dollars)		Annuitization			
		+50 %	+25 %	-25 %	-50 %
(Increase)/decrease in Gross FVL		\$ (388)	\$ (207)	\$ 171	\$ 341
Increase/(decrease) in hedge value		—	—	—	—
Increase/(decrease) in net income		\$ (388)	\$ (207)	\$ 171	\$ 341

Variable Annuity Net Amount at Risk

All our VA reinsurance treaties include annual or aggregate claim limits and many include an aggregate deductible which limit the net amount at risk under these programs. The tables below present the net amount at risk at December 31, 2017 following an immediate change in equity market levels, assuming all global equity markets are impacted equally. For further information on the net amount at risk, refer to Note 5 c) to the Consolidated Financial Statements.

a) Reinsurance covering the GMDB risk only

(in millions of U.S. dollars)	Equity Shock					
	+20%	Flat	-20 %	-40 %	-60 %	-80 %
GMDB net amount at risk	\$ 308	\$ 279	\$ 478	\$ 944	\$ 994	\$ 852
Claims at 100% immediate mortality	176	189	184	200	217	219

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

b) Reinsurance covering the GLB risk only

(in millions of U.S. dollars)	Equity Shock					
	+20%	Flat	-20 %	-40 %	-60 %	-80 %
GLB net amount at risk	\$ 420	\$ 691	\$ 1,215	\$ 2,044	\$ 2,620	\$ 2,912

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

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

(in millions of U.S. dollars)	Equity Shock					
	+20%	Flat	-20 %	-40 %	-60 %	-80 %
GMDB net amount at risk	\$ 64	\$ 81	\$ 102	\$ 119	\$ 130	\$ 136
GLB net amount at risk	255	392	624	989	1,398	1,748
Claims at 100% immediate mortality	18	18	22	75	142	180

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

ITEM 8. Financial Statements and Supplementary Data

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

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

None.

ITEM 9A. Controls and Procedures

Chubb's management, with the participation of Chubb's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Chubb's disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 as of December 31, 2017. 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. For the year ended December 31, 2017, 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 for the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, Chubb's internal controls over financial reporting. Chubb's management report on internal control over financial reporting is included on page F-3 and PricewaterhouseCoopers LLP's audit report is included on page F-4.

ITEM 9B. 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.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Information pertaining to this item is incorporated by reference to the sections entitled “Agenda Item 5 - Election of the Board of Directors”, “Corporate Governance - The Board of Directors - Director Nomination Process”, “Corporate Governance - The Committees of the Board - Audit Committee”, and “Corporate Governance - Did Our Officers and Directors Comply with Section 16(a) Beneficial Ownership Reporting in 2017 ?” of the definitive proxy statement for the 2018 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A. Also incorporated herein by reference is the text under the caption “Executive Officers of the Registrant” appearing at the end of Part I Item 1 of the Annual Report on Form 10-K.

Code of Ethics

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

ITEM 11. Executive Compensation

This item is incorporated by reference to the sections entitled “Executive Compensation”, “Compensation Committee Report” and “Director Compensation” of the definitive proxy statement for the 2018 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

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

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights ⁽³⁾	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders ⁽¹⁾	12,679,686	\$ 99.09	19,517,763
Equity compensation plans not approved by security holders ⁽²⁾	39,756		

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

(i) Chubb Limited 2016 Long-Term Incentive Plan (LTIP). A total of 19,500,000 shares are authorized to be issued pursuant to awards made as options, stock appreciation rights, stock units, performance shares, performance units, restricted stock, and restricted stock units. The maximum number of shares that may be delivered to participants and their beneficiaries under the LTIP shall be equal to the sum of: (x) 19,500,000 shares of stock; and (y) any shares of stock that have not been delivered pursuant to the ACE LTIP (as defined in clause (ii) of this footnote (1) below) and remain available for grant pursuant to the ACE LTIP, including shares of stock represented by awards granted under the ACE LTIP that are forfeited, expire or are canceled after the effective date of the LTIP without delivery of shares of stock or which result in the forfeiture of the shares of stock back to the Company to the extent that such shares would have been added back to the reserve under the terms of the ACE LTIP. As of December 31, 2017, a total of 2,009,261 option awards and 348,792 restricted stock unit awards are outstanding, and 17,065,705 shares remain available for future issuance under this plan.

(ii) ACE Limited 2004 Long-Term Incentive Plan (ACE LTIP). As of December 31, 2017, a total of 8,255,720 option awards, 508,851 restricted stock unit awards and nil performance unit awards are outstanding. No additional grants will be made pursuant to the ACE LTIP.

(iii) The Chubb Corporation Long-Term Incentive Plan (2014) (Chubb Corp. LTIP). As of December 31, 2017, a total of 184,845 option awards, 755,504 restricted stock unit awards, 490,470 performance unit awards (representing 100% of the aggregate target in accordance with the Chubb Corp. merger agreement) and 165,999 deferred stock unit awards are outstanding. No additional grants will be made pursuant to the Chubb Corp. LTIP.

(iv) ESPP. A total of 6,500,000 shares have been authorized for purchase at a discount. As of December 31, 2017, 2,452,058 shares remain available for future issuance under this plan.

- (2) These plans are the Chubb Corp. CCAP Excess Benefit Plan (CCAP Excess Benefit Plan) and the Chubb Corp. Deferred Compensation Plan for Directors, under which no Common Shares are available for future issuance other than with respect to outstanding rewards. The CCAP Excess Benefit Plan is a nonqualified, defined contribution plan and covers those participants in the Capital Accumulation Plan of The Chubb Corporation (CCAP) (Chubb Corp.'s legacy 401(k) plan) and Chubb Corp.'s legacy employee stock ownership plan (ESOP) whose total benefits under those plans are limited by certain provisions of the Internal Revenue Code. A participant in the CCAP Excess Benefit Plan is entitled to a benefit equaling the difference between the participant's benefits under the CCAP and the ESOP, without considering the applicable limitations of the Code, and the participant's actual benefits under such plans. A participant's excess ESOP benefit is expressed as Common Shares. Payments under the CCAP Excess Benefit Plan are generally made: (i) for excess benefits related to the CCAP, in cash annually as soon as practical after the amount of excess benefit can be determined; and (ii) for excess benefits related to the ESOP, in Common Shares as soon as practicable after the participant's termination of employment. Allocations under the ESOP ceased in 2004. Accordingly, other than dividends, no new contributions are made to the ESOP or the CCAP Excess Benefit Plan with respect to excess ESOP benefits.
- (3) Weighted average exercise price excludes shares issuable under performance unit awards and restricted stock unit awards.

ITEM 13. Certain Relationships and Related Transactions and Director Independence

This item is incorporated by reference to the sections entitled "Corporate Governance - What Is Our Related Party Transactions Approval Policy and What Procedures Do We Use to Implement It?", "Corporate Governance - What Related Party Transactions Do We Have?", and "Corporate Governance - The Board of Directors - Director Independence" of the definitive proxy statement for the 2018 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

ITEM 14. Principal Accounting Fees and Services

This item is incorporated by reference to the section entitled "Agenda Item 4 – Election of Auditors – 4.2 – Ratification of appointment of PricewaterhouseCoopers LLP (United States) as independent registered public accounting firm for purposes of U.S. securities law reporting" of the definitive proxy statement for the 2018 Annual General Meeting of Shareholders which will be filed with the SEC not later than 120 days after the close of the fiscal year pursuant to Regulation 14A.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) Financial Statements, Schedules, and Exhibits

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1.	Consolidated Financial Statements	
–	Management's Responsibility for Financial Statements and Internal Control over Financial Reporting	F-3
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2.	Financial Statement Schedules	
–	Schedule I - Summary of Investments - Other Than Investments in Related Parties at December 31, 2017	F-110
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–	Schedule IV - Supplemental Information Concerning Reinsurance for the years ended December 31, 2017, 2016 and 2015	F-114
–	Schedule VI - Supplementary Information Concerning Property and Casualty Operations as of and for the years ended December 31, 2017, 2016 and 2015	F-115

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

3. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
2.1	Agreement and Plan of Merger, by and among ACE Limited, William Investment Holdings Corporation and The Chubb Corporation, dated as of June 30, 2015	8-K	2.1	July 7, 2015	
3.1	Articles of Association of the Company, as amended and restated	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 and restated	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	Specimen share certificate representing Common Shares	8-K	4.3	July 18, 2008	
4.4	Form of 2.6 percent Senior Notes due 2015	8-K	4.1	November 23, 2010	

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Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Original Number	Date Filed
4.5	<u>Indenture, dated March 15, 2002, between ACE Limited and Bank One Trust Company, N.A.</u>	8-K	4.1	March 22, 2002
4.6	<u>Senior Indenture, dated August 1, 1999, among ACE INA Holdings, Inc., ACE Limited and Bank of New York Mellon Trust Company, N.A. (as successor), as trustee</u>	S-3 ASR	4.4	December 10, 2014
4.7	<u>Indenture, dated November 30, 1999, among ACE INA Holdings, Inc. and Bank One Trust Company, N.A., as trustee</u>	10-K	10.38	March 29, 2000
4.8	<u>Indenture, dated December 1, 1999, among ACE INA Holdings, Inc., ACE Limited and Bank One Trust Company, National Association, as trustee</u>	10-K	10.41	March 29, 2000
4.9	<u>Amended and Restated Trust Agreement, dated March 31, 2000, among ACE INA Holdings, Inc., Bank One Trust Company, National Association, as property trustee, Bank One Delaware Inc., as Delaware trustee and the administrative trustees named therein</u>	10-K	4.17	March 16, 2006
4.10	<u>Common Securities Guarantee Agreement, dated March 31, 2000</u>	10-K	4.18	March 16, 2006
4.11	<u>Capital Securities Guarantee Agreement, dated March 31, 2000</u>	10-K	4.19	March 16, 2006
4.12	<u>Form of 2.70 percent Senior Notes due 2023</u>	8-K	4.1	March 13, 2013
4.13	<u>Form of 4.15 percent Senior Notes due 2043</u>	8-K	4.2	March 13, 2013
4.14	<u>First Supplemental Indenture dated as of March 13, 2013 to the Indenture dated as of August 1, 1999 among ACE INA Holdings, Inc., as Issuer, ACE Limited, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Successor Trustee</u>	8-K	4.3	March 13, 2013
4.15	<u>Form of 3.35 percent Senior Notes due 2024</u>	8-K	4.1	May 27, 2014
4.16	<u>Form of 3.150 percent Senior Notes due 2025</u>	8-K	4.1	March 16, 2015
4.17	<u>Form of 2.30 percent Senior Notes due 2020</u>	8-K	4.1	November 3, 2015
4.18	<u>Form of 2.875 percent Senior Notes due 2022</u>	8-K	4.2	November 3, 2015
4.19	<u>Form of 3.35 percent Senior Notes due 2026</u>	8-K	4.3	November 3, 2015
4.20	<u>Form of 4.35 percent Senior Notes due 2045</u>	8-K	4.4	November 3, 2015
4.21	<u>First Supplemental Indenture to the Chubb Corp Senior Indenture dated as of January 15, 2016 to the Indenture dated as of October 25, 1989 among ACE INA Holdings, Inc., as Successor Issuer, ACE Limited, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee</u>	8-K	4.1	January 15, 2016
4.22	<u>Second Supplemental Indenture to the Chubb Corp Junior Subordinated Indenture dated as of January 15, 2016 to the Indenture dated as of March 29, 2007 among ACE INA Holdings, Inc., as Successor Issuer, ACE Limited, as Guarantor, and The Bank of New York Mellon Trust Company, N.A., as Trustee</u>	8-K	4.2	January 15, 2016
4.23	Chubb Corp Senior Indenture (incorporated by reference to Exhibit 4(a) to Chubb Corp's Registration Statement on Form S-3 filed on October 27, 1989) (File No. 33-31796)	S-3	4(a)	October 27, 1989

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Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Original Number	Date Filed
4.24	Chubb Corp Junior Subordinated Indenture (incorporated by reference to Exhibit 4.1 to Chubb Corp's Current Report on Form 8-K filed on March 30, 2007) (File No. 001-08661)	8-K	4.1	March 30, 2007
4.25	First Supplemental Indenture to the Chubb Corp Junior Subordinated Indenture dated as of March 29, 2007 between the Chubb Corporation and The Bank of New York Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.2 to Chubb Corp's Current Report on Form 8-K filed on March 30, 2007) (File No. 001-08661)	8-K	4.2	March 30, 2007
4.26	Form of 5.75 percent Chubb Corp Senior Notes due 2018 (incorporated by reference to Exhibit 4.1 to Chubb Corp's Current Report on Form 8-K filed on May 6, 2008) (File No. 001-08661)	8-K	4.1	May 6, 2008
4.27	Form of 6.60 percent Chubb Corp Debentures due 2018 (incorporated by reference to Exhibit 4(a) to Chubb Corp's Registration Statement on Form S-3 filed on October 27, 1989) (File No. 33-31796)	S-3	4(a)	October 27, 1989
4.28	Form of 6.80 percent Chubb Corp Debentures due 2031 (incorporated by reference to Exhibit 4(a) to Chubb Corp's Registration Statement on Form S-3 filed on October 27, 1989) (File No. 33-31796)	S-3	4(a)	October 27, 1989
4.29	Form of 6.00 percent Chubb Corp Senior Notes due 2037 (incorporated by reference to Exhibit 4.1 to Chubb Corp's Current Report on Form 8-K filed on May 11, 2007) (File No. 001-08661)	8-K	4.1	May 11, 2007
4.30	Form of 6.50 percent Chubb Corp Senior Notes due 2038 (incorporated by reference to Exhibit 4.2 to Chubb Corp's Current Report on Form 8-K filed on May 6, 2008) (File No. 001-08661)	8-K	4.2	May 6, 2008
4.31	Form of debenture for the 6.375 percent Chubb Corp DISCs (incorporated by reference to Exhibit 4.3 to Chubb Corp's Current Report on Form 8-K filed on March 30, 2007) (File No. 001-08661)	8-K	4.3	March 30, 2007
4.32	Procedures regarding the registration of shareholders in the share register of Chubb Limited	10-K	4.32	February 28, 2017
10.1 *	Form of Indemnification Agreement between the Company and the directors of the Company, dated August 13, 2015	10-K	10.1	February 26, 2016
10.2	Credit Agreement for \$1,000,000,000 Senior Unsecured Letter of Credit Facility, dated as of November 6, 2012, among ACE Limited, and certain subsidiaries and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank	10-K	10.13	February 28, 2013
10.3 *	Employment Terms dated October 29, 2001, between ACE Limited and Evan Greenberg	10-K	10.64	March 27, 2003
10.4 *	Employment Terms dated November 2, 2001, between ACE Limited and Philip V. Bancroft	10-K	10.65	March 27, 2003
10.5 *	Executive Severance Agreement between ACE Limited and Philip Bancroft, effective January 2, 2002	10-Q	10.1	May 10, 2004

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Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Original Number	Date Filed
10.6 *	Letter Regarding Executive Severance between ACE Limited and Philip V. Bancroft	10-K	10.17	February 25, 2011
10.7 *	Employment Terms dated April 10, 2006, between ACE and John Keogh	10-K	10.29	February 29, 2008
10.8 *	Executive Severance Agreement between ACE and John Keogh	10-K	10.30	February 29, 2008
10.9 *	ACE Limited Executive Severance Plan as amended effective May 18, 2011	10-K	10.21	February 24, 2012
10.10 *	Form of employment agreement between the Company (or subsidiaries of the Company) and executive officers of the Company to allocate a percentage of aggregate salary to the Company (or subsidiaries of the Company)	8-K	10.1	July 16, 2008
10.11 *	Description of Executive Officer Cash Compensation for 2011	10-Q	10.1	November 3, 2011
10.12 *	Outside Directors Compensation Parameters	10-K	10.12	February 28, 2017
10.13 *	ACE Limited Annual Performance Incentive Plan	S-1	10.13	January 21, 1993
10.14 *	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2005)	10-K	10.24	March 16, 2006
10.15 *	ACE USA Officer Deferred Compensation Plan (as amended through January 1, 2001)	10-K	10.25	March 16, 2006
10.16 *	ACE USA Officer Deferred Compensation Plan (as amended and restated effective January 1, 2011)	10-Q	10.7	October 30, 2013
10.17 *	ACE USA Officer Deferred Compensation Plan (as amended and restated effective January 1, 2009)	10-K	10.36	February 27, 2009
10.18 *	First Amendment to the Amended and Restated ACE USA Officers Deferred Compensation Plan	10-K	10.28	February 25, 2010
10.19 *	Form of Swiss Mandatory Retirement Benefit Agreement (for Swiss-employed named executive officers)	10-Q	10.2	May 7, 2010
10.20 *	ACE Limited Supplemental Retirement Plan (as amended and restated effective July 1, 2001)	10-Q	10.1	November 14, 2001
10.21 *	ACE Limited Supplemental Retirement Plan (as amended and restated effective January 1, 2011)	10-Q	10.6	October 30, 2013
10.22 *	Amendments to the ACE Limited Supplemental Retirement Plan and the ACE Limited Elective Deferred Compensation Plan	10-K	10.38	February 29, 2008
10.23 *	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2009)	10-K	10.39	February 27, 2009
10.24 *	ACE Limited Elective Deferred Compensation Plan (as amended and restated effective January 1, 2011)	10-Q	10.5	October 30, 2013
10.25 *	Deferred Compensation Plan amendments, effective January 1, 2009	10-K	10.40	February 27, 2009
10.26 *	Amendment to the ACE Limited Supplemental Retirement Plan	10-K	10.39	February 29, 2008

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Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Original Number	Date Filed
10.27 *	Amendment and restated ACE Limited Supplemental Retirement Plan, effective January 1, 2009	10-K	10.42	February 27, 2009
10.28 *	ACE USA Supplemental Employee Retirement Savings Plan (see exhibit 10.6 to Form 10-Q filed with the SEC on May 15, 2000)	10-Q	10.6	May 15, 2000
10.29 *	ACE USA Supplemental Employee Retirement Savings Plan (as amended through the Second Amendment)	10-K	10.30	March 1, 2007
10.30 *	ACE USA Supplemental Employee Retirement Savings Plan (as amended through the Third Amendment)	10-K	10.31	March 1, 2007
10.31 *	ACE USA Supplemental Employee Retirement Savings Plan (as amended and restated)	10-K	10.46	February 27, 2009
10.32 *	First Amendment to the Amended and Restated ACE USA Supplemental Employee Retirement Savings Plan	10-K	10.39	February 25, 2010
10.33 *	The ACE Limited 1995 Outside Directors Plan (as amended through the Seventh Amendment)	10-Q	10.1	August 14, 2003
10.34 *	ACE Limited 1998 Long-Term Incentive Plan (as amended through the Fourth Amendment)	10-K	10.34	March 1, 2007
10.35 *	ACE Limited 2004 Long-Term Incentive Plan (as amended through the Fifth Amendment)	8-K	10	May 21, 2010
10.36 *	ACE Limited 2004 Long-Term Incentive Plan (as amended through the Sixth Amendment)	8-K	10.1	May 20, 2013
10.37 *	ACE Limited Rules of the Approved U.K. Stock Option Program (see exhibit 10.2 to Form 10-Q filed with the SEC on February 13, 1998)	10-Q	10.2	February 13, 1998
10.38 *	Form of Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-K	10.54	February 27, 2009
10.39 *	Form of Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-K	10.55	February 27, 2009
10.40 *	Director Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.1	November 9, 2009
10.41 *	Form of Restricted Stock Unit Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.1	May 8, 2008
10.42 *	Form of Restricted Stock Unit Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	May 8, 2008
10.43 *	Form of Restricted Stock Unit Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-K	10.60	February 27, 2009
10.44 *	Form of Restricted Stock Unit Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	October 30, 2013
10.45 *	Form of Restricted Stock Unit Award Terms under the ACE Limited 2004 Long-Term Incentive Plan for Chief Executive Officer, Chief Financial Officer and the General Counsel	10-K	10.56	February 28, 2014

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Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Original Number	Date Filed
10.46 *	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	8-K	10.4	September 13, 2004
10.47 *	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.4	May 8, 2008
10.48 *	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-K	10.63	February 27, 2009
10.49 *	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.3	October 30, 2013
10.50 *	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	8-K	10.5	September 13, 2004
10.51 *	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.3	May 8, 2008
10.52 *	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.4	October 30, 2013
10.53 *	Form of Performance Based Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan, as updated through May 4, 2006	10-Q	10.3	May 5, 2006
10.54 *	Revised Form of Performance Based Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	November 8, 2006
10.55 *	Revised Form of Performance Based Restricted Stock Award Terms under The ACE Limited 2004 Long-Term Incentive Plan	10-K	10.65	February 25, 2011
10.56 *	Form of Performance Based Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-K	10.67	February 28, 2014
10.57 *	Form of Performance Based Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan for Chief Executive Officer, Chief Financial Officer and the General Counsel	10-K	10.68	February 28, 2014
10.58 *	Form of Restricted Stock Unit Award Terms (for outside directors) under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	November 7, 2007
10.59 *	Form of Restricted Stock Unit Award Terms (for outside directors) under the ACE Limited 2004 Long-Term Incentive Plan	10-Q	10.2	August 7, 2009
10.60 *	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Messrs. Greenberg and Cusumano	10-Q	10.1	August 4, 2011
10.61 *	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Messrs. Greenberg and Cusumano	10-Q	10.2	August 4, 2011
10.62 *	Form of Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan for Messrs. Greenberg and Cusumano	10-Q	10.3	August 4, 2011
10.63 *	ACE Limited Employee Stock Purchase Plan, as amended	8-K	10.1	May 22, 2012

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Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Original Number	Date Filed
10.64 *	Form of Performance Based Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan for Messrs. Greenberg and Cusumano	10-K	10.72	February 24, 2012
10.65 *	Separation and Release Agreement between the Company and Robert Cusumano, dated July 24, 2013	10-Q	10.8	October 30, 2013
10.66 *	Form of Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.68	February 27, 2015
10.67 *	Form of Performance Based Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.69	February 27, 2015
10.68 *	Form of Restricted Stock Unit Award Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.70	February 27, 2015
10.69 *	Form of Incentive Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.71	February 27, 2015
10.70 *	Form of Non-Qualified Stock Option Terms under the ACE Limited 2004 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.72	February 27, 2015
10.71 *	Form of Executive Management Non-Competition Agreement	8-K	10.1	May 22, 2015
10.72	Commitment Increase Agreement to increase the credit capacity under the Credit Agreement originally entered into on November 6, 2012 to \$1,500,000,000 under the Senior Unsecured Letter of Credit Facility, dated as of December 11, 2015, among ACE Limited, and certain subsidiaries, and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank	10-K	10.72	February 26, 2016
10.73 *	Form of Performance Based Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan	10-K	10.73	February 26, 2016
10.74 *	Form of Performance Based Restricted Stock Award Terms under the ACE Limited 2004 Long-Term Incentive Plan for Special Award for Messrs. Greenberg and Keogh	10-K	10.74	February 26, 2016
10.75 *	Chubb Limited 2016 Long-Term Incentive Plan	S-8	4.4	May 26, 2016
10.76 *	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.2	August 5, 2016
10.77 *	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.3	August 5, 2016
10.78 *	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.4	August 5, 2016
10.79 *	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.5	August 5, 2016
10.80 *	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.6	August 5, 2016

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
10.81 *	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.7	August 5, 2016	
10.82 *	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.8	August 5, 2016	
10.83 *	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-Q	10.9	August 5, 2016	
10.84 *	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management	10-K	10.84	February 28, 2017	
10.85 *	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-K	10.85	February 28, 2017	
10.86 *	Chubb Limited Employee Stock Purchase Plan, as amended and restated	S-8	4.4	May 25, 2017	
10.87 *	Director Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan	10-Q	10.1	August 3, 2017	
10.88	Amended and Restated Credit Agreement for \$1,000,000 Senior Unsecured Letter of Credit Facility, dated as of October 25, 2017, among Chubb Limited, and certain subsidiaries and Wells Fargo Bank, National Association as Administrative Agent, the Swingline Bank and an Issuing Bank				X
10.89 *	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers				X
10.90 *	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers				X
10.91 *	Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers				X
10.92 *	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers				X
10.93 *	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Executive Officers				X
10.94 *	Form of Incentive Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management				X
10.95 *	Form of Non-Qualified Stock Option Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management				X
10.96 *	Form of Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management				X
10.97 *	Form of Restricted Stock Unit Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management				X

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Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
<u>10.98</u> *	<u>Form of Performance Based Restricted Stock Award Terms under the Chubb Limited 2016 Long-Term Incentive Plan for Swiss Executive Management</u>				X
10.99 *	<u>Chubb Limited Clawback Policy</u>				X
12.1	<u>Ratio of earnings to fixed charges</u>				X
18.1	<u>Preferability Letter of Independent Registered Public Accounting Firm</u>	10-Q	18.1	October 29, 2014	
21.1	<u>Subsidiaries of the Company</u>				X
23.1	<u>Consent of Independent Registered Public Accounting Firm</u>				X
31.1	<u>Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002</u>				X
31.2	<u>Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002</u>				X
32.1	<u>Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002</u>				X
32.2	<u>Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002</u>				X
101	The following financial information from Chubb Limited's Annual Report on Form 10-K for the year ended December 31, 2017, formatted in XBRL: (i) Consolidated Balance Sheets at December 31, 2017 and 2016; (ii) Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2017, 2016, and 2015; (iii) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2017, 2016, and 2015; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016, and 2015; and (v) Notes to the Consolidated Financial Statements				X

* Management contract, compensatory plan or arrangement

ITEM 16. Form 10-K Summary

None.

SIGNATURES

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

CHUBB LIMITED

By: /s/ Philip V. Bancroft

Philip V. Bancroft
Executive Vice President and Chief Financial Officer

February 23, 2018

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Evan G. Greenberg</u> Evan G. Greenberg	Chairman, President, Chief Executive Officer, and Director	February 23, 2018
<u>/s/ Philip V. Bancroft</u> Philip V. Bancroft	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 23, 2018
<u>/s/ Paul B. Medini</u> Paul B. Medini	Chief Accounting Officer (Principal Accounting Officer)	February 23, 2018
<u>/s/ Michael G. Atieh</u> Michael G. Atieh	Director	February 23, 2018
<u>/s/ Sheila P. Burke</u> Sheila P. Burke	Director	February 23, 2018
<u>/s/ James I. Cash</u> James I. Cash	Director	February 23, 2018
<u>/s/ Mary A. Cirillo</u> Mary A. Cirillo	Director	February 23, 2018
<u>/s/ Michael P. Connors</u> Michael P. Connors	Director	February 23, 2018

Signature	Title	Date
<u>/s/ John Edwardson</u> John Edwardson	Director	February 23, 2018
<u>/s/ Robert M. Hernandez</u> Robert M. Hernandez	Director	February 23, 2018
<u>/s/ Leo F. Mullin</u> Leo F. Mullin	Director	February 23, 2018
<u>/s/ Kimberly Ross</u> Kimberly Ross	Director	February 23, 2018
<u>/s/ Robert Scully</u> Robert Scully	Director	February 23, 2018
<u>/s/ Eugene B. Shanks, Jr.</u> Eugene B. Shanks, Jr.	Director	February 23, 2018
<u>/s/ Theodore E. Shasta</u> Theodore E. Shasta	Director	February 23, 2018
<u>/s/ David Sidwell</u> David Sidwell	Director	February 23, 2018
<u>/s/ Olivier Steimer</u> Olivier Steimer	Director	February 23, 2018
<u>/s/ James M. Zimmerman</u> James M. Zimmerman	Director	February 23, 2018

CHUBB LIMITED AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

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

Financial Statements

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

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

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

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

Internal Control over Financial Reporting

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

As of December 31, 2017, management has evaluated the effectiveness of Chubb's internal control over financial reporting based on the criteria for effective internal control over financial reporting established in "Internal Control - Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation, we have concluded that Chubb's internal control over financial reporting was effective as of December 31, 2017.

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the consolidated financial statements of Chubb included in this Annual Report, has issued a report on the effectiveness of Chubb's internal controls over financial reporting as of December 31, 2017. The report, which expresses an unqualified opinion on the effectiveness of Chubb's internal control over financial reporting as of December 31, 2017, is included in this Item under "Report of Independent Registered Public Accounting Firm" and follows this statement.

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman, President and Chief Executive Officer

/s/ Philip V. Bancroft

Philip V. Bancroft

Executive Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Chubb Limited

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Chubb Limited and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of operations and comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2017, including the related notes and financial statement schedules listed in the index appearing under Item 15(a)(2) (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

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

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

February 23, 2018

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

CONSOLIDATED BALANCE SHEETS

Chubb Limited and Subsidiaries

(in millions of U.S. dollars, except share and per share data)	December 31 2017	December 31 2016
Assets		
Investments		
Fixed maturities available for sale, at fair value (amortized cost – \$77,835 and \$79,536) (includes hybrid financial instruments of \$5 and \$2)	\$ 78,939	\$ 80,115
Fixed maturities held to maturity, at amortized cost (fair value – \$14,474 and \$10,670)	14,335	10,644
Equity securities, at fair value (cost – \$737 and \$706)	937	814
Short-term investments, at fair value and amortized cost	3,561	3,002
Other investments (cost – \$4,417 and \$4,270)	4,672	4,519
Total investments	102,444	99,094
Cash	728	985
Securities lending collateral	1,737	1,092
Accrued investment income	909	918
Insurance and reinsurance balances receivable	9,334	8,970
Reinsurance recoverable on losses and loss expenses	15,034	13,577
Reinsurance recoverable on policy benefits	184	182
Deferred policy acquisition costs	4,723	4,314
Value of business acquired	326	355
Goodwill	15,541	15,332
Other intangible assets	6,513	6,763
Prepaid reinsurance premiums	2,529	2,448
Investments in partially-owned insurance companies	662	666
Other assets	6,358	5,090
Total assets	\$ 167,022	\$ 159,786
Liabilities		
Unpaid losses and loss expenses	\$ 63,179	\$ 60,540
Unearned premiums	15,216	14,779
Future policy benefits	5,321	5,036
Insurance and reinsurance balances payable	5,868	5,637
Securities lending payable	1,737	1,093
Accounts payable, accrued expenses, and other liabilities	9,545	8,617
Deferred tax liabilities	699	988
Repurchase agreements	1,408	1,403
Short-term debt	1,013	500
Long-term debt	11,556	12,610
Trust preferred securities	308	308
Total liabilities	115,850	111,511
Commitments and contingencies		
Shareholders' equity		
Common Shares (CHF 24.15 par value; 479,783,864 shares issued; 463,833,179 and 465,968,716 shares outstanding)	11,121	11,121
Common Shares in treasury (15,950,685 and 13,815,148 shares)	(1,944)	(1,480)
Additional paid-in capital	13,978	15,335
Retained earnings	27,474	23,613
Accumulated other comprehensive income (loss) (AOCI)	543	(314)
Total shareholders' equity	51,172	48,275
Total liabilities and shareholders' equity	\$ 167,022	\$ 159,786

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

Chubb Limited and Subsidiaries

For the years ended December 31, 2017, 2016 and 2015

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

	2017	2016	2015
Revenues			
Net premiums written	\$ 29,244	\$ 28,145	\$ 17,713
(Increase) decrease in unearned premiums	(210)	604	(500)
Net premiums earned	29,034	28,749	17,213
Net investment income	3,125	2,865	2,194
Net realized gains (losses):			
Other-than-temporary impairment (OTTI) losses gross	(46)	(111)	(151)
Portion of OTTI losses recognized in other comprehensive income (OCI)	1	8	39
Net OTTI losses recognized in income	(45)	(103)	(112)
Net realized gains (losses) excluding OTTI losses	129	(42)	(308)
Total net realized gains (losses) (includes \$(15), \$(119), and \$(151) reclassified from AOCI)	84	(145)	(420)
Total revenues	32,243	31,469	18,987
Expenses			
Losses and loss expenses	18,454	16,052	9,484
Policy benefits	676	588	543
Policy acquisition costs	5,781	5,904	2,941
Administrative expenses	2,833	3,081	2,270
Interest expense	607	605	300
Other (income) expense	(400)	(222)	(51)
Amortization of purchased intangibles	260	19	171
Chubb integration expenses	310	492	33
Total expenses	28,521	26,519	15,691
Income before income tax	3,722	4,950	3,296
Income tax expense (benefit) (includes \$(13), \$28, and \$(2) on reclassified unrealized gains and losses)	(139)	815	462
Net income	\$ 3,861	\$ 4,135	\$ 2,834
Other comprehensive income (loss)			
Unrealized appreciation (depreciation)	\$ 618	\$ (35)	\$ (1,280)
Reclassification adjustment for net realized (gains) losses included in net income	15	119	151
	633	84	(1,129)
Change in:			
Cumulative foreign currency translation adjustment	471	(154)	(958)
Postretirement benefit liability adjustment	(16)	545	15
Other comprehensive income (loss), before income tax	1,088	475	(2,072)
Income tax (expense) benefit related to OCI items	(231)	(54)	146
Other comprehensive income (loss)	857	421	(1,926)
Comprehensive income	\$ 4,718	\$ 4,556	\$ 908
Earnings per share			
Basic earnings per share	\$ 8.26	\$ 8.94	\$ 8.71
Diluted earnings per share	\$ 8.19	\$ 8.87	\$ 8.62

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Chubb Limited and Subsidiaries

For the years ended December 31, 2017, 2016 and 2015

(in millions of U.S. dollars)

	2017	2016	2015
Common Shares			
Balance – beginning of year	\$ 11,121	\$ 7,833	\$ 8,055
Shares issued for Chubb Corp acquisition	—	3,288	—
Dividends declared on Common Shares – par value reduction	—	—	(222)
Balance – end of year	11,121	11,121	7,833
Common Shares in treasury			
Balance – beginning of year	(1,480)	(1,922)	(1,448)
Common Shares repurchased	(830)	—	(734)
Net shares redeemed under employee share-based compensation plans	366	442	260
Balance – end of year	(1,944)	(1,480)	(1,922)
Additional paid-in capital			
Balance – beginning of year	15,335	4,481	5,145
Shares issued for Chubb Corp acquisition	—	11,916	—
Equity awards assumed in Chubb Corp acquisition	—	323	—
Net shares redeemed under employee share-based compensation plans	(313)	(382)	(160)
Exercise of stock options	(58)	(64)	(61)
Share-based compensation expense and other	331	313	184
Funding of dividends declared to Retained earnings	(1,317)	(1,284)	(653)
Tax benefit on share-based compensation expense	—	32	26
Balance – end of year	13,978	15,335	4,481
Retained earnings			
Balance – beginning of year	23,613	19,478	16,644
Net income	3,861	4,135	2,834
Funding of dividends declared from Additional paid-in capital	1,317	1,284	653
Dividends declared on Common Shares	(1,317)	(1,284)	(653)
Balance – end of year	27,474	23,613	19,478
Accumulated other comprehensive income (loss)			
Net unrealized appreciation on investments			
Balance – beginning of year	1,058	874	1,851
Change in year, before reclassification from AOCI, net of income tax benefit (expense) of \$(228) , \$72 , and \$154	390	37	(1,126)
Amounts reclassified from AOCI, net of income tax benefit (expense) of \$(13) , \$28 , and \$(2)	2	147	149
Change in year, net of income tax benefit (expense) of \$(241) , \$100 , and \$152	392	184	(977)
Balance – end of year	1,450	1,058	874
Cumulative foreign currency translation adjustment			
Balance – beginning of year	(1,663)	(1,539)	(581)
Change in year, net of income tax benefit of \$5 , \$30 , and nil	476	(124)	(958)
Balance – end of year	(1,187)	(1,663)	(1,539)
Postretirement benefit liability adjustment			
Balance – beginning of year	291	(70)	(79)
Change in year, net of income tax benefit (expense) of \$5 , \$(184) , and \$(6)	(11)	361	9
Balance – end of year	280	291	(70)
Accumulated other comprehensive income (loss)	543	(314)	(735)
Total shareholders' equity	\$ 51,172	\$ 48,275	\$ 29,135

See accompanying notes to the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

Chubb Limited and Subsidiaries

For the years ended December 31, 2017, 2016, and 2015

(in millions of U.S. dollars)

	2017	2016	2015
Cash flows from operating activities			
Net income	\$ 3,861	\$ 4,135	\$ 2,834
Adjustments to reconcile net income to net cash flows from operating activities			
Net realized (gains) losses	(84)	145	420
Amortization of premiums/discounts on fixed maturities	694	737	158
Amortization of UPR related to the Chubb Corp acquisition and other intangibles	260	1,578	171
Deferred income taxes	(527)	96	113
Unpaid losses and loss expenses	2,137	332	(375)
Unearned premiums	264	(680)	335
Future policy benefits	217	188	216
Insurance and reinsurance balances payable	271	848	268
Accounts payable, accrued expenses, and other liabilities	(517)	(97)	179
Income taxes payable	(365)	147	(148)
Insurance and reinsurance balances receivable	(243)	(616)	(53)
Reinsurance recoverable on losses and loss expenses	(1,248)	(365)	218
Reinsurance recoverable on policy benefits	—	7	33
Deferred policy acquisition costs	(317)	(1,449)	(435)
Prepaid reinsurance premiums	(82)	18	(212)
Other	182	268	142
Net cash flows from operating activities	4,503	5,292	3,864
Cash flows from investing activities			
Purchases of fixed maturities available for sale	(25,720)	(30,759)	(16,040)
Purchases of to be announced mortgage-backed securities	(27)	(56)	(31)
Purchases of fixed maturities held to maturity	(352)	(282)	(62)
Purchases of equity securities	(173)	(146)	(158)
Sales of fixed maturities available for sale	13,228	16,621	10,783
Sales of to be announced mortgage-backed securities	27	56	31
Sales of equity securities	187	1,000	183
Maturities and redemptions of fixed maturities available for sale	10,425	9,349	6,567
Maturities and redemptions of fixed maturities held to maturity	879	958	669
Net change in short-term investments	(537)	12,350	(8,216)
Net derivative instruments settlements	(265)	(168)	(21)
Acquisition of subsidiaries (net of cash acquired of \$nil, \$71, and \$629)	—	(14,248)	264
Other	(114)	10	(263)
Net cash flows used for investing activities	(2,442)	(5,315)	(6,294)
Cash flows from financing activities			
Dividends paid on Common Shares	(1,308)	(1,173)	(862)
Common Shares repurchased	(801)	—	(758)
Proceeds from issuance of long-term debt	—	—	6,090
Proceeds from issuance of repurchase agreements	2,353	2,310	2,029
Repayment of long-term debt	(501)	—	(1,150)
Repayment of repurchase agreements	(2,348)	(2,311)	(2,027)
Proceeds from share-based compensation plans	151	167	131
Policyholder contract deposits	442	522	503
Policyholder contract withdrawals	(307)	(253)	(221)
Other	—	(4)	(40)
Net cash flows (used for) from financing activities	(2,319)	(742)	3,695
Effect of foreign currency rate changes on cash and cash equivalents	1	(25)	(145)
Net (decrease) increase in cash	(257)	(790)	1,120
Cash – beginning of year	985	1,775	655
Cash – end of year	\$ 728	\$ 985	\$ 1,775
Supplemental cash flow information			
Taxes paid	\$ 736	\$ 662	\$ 469

Interest paid

\$ 644 \$ 642 \$ 259

See accompanying notes to the consolidated financial statements

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Chubb Limited and Subsidiaries

1 . Summary of significant accounting policies

a) Basis of presentation

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

The accompanying consolidated financial statements, which include the accounts of Chubb Limited and its subsidiaries (collectively, Chubb, we, us, or our), have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and, in the opinion of management, reflect all adjustments (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 preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amounts included in the Consolidated financial statements reflect our best estimates and assumptions; actual amounts could differ materially from these estimates. Chubb's principal estimates include:

- unpaid loss and loss expense reserves, including long-tail asbestos and environmental (A&E) reserves;
- future policy benefits reserves;
- the valuation of value of business acquired (VOBA) and amortization of deferred policy acquisition costs and VOBA;
- reinsurance recoverable, including a provision for uncollectible reinsurance;
- the assessment of risk transfer for certain structured insurance and reinsurance contracts;
- the valuation of the investment portfolio and assessment of OTTI;
- the valuation of deferred tax assets;
- the valuation of derivative instruments related to guaranteed living benefits (GLB);
- the valuation and amortization of purchased intangibles; and
- the assessment of goodwill for impairment.

b) Premiums

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

For P&C insurance and reinsurance products, premiums written are primarily earned on a pro-rata basis over the policy terms to which they relate. Unearned premiums represent the portion of premiums written applicable to the unexpired portion of the policies in force. For retrospectively-rated policies, written premiums are adjusted to reflect expected ultimate premiums consistent with changes to incurred losses, or other measures of exposure as stated in the policy, and earned over the policy coverage period. For retrospectively-rated multi-year policies, premiums recognized in the current period are computed using a with-and-without method as the difference between the ceding enterprise's total contract costs before and after the experience under the contract at the reporting date. Accordingly, for retrospectively-rated multi-year policies, additional premiums are generally written and earned when losses are incurred.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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

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

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

c) Deferred policy acquisition costs and value of business acquired

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

Advertising costs are expensed as incurred except for direct-response campaigns that qualify for cost deferral, principally related to long-duration A&H business produced by the Overseas General Insurance segment, which are deferred and recognized as a component of Policy acquisition costs. For individual direct-response marketing campaigns that we can demonstrate have specifically resulted in incremental sales to customers and such sales have probable future economic benefits, incremental costs directly related to the marketing campaigns are capitalized as Deferred policy acquisition costs. Deferred policy acquisition costs, including deferred marketing costs, are reviewed regularly for recoverability from future income, including investment income, and amortized in proportion to premium revenue recognized, primarily over a ten -year period, the expected economic future benefit period based upon the same assumptions used in estimating the liability for future policy benefits. The expected future benefit period is evaluated periodically based on historical results and adjusted prospectively. The amount of deferred marketing costs reported in Deferred policy acquisition costs in the Consolidated balance sheets was \$ 271 million and \$ 256 million at December 31, 2017 and 2016, respectively. Amortization expense for deferred marketing costs was \$ 116 million, \$ 92 million, and \$ 78 million for the years ended December 31, 2017, 2016, and 2015, respectively.

d) Reinsurance

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Reinsurance recoverable includes balances due from reinsurance companies for paid and unpaid losses and loss expenses and future policy benefits that will be recovered from reinsurers, based on contracts in force. The method for determining the reinsurance recoverable on unpaid losses and loss expenses incurred but not reported (IBNR) involves actuarial estimates consistent with those used to establish the associated liability for unpaid losses and loss expenses as well as a determination of Chubb's ability to cede unpaid losses and loss expenses under the terms of the reinsurance agreement.

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

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

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

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

The value of reinsurance business assumed of \$ 18 million and \$ 20 million at December 31, 2017 and 2016, respectively, included in Other assets in the accompanying Consolidated balance sheets, represents the excess of estimated ultimate value of the liabilities assumed under retroactive reinsurance contracts over consideration received. The value of reinsurance business assumed is amortized and recorded to Losses and loss expenses based on the payment pattern of the losses assumed and ranges between 9 and 40 years. The unamortized value is reviewed regularly to determine if it is recoverable based upon the terms of the contract, estimated losses and loss expenses, and anticipated investment income. Unrecoverable amounts are expensed in the period identified.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

e) Investments

Fixed maturities are classified as either available for sale or held to maturity. The available for sale portfolio is reported at fair value. The held to maturity portfolio includes securities for which we have the ability and intent to hold to maturity or redemption and is reported at amortized cost. Equity securities are classified as available for sale and are recorded at fair value. Short-term investments comprise securities due to mature within one year of the date of purchase and are recorded at fair value which typically approximates cost. Short-term investments include certain cash and cash equivalents, which are part of investment portfolios under the management of external investment managers.

Other investments principally comprise life insurance policies, policy loans, trading securities, other direct equity investments, investment funds, and limited partnerships.

- Life insurance policies are carried at policy cash surrender value and income is recorded in Other income (expense).
- Policy loans are carried at outstanding balance and interest income is recorded to Net investment income.
- Trading securities are recorded on a trade date basis and carried at fair value. Unrealized gains and losses on trading securities are reflected in Other (income) expense.
- Other investments over which Chubb can exercise significant influence are accounted for using the equity method and income is recorded in Other (income) expense.
- All other investments over which Chubb cannot exercise significant influence are carried at fair value with changes in fair value recognized through OCI. For these investments, investment income is recognized in Net investment income and realized gains are recognized as related distributions are received.
- Partially-owned investment companies comprise entities in which we hold an ownership interest in excess of three percent. These investments as well as Chubb's investments in investment funds where our ownership interest is in excess of three percent are accounted for under the equity method because Chubb exerts significant influence. These investments apply investment company accounting to determine operating results, and Chubb retains the investment company accounting in applying the equity method. This means that investment income, realized gains or losses, and unrealized gains or losses are included in the portion of equity earnings reflected in Other (income) expense. As a result of the timing of the receipt of valuation data from the investment managers, these investments are generally reported on a three month lag.

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

Realized gains or losses on sales of investments are determined on a first-in, first-out basis. Unrealized appreciation (depreciation) on investments is included as a separate component of AOCI in Shareholders' equity. We regularly review our investments for OTTI. Refer to Note 3 for additional information.

With respect to securities where the decline in value is determined to be temporary and the security's value is not written down, a subsequent decision may be made to sell that security and realize a loss. Subsequent decisions on security sales are the result of changing or unforeseen facts and circumstances (i.e., arising from a large insured loss such as a catastrophe), deterioration of the creditworthiness of the issuer or its industry, or changes in regulatory requirements. We believe that subsequent decisions to sell such securities are consistent with the classification of the majority of the portfolio as available for sale.

We use derivative instruments including futures, options, swaps, and foreign currency forward contracts for the purpose of managing certain investment portfolio risks and exposures. Refer to Note 10 for additional information. Derivatives are reported at fair value and are recorded in the accompanying Consolidated balance sheets in either Accounts payable, accrued expenses, and other liabilities or Other assets with changes in fair value included in Net realized gains (losses) in the Consolidated statements of operations. Collateral held by brokers equal to a percentage of the total value of open futures contracts is included in the investment portfolio.

Net investment income includes interest and dividend income and amortization of fixed maturity market premiums and discounts and is net of investment management and custody fees. In addition, net investment income includes the amortization of the fair value adjustment related to the acquired invested assets of Chubb Corp. An adjustment of \$1,652 million related to the fair value of Chubb Corp's fixed maturities securities was recorded (fair value adjustment) at the date of acquisition. At December 31, 2017, the remaining balance of this fair value adjustment was \$858 million which is expected to amortize over the next four years; however, the estimate could vary materially based on current market conditions, bond calls, and the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

duration of the acquired investment portfolio. In addition, sales of these acquired fixed maturities would also reduce the fair value adjustment balance. For mortgage-backed securities, and any other holdings for which there is a prepayment risk, prepayment assumptions are evaluated and revised as necessary. Any adjustments required due to the resultant change in effective yields and maturities are recognized prospectively. Prepayment fees or call premiums that are only payable when a security is called prior to its maturity are earned when received and reflected in Net investment income.

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

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

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

f) Cash

Cash includes cash on hand and deposits with an original maturity of three months or less at time of purchase. Cash held by external money managers is included in Short-term investments.

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

g) Goodwill and Other intangible assets

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

Indefinite lived intangible assets are not subject to amortization. Finite lived intangible assets are amortized over their useful lives, generally ranging from 1 to 30 years. Intangible assets are regularly reviewed for indicators of impairment. Impairment is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

recognized if the carrying amount is not recoverable from its undiscounted cash flows and is measured as the difference between the carrying amount and fair value.

h) Unpaid losses and loss expenses

A liability is established for the estimated unpaid losses and loss expenses under the terms of, and with respect to, Chubb's policies and agreements. Similar to premiums that are recognized as revenues over the coverage period of the policy, a liability for unpaid losses and loss expenses is recognized as expense when insured events occur over the coverage period of the policy. This liability includes a provision for both reported claims (case reserves) and incurred but not reported claims (IBNR reserves). IBNR reserve estimates are generally calculated by first projecting the ultimate cost of all losses that have occurred (expected losses), and then subtracting paid losses, case reserves, and loss expenses. The methods of determining such estimates and establishing the resulting liability are reviewed regularly and any adjustments are reflected in operations in the period in which they become known. Future developments may result in losses and loss expenses materially greater or less than recorded amounts.

Except for net loss and loss expense reserves of \$ 36 million net of discount, held at December 31, 2017, representing certain structured settlements for which the timing and amount of future claim payments are reliably determinable and \$ 41 million, net of discount, of certain reserves for unsettled claims that are discounted in statutory filings, Chubb does not discount its P&C loss reserves. This compares with reserves of \$ 38 million for certain structured settlements and \$ 50 million of certain reserves for unsettled claims at December 31, 2016. Structured settlements represent contracts purchased from life insurance companies primarily to settle workers' compensation claims, where payments to the claimant by the life insurance company are expected to be made in the form of an annuity. Chubb retains the liability to the claimant in the event that the life insurance company fails to pay. At December 31, 2017, the liability due to claimants was \$ 586 million, net of discount, and reinsurance recoverables due from the life insurance companies was \$ 550 million, net of discount. For structured settlement contracts where payments are guaranteed regardless of claimant life expectancy, the amounts recoverable from the life insurance companies at December 31, 2017 are included in Other assets in the Consolidated balance sheets, as they do not meet the requirements for reinsurance accounting.

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

Also included in Unpaid losses and loss expenses is a fair value adjustment of \$ 309 million at December 31, 2017 related to Chubb Corp's historical unpaid losses and loss expenses. The estimated fair value consists of the present value of the expected net unpaid loss and loss adjustment expense payments adjusted for an estimated risk margin. The estimated cash flows are discounted at a risk free rate. The estimated risk margin varies based on the inherent risks associated with each type of reserve. The fair value is amortized through Amortization of purchased intangibles on the consolidated statements of operations over a range of 5 to 17 years, based on the estimated payout patterns of unpaid loss and loss expenses at the acquisition date.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

i) Future policy benefits

The valuation of long-duration contract reserves requires management to make estimates and assumptions regarding expenses, mortality, persistency, and investment yields. Estimates are primarily based on historical experience and information provided by ceding companies and include a margin for adverse deviation. Interest rates used in calculating reserves range from less than 1.0 percent to 8.0 percent at both December 31, 2017 and 2016. Actual results could differ materially from these estimates. Management monitors actual experience and where circumstances warrant, will revise assumptions and the related reserve estimates. Revisions are recorded in the period they are determined.

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

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

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

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

Under reinsurance programs covering GLBs, we assume the risk of guaranteed minimum income benefits (GMIB) and guaranteed minimum accumulation benefits (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. Our GLB reinsurance products meet the definition of a derivative for accounting purposes and are carried at fair value with changes in fair value recognized in income. Refer to Notes 5 c) and 10 a) for additional information.

k) Deposit assets and liabilities

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

Interest income on deposit assets, representing the consideration received or to be received in excess of cash payments related to the deposit contract, is earned based on an effective yield calculation. The calculation of the effective yield is based on the amount and timing of actual cash flows at the balance sheet date and the estimated amount and timing of future cash flows. The effective yield is recalculated periodically to reflect revised estimates of cash flows. When a change in the actual or estimated cash flows occurs, the resulting change to the carrying amount of the deposit asset is reported as income or expense. Deposit assets of \$ 89 million and \$ 93 million at December 31, 2017 and 2016, respectively, are reflected in Other assets in the Consolidated balance sheets and the accretion of deposit assets related to interest pursuant to the effective yield calculation is reflected in Net investment income in the Consolidated statements of operations.

Deposit liabilities include reinsurance deposit liabilities of \$ 100 million and \$ 108 million and contract holder deposit funds of \$ 1.8 billion and \$ 1.5 billion at December 31, 2017 and 2016, respectively. Deposit liabilities are reflected in Accounts

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

payable, accrued expenses, and other liabilities in the Consolidated balance sheets. At contract inception, the deposit liability equals net cash received. An accretion rate is established based on actuarial estimates whereby the deposit liability is increased to the estimated amount payable over the contract term. The deposit accretion rate is the rate of return required to fund expected future payment obligations. We periodically reassess the estimated ultimate liability and related expected rate of return. Changes to the deposit liability are generally reflected through Interest expense to reflect the cumulative effect of the period the contract has been in force, and by an adjustment to the future accretion rate of the liability over the remaining estimated contract term.

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

l) Property and Equipment

Property and equipment used in operations, including certain costs incurred to develop or obtain computer software for internal use, are capitalized and carried at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Property and equipment are included in Other assets in the Consolidated balance sheets and totaled \$ 1.3 billion and \$ 1.2 billion at December 31, 2017 and 2016, respectively.

m) Foreign currency remeasurement and translation

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

n) Administrative expenses

Administrative expenses generally include all operating costs other than policy acquisition costs. The North America Commercial P&C Insurance segment manages and uses an in-house third-party claims administrator, ESIS Inc. (ESIS). ESIS performs claims management and risk control services for domestic and international organizations that self-insure P&C exposures as well as internal P&C exposures. The net operating results of ESIS are included within Administrative expenses in the Consolidated statements of operations and were \$ 38 million, \$ 32 million, and \$ 30 million for the years ended December 31, 2017, 2016, and 2015, respectively.

o) Income taxes

Income taxes have been recorded related to those operations subject to income taxes. Deferred tax assets and liabilities result from temporary differences between the amounts recorded in the Consolidated financial statements and the tax basis of our assets and liabilities. The effect on deferred tax assets and liabilities of a change in tax law or rates is recognized in income in the period that includes the enactment date. For example, we recorded a net reduction in our deferred tax balances reflecting the impact of the Tax Cuts and Jobs Act (2017 Tax Act) in the fourth quarter of 2017, the period when the legislation was enacted. Refer to Note 8 for additional information. A valuation allowance against deferred tax assets is recorded if it is more likely than not that all, or some portion, of the benefits related to deferred tax assets will not be realized. The valuation allowance assessment considers tax planning strategies, where applicable.

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

p) Earnings per share

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

q) Cash flow information

Premiums received and losses paid associated with the GLB reinsurance products, which as discussed previously meet the definition of a derivative instrument for accounting purposes, are included within Cash flows from operating activities. Cash

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

flows, such as settlements and collateral requirements, associated with GLB and all other derivative instruments are included on a net basis within Cash flows from investing activities. Purchases, sales, and maturities of short-term investments are recorded on a net basis within Cash flows from investing activities.

r) Derivatives

Chubb recognizes all derivatives at fair value in the Consolidated balance sheets and participates in derivative instruments in two principal ways:

- (i) To sell protection to customers as an insurance or reinsurance contract that meets the definition of a derivative for accounting purposes. For 2017 and 2016, the reinsurance of GLBs was our primary product falling into this category; and
- (ii) To mitigate financial risks, principally arising from investment holdings, products sold, or assets and liabilities held in foreign currencies. For these instruments, changes in assets or liabilities measured at fair value are recorded as realized gains or losses in the Consolidated statements of operations.

We did not designate any derivatives as accounting hedges during 2017, 2016, or 2015.

s) Share-based compensation

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

t) Chubb integration expenses

Direct costs related to the Chubb Corp acquisition were expensed as incurred. Chubb integration expenses were \$ 310 million and \$ 492 million for the years ended December 31, 2017 and 2016, respectively, and include all internal and external costs directly related to the integration activities of the Chubb Corp acquisition, consisting primarily of personnel-related expenses, including severance and employee retention and relocation; lease termination costs; and consulting fees. Chubb integration expenses were \$ 33 million for the year ended December 31, 2015, consisting primarily of personnel-related expenses; consulting fees; and advisor fees.

u) New accounting pronouncements

Adopted in 2017

Stock Compensation

Effective January 2017, we prospectively adopted new guidance on stock compensation which requires recognition of the excess tax benefits or deficiencies of share-based compensation awards to employees through net income rather than through additional paid in capital. The calculation of the excess tax benefits or deficiencies is based on the difference between the market value of a stock award at the date of vesting, or at the time of exercise for a stock option, compared to the grant date fair value recognized as compensation expense in the Consolidated statements of operations. For the year ended December 31, 2017, the excess tax benefit recorded to Income tax expense in the Consolidated statement of operations was \$ 48 million. Additionally, the guidance allowed for an election to account for forfeitures related to share-based payments either as they occur or through an estimation method. We elected to retain our current accounting for compensation expense using a forfeiture estimation process.

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. Among other things, the 2017 Tax Act reduces the U.S. federal income tax rate to 21 percent from 35 percent effective in 2018, institutes a dividends received deduction for foreign earnings with a related tax for the deemed repatriation of unremitted foreign earnings and creates a new base erosion anti-abuse tax (BEAT) which is a new U.S. minimum tax.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

We recorded a \$450 million income tax transition benefit in the fourth quarter of 2017 on a provisional basis. This income tax benefit principally reflects our best estimate of the impact of the reduced U.S. corporate tax rate and other provisions of the 2017 Tax Act. Refer to Note 8 for additional information.

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

In January 2016, the FASB issued guidance that affects the recognition, measurement, presentation, and disclosure of financial instruments. The guidance requires equity investments to be measured at fair value with changes in fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee). The standard was effective for us in the first quarter of 2018 and required recognition of a cumulative effect adjustment at adoption to beginning retained earnings. As a result, in the first quarter of 2018, we reduced other comprehensive income by \$ 455 million , representing the unrealized appreciation on our equity investments, other than those accounted for under the equity method, with an offsetting increase in retained earnings. All subsequent changes in fair value will be recognized within realized gains (losses) on the consolidated statement of operations.

Statement of Cash Flows

In August 2016, the FASB issued guidance clarifying the classification of certain cash receipts and cash payments within the statement of cash flows, including distributions received from equity method investments. The guidance requires entities to make an accounting policy election to present cash flows received either in operating cash flows or investing cash flows based on cumulative equity-method earnings or on the nature of the distributions. We adopted this guidance effective January 1, 2018 and elected to retain our current presentation of cash receipts and cash payments based on the nature of the distributions.

Goodwill Impairment

In January 2017, the FASB issued updated guidance on goodwill impairment testing that eliminates Step 2 of the goodwill impairment test requiring entities to calculate the implied fair value of goodwill through a hypothetical purchase price allocation. Under the updated guidance, impairment will now be recognized as the amount by which a reporting unit's carrying value exceeds its fair value. Although the standard would have been effective for us in the first quarter of 2020 on a prospective basis, we adopted this guidance early effective January 1, 2018, as permitted. The adoption of this guidance did not have an impact on our financial condition or results of operations.

Accounting guidance not yet adopted

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued guidance that allows the reclassification from accumulated other comprehensive loss to retained earnings for stranded tax effects resulting from the newly enacted corporate tax rate. Because the adjustment of deferred taxes due to the reduction of the corporate tax rate is required to be included in net income, the tax effects of items within accumulated other comprehensive income (referred to as stranded tax effects) do not reflect the appropriate tax rates. The amount of the reclassification will be the difference between the 35 percent historical U.S. corporate tax rate and the newly enacted 21 percent U.S. corporate tax rate. This guidance is effective for us in the first quarter of 2019 with early adoption permitted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Premium Amortization on Purchased Callable Debt Securities

In March 2017, the FASB issued guidance on the amortization period for purchased callable debt securities held at a premium. The guidance requires the premium to be amortized to the earliest call date. Under current guidance, premiums generally are amortized over the contracted life of the security. This guidance is effective for us in the first quarter of 2019 on a modified retrospective basis through a cumulative effect adjustment to beginning retained earnings. Early adoption is permitted. Securities held at a discount do not require an accounting change. Based on our best estimate at the time of this filing, the cumulative effect adjustment at the time of adoption would be approximately \$ 30 million pre-tax.

Lease Accounting

In February 2016, the FASB issued accounting guidance requiring leases with lease terms of more than 12 months to recognize a right of use asset and a corresponding lease liability on the balance sheets. This accounting guidance is effective for us in the first quarter of 2019 on a modified retrospective basis with early adoption permitted. In January 2018, the FASB issued a proposed update that provides an alternative transition method of adoption, permitting the recognition of a cumulative-effect adjustment to retained earnings on the date of adoption. The adoption of the guidance is not expected to have a material impact on our financial condition or results of operations. We expect that the most significant impact will be the recognition of a right of use asset and a corresponding lease liability for our real estate leases.

Financial Instruments – Credit Losses: Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued guidance on the accounting for credit losses of financial instruments that are measured at amortized cost, including held to maturity securities and reinsurance recoverables, by applying an approach based on the current expected credit losses (CECL). The estimate of expected credit losses should consider historical information, current information, as well as reasonable and supportable forecasts, including estimates of prepayments. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset in order to present the net carrying value at the amount expected to be collected on the financial asset on the Consolidated balance sheet.

The guidance also amends the current debt security other-than-temporary impairment model by requiring an estimate of the expected credit loss (ECL) only when the fair value is below the amortized cost of the asset. The length of time the fair value of an AFS debt security has been below the amortized cost will no longer impact the determination of whether a potential credit loss exists. The AFS debt security model will also require the use of a valuation allowance as compared to the current practice of writing down the asset.

The standard is effective for us in the first quarter of 2020 with early adoption permitted in the first quarter of 2019. We will be able to assess the effect of adopting this guidance on our financial condition and results of operations closer to the date of adoption.

2 . Acquisitions

The Chubb Corporation (Chubb Corp)

On January 14, 2016, we completed the acquisition of Chubb Corp, a leading provider of middle-market commercial, specialty, surety, and personal insurance for \$ 29.5 billion , comprising \$ 14.3 billion in cash and \$ 15.2 billion in newly-issued stock. In addition, we assumed outstanding equity awards to employees and directors with an attributed value of \$ 323 million . The total consideration, including the assumption of equity awards, was \$29.8 billion . We recognized goodwill of \$ 10.5 billion , attributable to expected growth and profitability, none of which is expected to be deductible for income tax purposes. We financed the cash portion of the transaction through a combination of \$ 9.0 billion sourced from various Chubb Limited and Chubb Corp companies plus \$ 5.3 billion of senior notes, which were issued in November 2015. Refer to Note 9 for additional information on the senior notes.

Upon completion of the merger, each Chubb Corp common share (other than shares held by certain legacy Chubb Corp employee benefit plans) was canceled and converted, in accordance with the procedures set forth in the merger agreement, into the right to receive (i) 0.6019 of a Chubb Limited common share and (ii) \$62.93 in cash. In addition, replacement equity awards were issued by Chubb Limited to the holders of Chubb Corp's outstanding equity awards (stock options, restricted stock units, deferred stock units, deferred unit obligations, and performance units).

We believe the Chubb Corp acquisition is highly complementary to our existing business lines, distribution channels, customer segments, and underwriting skills. Chubb Corp has a substantial presence in the U.S. with a broad variety of coverages serving large corporate and upper middle market accounts, middle market and small commercial accounts, and personal lines. Together we are one of the largest commercial insurers in the U.S. Internationally, where legacy ACE is a truly global insurer with

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

extensive presence in 54 countries and territories, Chubb Corp's operations in 25 markets added to our presence and capabilities and positioned us to better pursue important market opportunities globally. The combined company is a leader in a number of global specialty and traditional products such as professional lines, risk management, workers' compensation, accident and health (A&H), and other property and general casualty lines.

The table below details the purchase consideration and allocation of assets acquired and liabilities assumed:

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

Purchase consideration	
<i>Chubb Limited common shares</i>	
Chubb Corp common shares outstanding	228
Per share exchange ratio	0.6019
Common shares issued by Chubb Limited	137
Common share price of Chubb Limited at January 14, 2016	\$ 111.02
Fair value of common shares issued by Chubb Limited to common shareholders of Chubb Corp	\$ 15,204
<i>Cash consideration</i>	
Chubb Corp common shares outstanding	228
Agreed cash price per share paid to common shareholders of Chubb Corp	\$ 62.93
Cash consideration paid by Chubb Limited to common shareholders of Chubb Corp	\$ 14,319
<i>Stock-based awards</i>	
Fair value of equity awards issued ⁽¹⁾	\$ 323
Fair value of purchase consideration	\$ 29,846
Assets acquired and (liabilities) assumed	
Cash	\$ 71
Investments	42,967
Accrued investment income	359
Insurance and reinsurance balances receivable	3,095
Reinsurance recoverable on losses and loss expenses	1,676
Indefinite lived intangible assets	2,860
Finite lived intangible assets	4,795
Prepaid reinsurance premiums	280
Other assets	853
Unpaid losses and loss expenses	(22,923)
Unearned premiums	(7,011)
Insurance and reinsurance balances payable	(603)
Accounts payable, accrued expenses, and other liabilities	(2,030)
Deferred tax liabilities	(1,292)
Long-term debt	(3,765)
Total identifiable net assets acquired	19,332
Goodwill	10,514
Purchase price	\$ 29,846

(1) The fair value of the replacement equity awards was \$525 million, of which \$323 million was attributed to service periods prior to the acquisition and was included in the purchase consideration. Refer to Note 12 for further information on these replacement equity awards.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The purchase price allocation to intangible assets recorded in connection with the Chubb Corp acquisition and their related useful lives are as follows:

(in millions of U.S. dollars)	Purchase price Allocation at January 14, 2016	Estimated useful life
<i>Definite life</i>		
Unearned premium reserves (UPR) intangible asset	\$ 1,550	1 year
Agency distribution relationships and renewal rights	3,150	24 years
Internally developed technology	95	3 years
<i>Indefinite life</i>		
Trademarks	2,800	Indefinite
Licenses	50	Indefinite
Syndicate capacity	10	Indefinite
Total identified intangible assets	\$ 7,655	

Refer to Note 6 for additional information on goodwill and intangible assets acquired.

The following table summarizes the results of the acquired Chubb Corp operations since the acquisition date that have been included within our Consolidated statement of operations:

(in millions of U.S. dollars)	January 14, 2016 to December 31, 2016
Total revenues	\$ 12,376
Net income	\$ 1,756

The following table provides supplemental unaudited pro forma consolidated information for the years ended December 31, 2016 and 2015, as if Chubb Corp had been acquired as of January 1, 2015. The unaudited pro forma consolidated financial statements are presented solely for informational purposes and are not necessarily indicative of the consolidated results of operations that might have been achieved had the transaction been completed as of the date indicated, nor are they meant to be indicative of any anticipated consolidated future results of operations that the combined company will experience after the transaction.

(in millions of U.S. dollars, except per share data)	Year Ended December 31	
	2016	2015
Total revenues	\$ 31,937	\$ 32,622
Net income	\$ 4,183	\$ 4,478
<i>Earnings per share</i>		
Basic earnings per share	\$ 8.95	\$ 9.61
Diluted earnings per share	\$ 8.88	\$ 9.52

Total revenues and net income were lower for the year ended December 31, 2016, compared to the prior year, primarily reflecting merger-related actions in 2016, which lowered net premiums earned.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Fireman's Fund Insurance Company High Net Worth Personal Lines Insurance Business in the U.S. (Fireman's Fund)

On April 1, 2015, we acquired the Fireman's Fund Insurance Company high net worth personal lines insurance business in the U.S., which included the renewal rights for new and existing business and reinsurance of all existing reserves for \$365 million in cash. We acquired assets with a fair value of \$753 million, consisting primarily of cash of \$629 million and insurance and reinsurance balances receivable of \$124 million. We assumed liabilities with a fair value of \$863 million, consisting primarily of unpaid losses and loss expenses of \$417 million and unearned premiums of \$428 million. This acquisition generated \$196 million of goodwill, attributable to expected growth and profitability, all of which is expected to be deductible for income tax purposes, and other intangible assets of \$278 million, primarily related to renewal rights, based on Chubb's purchase price allocation. The acquisition expanded our position in the high net worth personal lines insurers in the U.S. The Fireman's Fund business was integrated into our existing high net worth personal lines business, offering a broad range of coverage including homeowners, automobile, umbrella and excess liability, collectibles, and yachts. Goodwill and other intangible assets arising from this acquisition are included in our North America Personal P&C Insurance segment.

The Consolidated financial statements include results of acquired businesses from the acquisition dates.

3 . Investments

a) Transfers of securities

During December 2017, we transferred securities, considered essential holdings in a diversified portfolio, with a total fair value of \$4.3 billion from Fixed maturities available for sale to Fixed maturities held to maturity. These securities, which we have the intent and ability to hold to maturity, were transferred given the growth in our investment portfolio over the last several years, as well as continued efforts to manage the diversification of our global portfolio. The net unrealized appreciation at the date of the transfer continues to be reported in the carrying value of the transferred investments and is amortized through OCI over the remaining life of the securities using the effective interest method in a manner consistent with the amortization of any premium or discount. This transfer represents a non-cash transaction and does not impact the Consolidated statements of cash flows.

b) Fixed maturities

December 31, 2017 (in millions of U.S. dollars)	Amortized Cost	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value	OTTI Recognized in AOCI
<i>Available for sale</i>					
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)
<i>Held to maturity</i>					
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	\$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

December 31, 2016 (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	\$ 2,883	\$ 32	\$ (45)	\$ 2,870	\$ —
Foreign	20,929	636	(125)	21,440	(5)
Corporate securities	23,736	580	(167)	24,149	(8)
Mortgage-backed securities	14,066	135	(194)	14,007	(1)
States, municipalities, and political subdivisions	17,922	72	(345)	17,649	—
	\$ 79,536	\$ 1,455	\$ (876)	\$ 80,115	\$ (14)
Held to maturity					
U.S. Treasury and agency	\$ 655	\$ 9	\$ (3)	\$ 661	\$ —
Foreign	640	28	(1)	667	—
Corporate securities	2,771	50	(26)	2,795	—
Mortgage-backed securities	1,393	35	—	1,428	—
States, municipalities, and political subdivisions	5,185	26	(92)	5,119	—
	\$ 10,644	\$ 148	\$ (122)	\$ 10,670	\$ —

As discussed in Note 3 d), 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 years ended December 31, 2017 and 2016, \$ 2 million of net unrealized depreciation and \$ 62 million of net unrealized appreciation, respectively, related to such securities is included in OCI. At December 31, 2017 and 2016, AOCI included cumulative net unrealized appreciation of \$ 7 million and \$ 10 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 derivatives held (refer to Note 10 c) (iv)) and are included in the category, "Mortgage-backed securities". Approximately 83 percent and 81 percent of the total mortgage-backed securities at December 31, 2017 and 2016, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents fixed maturities by contractual maturity:

(in millions of U.S. dollars)	December 31 2017		December 31 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
<i>Available for sale</i>				
Due in 1 year or less	\$ 3,164	\$ 3,182	\$ 3,892	\$ 3,913
Due after 1 year through 5 years	24,749	25,068	24,027	24,429
Due after 5 years through 10 years	25,388	25,704	27,262	27,379
Due after 10 years	9,255	9,695	10,289	10,387
	62,556	63,649	65,470	66,108
Mortgage-backed securities	15,279	15,290	14,066	14,007
	\$ 77,835	\$ 78,939	\$ 79,536	\$ 80,115
<i>Held to maturity</i>				
Due in 1 year or less	\$ 743	\$ 746	\$ 430	\$ 435
Due after 1 year through 5 years	2,669	2,688	2,646	2,691
Due after 5 years through 10 years	4,744	4,756	2,969	2,944
Due after 10 years	3,455	3,542	3,206	3,172
	11,611	11,732	9,251	9,242
Mortgage-backed securities	2,724	2,742	1,393	1,428
	\$ 14,335	\$ 14,474	\$ 10,644	\$ 10,670

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.

c) Equity securities

(in millions of U.S. dollars)	December 31 2017	December 31 2016
Cost	\$ 737	\$ 706
Gross unrealized appreciation	212	129
Gross unrealized depreciation	(12)	(21)
Fair value	\$ 937	\$ 814

d) 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, securities lending collateral, equity securities, and other investments, are reviewed to identify impaired securities to be specifically evaluated for a potential OTTI.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

For all non-fixed maturities, OTTI is evaluated based on the following:

- the amount of time a security has been in a loss position and the magnitude of the loss position;
- the period in which cost is expected to be recovered, if at all, based on various criteria including economic conditions and other issuer-specific developments; and
- our ability and intent to hold the security to the expected recovery period.

As a general rule, we also consider that equity securities in an unrealized loss position for twelve consecutive months are other than temporarily impaired. For mutual funds included in equity securities in our Consolidated balance sheets, we employ analysis similar to fixed maturities, when applicable.

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.

U.S. Treasury and agency obligations (including agency mortgage-backed securities); foreign government obligations; and states, municipalities, and political subdivisions obligations

U.S. Treasury and agency obligations (including agency mortgage-backed securities); foreign government obligations; and states, municipalities, and political subdivisions obligations represent \$ 311 million of gross unrealized loss at December 31, 2017 . These securities were evaluated for credit loss primarily using qualitative assessments of the likelihood of credit loss considering credit rating of the issuers and level of credit enhancement, if any. We concluded that the high level of creditworthiness of the issuers coupled with credit enhancement, where applicable, supports recognizing no credit loss in Net income.

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 in light of current market conditions.

The following table presents default assumptions by Moody's rating category (historical mean default rate provided for comparison):

Moody's Rating Category	1-in-100 Year Default Rate	Historical Mean Default Rate
<i>Investment Grade:</i>		
Aaa-Baa	0.0-1.3%	0.0-0.3%
<i>Below Investment Grade:</i>		
Ba	4.8%	1.0%
B	12.1%	3.2%
Caa-C	36.8%	10.5%

Application of the methodology and assumptions described above resulted in credit losses recognized in Net income for corporate securities of \$ 5 million, \$ 30 million, and \$ 50 million for the years ended December 31, 2017 , 2016 , and 2015 , respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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.

We develop specific assumptions using market data, where available, and include internal estimates as well as estimates published by rating agencies and other third-party sources. We project default rates by mortgage sector considering current underlying mortgage loan performance, generally assuming lower loss severity for Prime sector bonds versus ALT-A and Sub-prime bonds.

These estimates are extrapolated along a default timing curve to estimate the total lifetime pool default rate. Other assumptions used contemplate the actual collateral attributes, including geographic concentrations, rating agency loss projections, rating actions, and current market prices. If cash flow projections indicate that losses will exceed the credit enhancement for a given tranche, then we do not expect to recover our amortized cost basis, and we recognize an estimated credit loss in Net income.

For the years ended December 31, 2017 and 2015, there were no credit losses recognized in Net income for mortgage-backed securities. For the year ended December 31, 2016, there was \$ 1 million of credit losses recognized in Net income for mortgage-backed securities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents the Net realized gains (losses) and the losses included in Net realized gains (losses) and OCI as a result of conditions which caused us to conclude the decline in fair value of certain investments was “other-than-temporary” and the change in net unrealized appreciation (depreciation) of investments:

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Fixed maturities:			
OTTI on fixed maturities, gross	\$ (24)	\$ (89)	\$ (142)
OTTI on fixed maturities recognized in OCI (pre-tax)	1	8	39
OTTI on fixed maturities, net	(23)	(81)	(103)
Gross realized gains excluding OTTI	149	183	158
Gross realized losses excluding OTTI	(157)	(265)	(235)
Total fixed maturities	(31)	(163)	(180)
Equity securities:			
OTTI on equity securities	(10)	(8)	(7)
Gross realized gains excluding OTTI	28	65	47
Gross realized losses excluding OTTI	(2)	(13)	(11)
Total equity securities	16	44	29
OTTI on other investments	(12)	(14)	(2)
Foreign exchange gains (losses)	36	118	(80)
Investment and embedded derivative instruments	(11)	(33)	32
Fair value adjustments on insurance derivative	364	53	(203)
S&P put options and futures	(261)	(136)	(10)
Other derivative instruments	(5)	(10)	(12)
Other	(12)	(4)	6
Net realized gains (losses)	84	(145)	(420)
Change in net unrealized appreciation (depreciation) on investments:			
Fixed maturities available for sale	519	142	(1,119)
Fixed maturities held to maturity	18	(59)	43
Equity securities	88	52	(17)
Other	8	(51)	(36)
Income tax (expense) benefit	(241)	100	152
Change in net unrealized appreciation (depreciation) on investments	392	184	(977)
Total net realized gains (losses) and change in net unrealized appreciation (depreciation) on investments	\$ 476	\$ 39	\$ (1,397)

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

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Balance of credit losses related to securities still held – beginning of year	\$ 35	\$ 53	\$ 28
Additions where no OTTI was previously recorded	4	17	41
Additions where an OTTI was previously recorded	2	14	9
Reductions for securities sold during the period	(19)	(49)	(25)
Balance of credit losses related to securities still held – end of year	\$ 22	\$ 35	\$ 53

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

e) Other investments

(in millions of U.S. dollars)	December 31 2017		December 31 2016	
	Fair Value	Cost	Fair Value	Cost
Investment funds	\$ 270	\$ 123	\$ 251	\$ 126
Limited partnerships	549	441	730	607
Partially-owned investment companies	2,803	2,803	2,645	2,645
Life insurance policies	305	305	248	248
Policy loans	244	244	209	209
Trading securities	333	333	296	295
Other	168	168	140	140
Total	\$ 4,672	\$ 4,417	\$ 4,519	\$ 4,270

Investment funds include one highly diversified fund investment as well as several direct funds that employ a variety of investment styles such as long/short equity and arbitrage/distressed. Included in limited partnerships and partially-owned investment companies are 138 individual limited partnerships covering a broad range of investment strategies including large cap buyouts, specialist buyouts, growth capital, distressed, mezzanine, real estate, and co-investments. The underlying portfolio consists of various public and private debt and equity securities of publicly traded and privately held companies and real estate assets. The underlying investments across various partnerships, geographies, industries, asset types, and investment strategies provide risk diversification within the limited partnership portfolio and the overall investment portfolio. Trading securities comprise \$ 333 million of mutual funds supported by assets that do not qualify for separate account reporting under GAAP at December 31, 2017 compared with \$ 271 million at December 31, 2016 . There were no trading securities held in rabbi trusts at December 31, 2017 , compared with \$ 14 million of equity securities and \$ 11 million of fixed maturities at December 31, 2016 .

f) Investments in partially-owned insurance companies

The following table presents Investments in partially-owned insurance companies:

(in millions of U.S. dollars, except for percentages)	December 31, 2017			December 31, 2016			Domicile
	Carrying Value	Issued Share Capital	Ownership Percentage	Carrying Value	Issued Share Capital	Ownership Percentage	
Huatai Group	\$ 438	\$ 616	20%	\$ 447	\$ 624	20%	China
Huatai Life Insurance Company	105	495	20%	99	428	20%	China
Freisenbruch-Meyer	9	—	40%	8	5	40%	Bermuda
Chubb Arabia Cooperative Insurance Company	15	27	30%	13	27	30%	Saudi Arabia
Russian Reinsurance Company	2	4	23%	2	4	23%	Russia
ABR Reinsurance Ltd.	93	800	11%	97	800	11%	Bermuda
Total	\$ 662	\$ 1,942		\$ 666	\$ 1,888		

Huatai Group and Huatai Life Insurance Company provide a range of P&C, life, and investment products.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

g) Gross unrealized loss

At December 31, 2017, there were 9,828 fixed maturities out of a total of 30,932 fixed maturities in an unrealized loss position. The largest single unrealized loss in the fixed maturities was \$7 million. There were 82 equity securities out of a total of 328 equity securities in an unrealized loss position. The largest single unrealized loss in the equity securities was \$3 million. Fixed maturities in an unrealized loss position at December 31, 2017, 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:

December 31, 2017 (in millions of U.S. dollars)	0 – 12 Months		Over 12 Months		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. Treasury 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)

December 31, 2016 (in millions of U.S. dollars)	0 – 12 Months		Over 12 Months		Total	
	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss	Fair Value	Gross Unrealized Loss
U.S. Treasury and agency	\$ 2,216	\$ (48)	\$ —	\$ —	\$ 2,216	\$ (48)
Foreign	5,918	(99)	386	(27)	6,304	(126)
Corporate securities	7,021	(149)	641	(44)	7,662	(193)
Mortgage-backed securities	8,638	(189)	234	(5)	8,872	(194)
States, municipalities, and political subdivisions	19,448	(435)	49	(2)	19,497	(437)
Total fixed maturities	43,241	(920)	1,310	(78)	44,551	(998)
Equity securities	199	(21)	—	—	199	(21)
Other investments	201	(18)	—	—	201	(18)
Total	\$ 43,641	\$ (959)	\$ 1,310	\$ (78)	\$ 44,951	\$ (1,037)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

h) Net investment income

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Fixed maturities	\$ 2,987	\$ 2,779	\$ 2,157
Short-term investments	131	93	49
Equity securities	38	36	16
Other investments	133	98	86
Gross investment income (1)	3,289	3,006	2,308
Investment expenses	(164)	(141)	(114)
Net investment income (1)	\$ 3,125	\$ 2,865	\$ 2,194
(1) Includes amortization expense related to fair value adjustment of acquired invested assets related to the Chubb Corp acquisition	\$ (332)	\$ (393)	\$ —

i) 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. 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 December 31, 2017 and 2016, are investments, primarily fixed maturities, totaling \$23.3 billion and \$ 20.1 billion, and cash of \$123 million and \$103 million, respectively.

The following table presents the components of restricted assets:

(in millions of U.S. dollars)	December 31	December 31
	2017	2016
Trust funds	\$ 17,011	\$ 13,880
Deposits with U.S. regulatory authorities	2,345	2,203
Deposits with non-U.S. regulatory authorities	2,250	2,191
Assets pledged under repurchase agreements	1,434	1,461
Other pledged assets	414	435
	\$ 23,454	\$ 20,170

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

4 . Fair value measurements

a) Fair value hierarchy

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

The three levels of the hierarchy are as follows:

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

We categorize financial instruments within the valuation hierarchy at the balance sheet date based upon the lowest level of inputs that are significant to the fair value measurement. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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. At December 31, 2017, we held no positions in option contracts on equity market indices. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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

A lapse rate is the percentage of in-force policies surrendered in a given calendar year. All else equal, as lapse rates increase, ultimate claim payments will decrease. In general, the base lapse function assumes low lapse rates (ranging from about 3 percent to 9 percent per annum) during the surrender charge period of the GMIB contract, followed by a “spike” lapse rate (ranging from about 6 percent to 33 percent per annum) in the year immediately following the surrender charge period, and then reverting to an ultimate lapse rate (generally around 10 percent per annum), typically over a 2 -year period. This base rate is adjusted downward for policies with more valuable guarantees (policies with guaranteed values far in excess of their account values) by multiplying the base lapse rate by a factor ranging from 15 percent to 75 percent . Partial withdrawals and the impact of older policyholders with tax-qualified contracts (due to required minimum distributions) are also reflected in our modeling.

The GMIB annuitization rate is the percentage of policies for which the policyholder will elect to annuitize using the guaranteed benefit provided under the GMIB. All else equal, as GMIB annuitization rates increase, ultimate claim payments will increase, subject to treaty claim limits. All GMIB reinsurance treaties include claim limits to protect Chubb in the event that actual annuitization behavior is significantly higher than expected. In general, Chubb assumes that GMIB annuitization rates will be higher for policies with more valuable guarantees (policies with guaranteed values far in excess of their account values). In addition, we also assume that GMIB annuitization rates are higher in the first year immediately following the waiting period (the first year the policies are eligible to annuitize using the GMIB) in comparison to all subsequent years. We do not yet have fully credible annuitization experience for all clients.

The level of annuitization assumptions at December 31, 2017 are as follows:

% of total GMIB guaranteed value	Year of GMIB eligibility	Maximum annuitization rate(s) (per year)	Maximum annuitization rates based on
67%	First year	2% - 52%	Actual Experience
	Subsequent years	1% - 100%	
3%	First year	N/A	N/A ⁽¹⁾
	Subsequent years	12%, 100%	Weighted average ⁽²⁾
30%	First year	25%, 56%	Weighted average ⁽²⁾
	Subsequent years	12%, 36%	

⁽¹⁾ Because all policies in this bracket are past the first year of eligibility, first year annuitization assumptions are no longer modeled.

⁽²⁾ Weighted average of two different annuitization rates.

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.

In the fourth quarter of 2017, we completed a review of policyholder behavior related to annuitizations, partial withdrawals, lapses, and mortality for our variable annuity reinsurance business.

- As annuitization experience continued to emerge, we refined our annuitization assumptions including age-based behavior, which generally lowered the annuitization rate. The change in annuitization assumptions decreased the fair value of GLB liabilities and generated a realized gain of approximately \$117 million .
- Reinsured policies allow for policyholders to make periodic withdrawals from their account values without lapsing the policy. The partial withdrawal results in a reduction to the associated guaranteed value that is either equal or proportional to the amount of the reduction in account value. Based on continued emerging experience, we refined our assumptions

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

around the types of partial withdrawals according to their impact on guaranteed value. This resulted in an increase to the fair value of GLB liabilities generating a realized loss of approximately \$43 million .

- As lapse experience continued to emerge, we further refined our assumptions which resulted in a net increase to the fair value of GLB liabilities generating a realized loss of approximately \$9 million .
- We studied mortality experience for our variable annuity business for the first time this year and subsequently refined our mortality assumptions. The updated mortality rates increased the fair value of GLB liabilities generating a realized loss of approximately \$25 million .

In addition to the updates described above, we updated aspects of our valuation model relating to interest rates during the year ended December 31, 2017. This resulted in a decrease to the fair value of GLB liabilities generating a realized gain of approximately \$94 million .

During the year ended December 31, 2017 , we also made minor technical refinements to the internal valuation model which resulted in no material impact on the financial statements.

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

December 31, 2017

(in millions of U.S. dollars)

	Level 1	Level 2	Level 3	Total
Assets:				
<i>Fixed maturities available for sale</i>				
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. Refer to Note 5 c) for additional information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

December 31, 2016

(in millions of U.S. dollars)

	Level 1		Level 2		Level 3		Total
Assets:							
<i>Fixed maturities available for sale</i>							
U.S. Treasury and agency	\$	2,175	\$	695	\$	—	\$ 2,870
Foreign		—		21,366		74	21,440
Corporate securities		—		23,468		681	24,149
Mortgage-backed securities		—		13,962		45	14,007
States, municipalities, and political subdivisions		—		17,649		—	17,649
		2,175		77,140		800	80,115
Equity securities		773		—		41	814
Short-term investments		1,757		1,220		25	3,002
Other investments ⁽¹⁾		384		259		225	868
Securities lending collateral		—		1,092		—	1,092
Investment derivative instruments		31		—		—	31
Other derivative instruments		3		—		—	3
Separate account assets		1,784		95		—	1,879
Total assets measured at fair value ⁽¹⁾	\$	6,907	\$	79,806	\$	1,091	\$ 87,804
Liabilities:							
Investment derivative instruments	\$	54	\$	—	\$	—	\$ 54
Other derivative instruments		—		—		13	13
GLB ⁽²⁾		—		—		559	559
Total liabilities measured at fair value	\$	54	\$	—	\$	572	\$ 626

⁽¹⁾ Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of \$3,626 million and other investments of \$25 million at December 31, 2016 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. Refer to Note 3 c) for additional information.

There were no transfers of financial instruments between Level 1 and Level 2 for the years ended December 31, 2017, 2016, and 2015.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents, by investment category, the expected liquidation period, fair value, and maximum future funding commitments of alternative investments:

(in millions of U.S. dollars)	Expected Liquidation Period of Underlying Assets	December 31 2017		December 31 2016	
		Fair Value	Maximum Future Funding Commitments	Fair Value	Maximum Future Funding Commitments
Financial	5 to 9 Years	\$ 540	\$ 330	\$ 548	\$ 428
Real Assets	3 to 7 Years	651	114	536	230
Distressed	3 to 7 Years	289	141	485	179
Private Credit	3 to 7 Years	187	327	236	259
Traditional	3 to 15 Years	1,656	3,149	1,550	930
Vintage	1 to 2 Years	30	—	21	14
Investment funds	Not Applicable	270	—	251	—
		\$ 3,623	\$ 4,061	\$ 3,627	\$ 2,040

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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 at December 31, 2017	Valuation Technique	Significant Unobservable Inputs	Ranges
GLB ⁽¹⁾	\$ 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 4 a) Guaranteed living benefits.

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):

Year Ended December 31, 2017 (in millions of U.S. dollars)	Available-for-Sale Debt Securities						Assets		Liabilities	
	Foreign	Corporate securities ⁽¹⁾	MBS	Equity securities	Short-term investments	Other investments	Other derivative instruments	GLB ⁽²⁾		
Balance, beginning of year	\$ 74	\$ 681	\$ 45	\$ 41	\$ 25	\$ 225	\$ 13	\$ 559		
Transfers into Level 3	—	231	50	—	—	—	—	9		
Transfers out of Level 3	(3)	(93)	—	—	—	—	(9)	—		
Change in Net Unrealized Gains (Losses) included in OCI	3	(12)	—	(1)	—	6	—	—		
Net Realized Gains/Losses	—	—	—	2	—	—	(2)	(364)		
Purchases	84	521	8	24	16	56	—	—		
Sales	(59)	(111)	(1)	(22)	—	—	—	—		
Settlements	(6)	(180)	(24)	—	(41)	(24)	—	—		
Balance, end of year	\$ 93	\$ 1,037	\$ 78	\$ 44	\$ —	\$ 263	\$ 2	\$ 204		
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ (1)	\$ (2)	\$ —	\$ (1)	\$ —	\$ —	\$ (2)	\$ (364)		

(1) Transfers into and 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. Refer to Note 5 c) for additional information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Year Ended December 31, 2016 (in millions of U.S. dollars)	Available-for-Sale Debt Securities							Liabilities	
	Foreign	Corporate securities	MBS	Equity securities	Short-term investments	Other investments	Other derivative instruments	GLB (1)	
Balance, beginning of year	\$ 57	\$ 174	\$ 53	\$ 16	\$ —	\$ 212	\$ 6	\$ 609	
Transfers into Level 3	9	53	—	—	—	—	—	—	
Transfers out of Level 3	(24)	(10)	—	—	(50)	—	—	—	
Change in Net Unrealized Gains (Losses) included in OCI	1	15	(1)	2	—	(2)	—	—	
Net Realized Gains/Losses	(6)	(13)	—	1	—	1	5	(50)	
Purchases (2)	70	566	1	27	75	33	2	—	
Sales	(17)	(59)	(8)	(5)	—	—	—	—	
Settlements	(16)	(45)	—	—	—	(19)	—	—	
Balance, end of year	\$ 74	\$ 681	\$ 45	\$ 41	\$ 25	\$ 225	\$ 13	\$ 559	
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ (5)	\$ (11)	\$ —	\$ —	\$ —	\$ 1	\$ 5	\$ (50)	

(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 \$853 million at December 31, 2016 and \$888 million at December 31, 2015, which includes a fair value derivative adjustment of \$559 million and \$609 million, respectively.

(2) Includes acquired invested assets as a result of the Chubb Corp acquisition.

Year Ended December 31, 2015 (in millions of U.S. dollars)	Assets							Liabilities	
	Available-for-Sale Debt Securities							Other derivative instruments	GLB (1)
	Foreign	Corporate securities	MBS	Equity securities	Other investments				
Balance, beginning of year	\$ 22	\$ 187	\$ 15	\$ 2	\$ 204	\$ 4	\$ 406		
Transfers into Level 3	34	16	—	—	—	—	—		
Transfers out of Level 3	—	—	—	—	—	—	—		
Change in Net Unrealized Gains (Losses) included in OCI	(2)	(1)	—	3	(6)	—	—		
Net Realized Gains/Losses	(1)	(4)	—	(2)	—	2	203		
Purchases	15	52	41	13	33	—	—		
Sales	(3)	(28)	(2)	—	—	—	—		
Settlements	(8)	(48)	(1)	—	(19)	—	—		
Balance, end of year	\$ 57	\$ 174	\$ 53	\$ 16	\$ 212	\$ 6	\$ 609		
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet Date	\$ (1)	\$ (2)	\$ —	\$ (2)	\$ —	\$ 2	\$ 203		

(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 \$888 million at December 31, 2015 and \$663 million at December 31, 2014, which includes a fair value derivative adjustment of \$609 million and \$ 406 million, respectively.

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Investments in partially-owned insurance companies

Fair values for investments in partially-owned insurance companies are based on Chubb's share of the net assets based on the financial statements provided by those companies and are excluded from the valuation hierarchy tables below.

Short- and long-term debt, repurchase agreements, and trust preferred securities

Where practical, fair values for short-term debt, long-term debt, repurchase agreements, and trust preferred securities are estimated using discounted cash flow calculations based principally on observable inputs including incremental borrowing rates, which reflect Chubb's credit rating, for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

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

December 31, 2017 (in millions of U.S. dollars)	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
<i>Fixed maturities held to maturity</i>					
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

December 31, 2016 (in millions of U.S. dollars)	Fair Value				Carrying Value
	Level 1	Level 2	Level 3	Total	
Assets:					
<i>Fixed maturities held to maturity</i>					
U.S. Treasury and agency	\$ 555	\$ 106	\$ —	\$ 661	\$ 655
Foreign	—	667	—	667	640
Corporate securities	—	2,782	13	2,795	2,771
Mortgage-backed securities	—	1,428	—	1,428	1,393
States, municipalities, and political subdivisions	—	5,119	—	5,119	5,185
Total assets	\$ 555	\$ 10,102	\$ 13	\$ 10,670	\$ 10,644
Liabilities:					
Repurchase agreements	\$ —	\$ 1,403	\$ —	\$ 1,403	\$ 1,403
Short-term debt	—	503	—	503	500
Long-term debt	—	12,998	—	12,998	12,610
Trust preferred securities	—	456	—	456	308
Total liabilities	\$ —	\$ 15,360	\$ —	\$ 15,360	\$ 14,821

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

5 . Reinsurance

a) Consolidated reinsurance

Chubb purchases reinsurance to manage various exposures including catastrophe risks. Although reinsurance agreements contractually obligate Chubb's reinsurers to reimburse it for the agreed-upon portion of its gross paid losses, they do not discharge Chubb's primary liability. The amounts for net premiums written and net premiums earned in the Consolidated statements of operations are net of reinsurance. The following table presents direct, assumed, and ceded premiums:

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Premiums written			
Direct	\$ 33,137	\$ 31,543	\$ 19,879
Assumed	3,239	3,440	3,932
Ceded	(7,132)	(6,838)	(6,098)
Net	\$ 29,244	\$ 28,145	\$ 17,713
Premiums earned			
Direct	\$ 32,782	\$ 31,811	\$ 19,355
Assumed	3,332	3,744	3,676
Ceded	(7,080)	(6,806)	(5,818)
Net	\$ 29,034	\$ 28,749	\$ 17,213

Ceded losses and loss expenses incurred were \$5.5 billion , \$4.1 billion , and \$3.1 billion for the years ended December 31, 2017 , 2016 , and 2015 , respectively.

b) Reinsurance recoverable on ceded reinsurance

(in millions of U.S. dollars)	December 31 2017	December 31 2016
Reinsurance recoverable on unpaid losses and loss expenses ⁽¹⁾	\$ 14,014	\$ 12,708
Reinsurance recoverable on paid losses and loss expenses ⁽¹⁾	1,020	869
Reinsurance recoverable on losses and loss expenses ⁽¹⁾	\$ 15,034	\$ 13,577
Reinsurance recoverable on policy benefits ⁽¹⁾	\$ 184	\$ 182

⁽¹⁾ Net of a provision for uncollectible reinsurance.

The increase in reinsurance recoverable on loss and loss expenses was principally related to the California wildfires and other catastrophe losses in 2017.

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 Chubb, primarily because of disputes under reinsurance contracts and insolvencies. We have established provisions for amounts estimated to be uncollectible. At December 31, 2017 and 2016 , the provision for uncollectible reinsurance was \$321 million and \$ 300 million, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following tables present a listing, at December 31, 2017, of the categories of Chubb's reinsurers:

December 31, 2017 (in millions of U.S. dollars, except for percentages)	Gross Reinsurance Recoverable on Loss and Loss Expenses	Provision for Uncollectible Reinsurance	% of Gross Reinsurance Recoverable
Categories			
Largest reinsurers	\$ 5,190	\$ 59	1.1%
Other reinsurers rated A- or better	5,898	58	1.0%
Other reinsurers with ratings lower than A- or not rated	681	75	11.0%
Pools	577	15	2.6%
Structured settlements	550	16	2.9%
Captives	2,199	18	0.8%
Other	260	80	30.8%
Total	\$ 15,355	\$ 321	2.1%

Largest Reinsurers

Berkshire Hathaway Insurance Group	Lloyd's of London	Swiss Re Group
HDI Group (Hannover Re)	Munich Re Group	

Categories of Chubb's reinsurers

Comprises:

Largest reinsurers	<ul style="list-style-type: none"> All groups of reinsurers or captives where the gross recoverable exceeds one percent of Chubb's total shareholders' equity.
Other reinsurers rated A- or better	<ul style="list-style-type: none"> All reinsurers rated A- or better that were not included in the largest reinsurer category.
Other reinsurers rated lower than A- or not rated	<ul style="list-style-type: none"> All reinsurers rated lower than A- or not rated that were not included in the largest reinsurer category.
Pools	<ul style="list-style-type: none"> Related to Chubb's voluntary pool participation and Chubb's mandatory pool participation required by law in certain states.
Structured settlements	<ul style="list-style-type: none"> Annuities purchased from life insurance companies to settle claims. Since we retain ultimate liability in the event that the life company fails to pay, we reflect the amounts as both a liability and a recoverable/receivable for GAAP purposes.
Captives	<ul style="list-style-type: none"> Companies established and owned by our insurance clients to assume a significant portion of their direct insurance risk from Chubb; structured to allow clients to self-insure a portion of their reinsurance risk. It generally is our policy to obtain collateral equal to expected losses. Where appropriate, exceptions are granted but only with review and approval at a senior officer level. Excludes captives included in the largest reinsurer category.
Other	<ul style="list-style-type: none"> Amounts recoverable that are in dispute or are from companies that are in supervision, rehabilitation, or liquidation.

The provision for uncollectible reinsurance is principally based on an analysis of the credit quality of the reinsurer and collateral balances. We establish the provision for uncollectible reinsurance for the Other category based on a case-by-case analysis of individual situations including the merits of the underlying matter, credit and collateral analysis, and consideration of our collection experience in similar situations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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

The following table presents income and expenses relating to GMDB and GLB reinsurance. GLBs include GMIBs as well as some GMABs originating in Japan.

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
GMDB			
Net premiums earned	\$ 49	\$ 55	\$ 61
Policy benefits and other reserve adjustments	\$ 40	\$ 45	\$ 34
GLB			
Net premiums earned	\$ 110	\$ 118	\$ 121
Policy benefits and other reserve adjustments	105	52	45
Net realized gains (losses)	363	48	(203)
Gain (loss) recognized in Net income	\$ 368	\$ 114	\$ (127)
Net cash received and other	65	79	98
Net decrease (increase) in liability	\$ 303	\$ 35	\$ (225)

Net realized gains (losses) in the table above include gains (losses) related to foreign exchange and fair value adjustments on insurance derivatives and exclude gains (losses) on S&P put options and futures used to partially offset the risk in the GLB reinsurance portfolio. Refer to Note 10 for additional information.

At December 31, 2017 and 2016, the reported liability for GMDB reinsurance was \$129 million and \$120 million, respectively. At December 31, 2017 and 2016, the reported liability for GLB reinsurance was \$550 million and \$853 million, respectively, which includes a fair value derivative adjustment of \$204 million and \$559 million, respectively. Reported liabilities for both GMDB and GLB reinsurance are determined using internal valuation models. Such valuations require considerable judgment and are subject to significant uncertainty. The valuation of these products is subject to fluctuations arising from, among other factors, changes in interest rates, changes in equity markets, changes in credit markets, changes in the allocation of the investments underlying annuitants' account values, and assumptions regarding future policyholder behavior. These models and the related assumptions are regularly reviewed by management and enhanced, as appropriate, based upon improvements in modeling assumptions and availability of updated information, such as market conditions and demographics of in-force annuities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Variable Annuity Net Amount at Risk

The net amount at risk is defined as the present value of future claim payments assuming policy account values and guaranteed values are fixed at the valuation date (December 31, 2017 and 2016 , respectively) and reinsurance coverage ends at the earlier of the maturity of the underlying variable annuity policy or the reinsurance treaty. In addition, the following assumptions were used:

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

Reinsurance covering	Net amount at risk		Future claims discount rate	2017 Other assumptions	Total claims at 100% mortality at December 31, 2017 ⁽¹⁾
	December 31, 2017	December 31, 2016			
GMDB Risk Only	\$ 279	\$ 341	4.00% - 4.50%	No lapses or withdrawals Mortality according to 100% of the Annuity 2000 mortality table	\$ 189
GLB Risk Only	\$ 691	\$ 800	4.25% - 4.75%	No deaths, lapses or withdrawals Annuitization at a frequency most disadvantageous to Chubb ⁽²⁾ Claim calculated using interest rates in line with rates used to calculate reserve	N/A
Both Risks: ⁽³⁾	GMDB \$ 81	\$ 88	4.25% - 4.75%	No lapses or withdrawals Mortality according to 100% of the Annuity 2000 mortality table	\$ 18
	GLB \$ 392	\$ 464	4.25% - 4.75%	Annuitization at a frequency most disadvantageous to Chubb ⁽²⁾ Claim calculated using interest rates in line with rates used to calculate reserve	N/A

(1) Takes into account all applicable reinsurance treaty claim limits.

(2) Annuitization at a level that maximizes claims taking into account the treaty limits.

(3) Covering both the GMDB and GLB risks on the same underlying policyholders.

The average attained age of all policyholders for all risk categories above, weighted by the guaranteed value of each reinsured policy, is approximately 70 years.

6 . Goodwill and Other intangible assets

At December 31, 2017 and 2016 , Goodwill was \$ 15.5 billion and \$ 15.3 billion, respectively, and Other intangible assets were \$ 6.5 billion and \$ 6.8 billion, respectively.

a) Goodwill

The following table presents a roll-forward of Goodwill by segment:

(in millions of U.S. dollars)	North America Commercial P&C Insurance	North America Personal P&C Insurance	North America Agricultural Insurance	Overseas General Insurance	Global Reinsurance	Life Insurance	Chubb Consolidated
Balance at December 31, 2015	\$ 1,203	\$ 196	\$ 134	\$ 2,078	\$ 365	\$ 820	\$ 4,796
Acquisition of Chubb Corp	5,714	2,025	—	2,775	—	—	10,514
Foreign exchange revaluation and other	44	14	—	(36)	—	—	22
Balance at December 31, 2016	\$ 6,961	\$ 2,235	\$ 134	\$ 4,817	\$ 365	\$ 820	\$ 15,332
Foreign exchange revaluation and other	15	5	—	187	—	2	209
Balance at December 31, 2017	\$ 6,976	\$ 2,240	\$ 134	\$ 5,004	\$ 365	\$ 822	\$ 15,541

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

b) Other intangible assets

The majority of the Other intangible assets balance at December 31, 2017 relates to the Chubb Corp acquisition and comprised of \$ 3.5 billion that are subject to amortization, principally Agency distribution relationships and renewal rights, and \$ 3.0 billion that are not subject to amortization, principally trademarks. This compares to \$ 3.8 billion and \$ 3.0 billion at December 31, 2016, respectively.

Amortization of purchased intangibles

Amortization expense related to purchased intangibles amounted to \$260 million, \$ 19 million, and \$ 171 million for the years ended December 31, 2017, 2016, and 2015, respectively. The increase in amortization expense of purchased intangibles primarily 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, both related to the Chubb Corp acquisition.

The following table presents, as of December 31, 2017, the expected estimated pre-tax amortization expense (benefit) of purchased intangibles, at current foreign currency exchange rates, for the next five years:

For the Year Ending December 31 (in millions of U.S. dollars)	Associated with the Chubb Corp Acquisition			Total	Other intangible assets	Total Amortization of purchased intangibles
	Agency distribution relationships and renewal rights	Internally developed technology	Fair value adjustment on Unpaid losses and loss expense ⁽¹⁾			
2018	\$ 325	\$ 32	\$ (102)	\$ 255	\$ 83	\$ 338
2019	282	—	(63)	219	75	294
2020	241	—	(36)	205	67	272
2021	218	—	(20)	198	61	259
2022	198	—	(14)	184	57	241
Total	\$ 1,264	\$ 32	\$ (235)	\$ 1,061	\$ 343	\$ 1,404

⁽¹⁾In connection with the Chubb Corp acquisition, we recorded an increase to Unpaid losses and loss expenses acquired to adjust the carrying value of Chubb Corp's historical unpaid losses and loss expenses to fair value as of the acquisition date. This fair value adjustment amortizes through Amortization of purchased intangibles on the Consolidated statements of operations over a range of 5 to 17 years. The balance of the fair value adjustment on Unpaid losses and loss expense at December 31, 2017 was \$309 million. Refer to Note 1(h) for additional information.

c) VOBA

The following table presents a roll-forward of VOBA:

(in millions of U.S. dollars)	2017	2016	2015
Balance, beginning of year	\$ 355	\$ 395	\$ 466
Amortization of VOBA ⁽¹⁾	(35)	(41)	(42)
Foreign exchange revaluation	6	1	(29)
Balance, end of year	\$ 326	\$ 355	\$ 395

⁽¹⁾ Recognized in Policy acquisition costs in the Consolidated statements of operations.

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The following table presents, as of December 31, 2017, the expected estimated pre-tax amortization expense related to VOBA for the next five years:

For the Year Ending December 31 (in millions of U.S. dollars)		VOBA
2018	\$	32
2019		27
2020		25
2021		22
2022		20
Total	\$	126

7 . Unpaid losses and loss expenses

Chubb establishes reserves for the estimated unpaid ultimate liability for losses and loss expenses under the terms of its policies and agreements. Reserves include estimates for both claims that have been reported and for IBNR claims, and include estimates of expenses associated with processing and settling these claims. Reserves are recorded in Unpaid losses and loss expenses in the consolidated balance sheets. While we believe that our reserves for unpaid losses and loss expenses at December 31, 2017 are adequate, new information or trends may lead to future developments in incurred loss and loss expenses significantly greater or less than the reserves provided. Any such revisions could result in future changes in estimates of losses or reinsurance recoverable and would be reflected in our results of operations in the period in which the estimates are changed.

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

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Gross unpaid losses and loss expenses, beginning of year	\$ 60,540	\$ 37,303	\$ 38,315
Reinsurance recoverable on unpaid losses ⁽¹⁾	(12,708)	(10,741)	(11,307)
Net unpaid losses and loss expenses, beginning of year	47,832	26,562	27,008
Acquisition of subsidiaries	—	21,402	417
Total	47,832	47,964	27,425
Net losses and loss expenses incurred in respect of losses occurring in:			
Current year	19,391	17,256	10,030
Prior years ⁽²⁾	(937)	(1,204)	(546)
Total	18,454	16,052	9,484
Net losses and loss expenses paid in respect of losses occurring in:			
Current year	6,575	5,899	4,053
Prior years	10,873	9,816	5,612
Total	17,448	15,715	9,665
Foreign currency revaluation and other	327	(469)	(682)
Net unpaid losses and loss expenses, end of year	49,165	47,832	26,562
Reinsurance recoverable on unpaid losses ⁽¹⁾	14,014	12,708	10,741
Gross unpaid losses and loss expenses, end of year	\$ 63,179	\$ 60,540	\$ 37,303

⁽¹⁾ Net of provision for uncollectible reinsurance.

⁽²⁾ Relates to prior period loss reserve development only and excludes prior period development related to reinstatement premiums, expense adjustments, and earned premiums totaling \$108 million, \$69 million, and nil, for 2017, 2016, and 2015, respectively.

The increase in gross and net unpaid losses and loss expenses in 2017 primarily reflects the significant catastrophe events, principally from California wildfires, hurricanes Harvey, Irma, and Maria and the earthquakes in Mexico. The increase in gross

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

and net unpaid losses and loss expenses in 2016 reflects the acquisition of Chubb Corp.

The loss development tables under section c) below, present Chubb's historical incurred and paid claims development by broad product line through December 31, 2017, net of reinsurance, as well as the cumulative number of reported claims, IBNR balances, and other supplementary information.

The following table presents a reconciliation of the loss development tables to the liability for unpaid losses and loss expenses in the consolidated balance sheet:

Reconciliation of Reserve Balances to Liability for Unpaid Loss and Loss Expenses

(in millions of U.S. dollars)	December 31, 2017
<i>Presented in the loss development tables:</i>	
North America Commercial P&C Insurance — Workers' Compensation	\$ 8,873
North America Commercial P&C Insurance — Liability	16,631
North America Commercial P&C Insurance — Other Casualty	1,789
North America Commercial P&C Insurance — Non-Casualty	2,398
North America Personal P&C Insurance	2,421
Overseas General Insurance — Casualty	6,026
Overseas General Insurance — Non-Casualty	2,549
Global Reinsurance — Casualty	1,340
Global Reinsurance — Non-Casualty	371
<i>Excluded from the loss development tables:</i>	
Other	4,302
Net unpaid loss and allocated loss adjustment expense	46,700
<i>Ceded unpaid loss and allocated loss adjustment expense:</i>	
North America Commercial P&C Insurance — Workers' Compensation	\$ 1,737
North America Commercial P&C Insurance — Liability	4,133
North America Commercial P&C Insurance — Other Casualty	813
North America Commercial P&C Insurance — Non-Casualty	1,336
North America Personal P&C Insurance	503
Overseas General Insurance — Casualty	2,550
Overseas General Insurance — Non-Casualty	1,269
Global Reinsurance — Casualty	76
Global Reinsurance — Non-Casualty	142
Other	1,628
Ceded unpaid loss and allocated loss adjustment expense	14,187
Unpaid loss and loss expense on other than short-duration contracts ⁽¹⁾	810
Unpaid unallocated loss adjustment expenses	1,482
Unpaid losses and loss expenses	\$ 63,179

⁽¹⁾ Primarily includes the claims reserve of our international A&H business and Life Insurance segment reserves.

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Business excluded from the loss development tables

"Other" shown in the reconciliation table above comprises businesses excluded from the loss development tables below:

- North America Agricultural Insurance segment business, which is short-tailed with the majority of the liabilities expected to be resolved in the ensuing twelve months;
- Corporate segment business, which includes run-off liabilities such as asbestos and environmental and other mass tort exposures and which impact accident years older than those shown in the exhibits below;
- Life Insurance segment business, which is generally written using long-duration contracts; and

- Certain subsets of our business due to data limitations or unsuitability to the development table presentation, including:
 - We underwrite loss portfolio transfers at various times; by convention, all premium and losses associated with these transactions are recorded to the policy period of the transaction, even though the accident dates of the claims covered may be a decade or more in the past. We also underwrite certain high attachment, high limit, multiple-line and excess of aggregate coverages for large commercial clients. Changes in incurred loss and cash flow patterns are volatile and sufficiently different from those of typical insureds. This category includes the loss portfolio transfer of Fireman's Fund personal lines run-off liabilities and Alternative Risk Solutions business within the North America Commercial P&C segment;
 - 2015 and prior paid history on a subset of previously acquired international businesses, within the Overseas General Insurance segment, due to limitations on the data prior to the acquisition;
 - Reinsurance recoverable bad debt;
 - Purchase accounting adjustments related to unpaid losses and loss expenses for Chubb Corp.

a) Description of Reserving Methodologies

Our recorded reserves represent management's best estimate of the provision for unpaid claims as of the balance sheet date. Management's best estimate is developed after collaboration with actuarial, underwriting, claims, legal, and finance departments and culminates with the input of reserve committees. Each business unit reserve committee includes the participation of the relevant parties from actuarial, finance, claims, and unit senior management and has the responsibility for finalizing, recommending and approving the estimate to be used as management's best estimate. Reserves are further reviewed by Chubb's Chief Actuary and senior management. The objective of such a process is to determine a single estimate that we believe represents a better estimate than any other and which is viewed by management to be the best estimate of ultimate loss settlements.

This estimate is based on a combination of exposure and experience-based actuarial methods (described below) and other considerations such as claims reviews, reinsurance recovery assumptions and/or input from other knowledgeable parties such as underwriting. Exposure-based methods are most commonly used on relatively immature origin years (i.e., the year in which the losses were incurred — "accident year" or "report year"), while experience-based methods provide a view based on the projection of loss experience that has emerged as of the valuation date. Greater reliance is placed upon experience-based methods as the pool of emerging loss experience grows and where it is deemed sufficiently credible and reliable as the basis for the estimate. In comparing the held reserve for any given origin year to the actuarial projections, judgment is required as to the credibility, uncertainty and inherent limitations of applying actuarial techniques to historical data to project future loss experience. Examples of factors that impact such judgments include, but are not limited to, the following:

- nature and complexity of underlying coverage provided and net limits of exposure provided;
- segmentation of data to provide sufficient homogeneity and credibility for loss projection methods;
- extent of credible internal historical loss data and reliance upon industry information as required;
- historical variability of actual loss emergence compared with expected loss emergence;
- extent of emerged loss experience relative to the remaining expected period of loss emergence;
- rate monitor information for new and renewal business;
- facts and circumstances of large claims;
- impact of applicable reinsurance recoveries; and
- nature and extent of underlying assumptions.

We have actuarial staff within each of our business units who analyze loss reserves (including loss expenses) and regularly project estimates of ultimate losses and the corresponding indications of the required IBNR reserve. Our reserving approach is a comprehensive ground-up process using data at a detailed level that reflects the specific types and coverages of the diverse products written by our various operations. The data presented in this disclosure was prepared on a more aggregated basis and with a focus on changes in incurred loss estimates over time as well as associated cash flows. We note that data prepared on

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

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this basis may not demonstrate the full spectrum of characteristics that are evident in the more detailed level studied internally.

We perform an actuarial reserve review for each product line at least once a year. For most product lines, one or more standard actuarial reserving methods may be used to determine estimates of ultimate losses and loss expenses, and from these estimates, a single actuarial central estimate is selected. The actuarial central estimate is an input to the reserve committee process described above. For the few product lines that do not lend themselves to standard actuarial reserving methods, appropriate techniques are applied to produce the actuarial central estimates. For example, run-off asbestos and environmental liability estimates are better suited to the application of account-specific exposure-based analyses to best evaluate their associated aggregate reserve levels.

b) Standard actuarial reserving methods

Standard actuarial reserving methods include, but are not limited to, expected loss ratio, paid and reported loss development, and Bornhuetter-Ferguson methods. A general description of these methods is provided below. In addition to these standard methods, depending upon the product line characteristics and available data, we may use other recognized actuarial methods and approaches. Implicit in the standard actuarial methods that we generally utilize is the need for two fundamental assumptions: first, the pattern by which losses are expected to emerge over time for each origin year, and second the expected loss ratio for each origin year.

The expected loss ratio for any particular origin year is selected after consideration of a number of factors, including historical loss ratios adjusted for rate changes, premium and loss trends, industry benchmarks, the results of policy level loss modeling at the time of underwriting, and/or other more subjective considerations for the product line (e.g., terms and conditions) and external environment as noted above. The expected loss ratio for a given origin year is initially established at the start of the origin year as part of the planning process. This analysis is performed in conjunction with underwriters and management. The expected loss ratio method arrives at an ultimate loss estimate by multiplying the expected ultimate loss ratio by the corresponding premium base. This method is most commonly used as the basis for the actuarial central estimate for immature origin periods on product lines where the actual paid or reported loss experience is not yet deemed sufficiently credible to serve as the principal basis for the selection of ultimate losses. The expected loss ratio for a given origin year may be modified over time if the underlying assumptions differ from the original assumptions (e.g., the assessment of prior year loss ratios, loss trend, rate changes, actual claims, or other information).

Our selected paid and reported development patterns provide a benchmark against which the actual emerging loss experience can be monitored. Where possible, development patterns are selected based on historical loss emergence by origin year. For product lines where the historical data is viewed to have low statistical credibility, the selected development patterns also reflect relevant industry benchmarks and/or experience from similar product lines written elsewhere within Chubb. This most commonly occurs for relatively new product lines that have limited historical data or for high severity/low frequency portfolios where our historical experience exhibits considerable volatility and/or lacks credibility. The paid and reported loss development methods convert the selected loss emergence pattern to a set of multiplicative factors which are then applied to actual paid or reported losses to arrive at an estimate of ultimate losses for each period. Due to their multiplicative nature, the paid and reported loss development methods will leverage differences between actual and expected loss emergence. These methods tend to be utilized for more mature origin periods and for those portfolios where the loss emergence has been relatively consistent over time.

The Bornhuetter-Ferguson method is a combination of the expected loss ratio method and the loss development method, where the loss development method is given more weight as the origin year matures. This approach allows a logical transition between the expected loss ratio method which is generally utilized at earlier maturities and the loss development methods which are typically utilized at later maturities. We usually apply this method using reported loss data although paid data may also be used.

Short-tail business

Short-tail business generally describes product lines for which losses are typically known and paid shortly after the loss actually occurs. This would include, for example, most property, personal accident, and automobile physical damage policies that we write. Due to the short reporting and development pattern for these product lines, the uncertainty associated with our estimate of ultimate losses for any particular accident period diminishes relatively quickly as actual loss experience emerges. We typically assign credibility to methods that incorporate actual loss emergence, such as the paid and reported loss development and Bornhuetter-Ferguson methods, sooner than would be the case for long-tail lines at a similar stage of development for a given origin year. The reserving process for short-tail losses arising from catastrophic events typically involves an assessment by the claims department, in conjunction with underwriters and actuaries, of our exposure and estimated losses immediately following

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

an event and then subsequent revisions of the estimated losses as our insureds provide updated actual loss information.

Long-tail business

Long-tail business describes lines of business for which specific losses may not be known/reported for some period and for which claims can take significant time to settle/close. This includes most casualty lines such as general liability, D&O, and workers' compensation. There are various factors contributing to the uncertainty and volatility of long-tail business. Among these are:

- The nature and complexity of underlying coverage provided and net limits of exposure provided;
- Our historical loss data and experience is sometimes too immature and lacking in credibility to rely upon for reserving purposes. Where this is the case, in our reserve analysis we may utilize industry loss ratios or industry benchmark development patterns that we believe reflect the nature and coverage of the underwritten business and its future development, where available. For such product lines, actual loss experience may differ from industry loss statistics as well as loss experience for previous underwriting years;
- The difficulty in estimating loss trends, claims inflation (e.g., medical and judicial) and underlying economic conditions;
- The need for professional judgment to estimate loss development patterns beyond that represented by historical data using supplemental internal or industry data, extrapolation, or a blend of both;
- The need to address shifts in mix over time when applying historical paid and reported loss development patterns from older origin years to more recent origin years. For example, changes over time in the processes and procedures for establishing case reserves can distort reported loss development patterns or changes in ceded reinsurance structures by origin year can alter the development of paid and reported losses;
- Loss reserve analyses typically require loss or other data be grouped by common characteristics in some manner. If data from two combined lines of business exhibit different characteristics, such as loss payment patterns, the credibility of the reserve estimate could be affected. Additionally, since casualty lines of business can have significant intricacies in the terms and conditions afforded to the insured, there is an inherent risk as to the homogeneity of the underlying data used in performing reserve analyses; and
- The applicability of the price change data used to estimate ultimate loss ratios for most recent origin years.

As described above, various factors are considered when determining appropriate data, assumptions, and methods used to establish the loss reserve estimates for long-tail product lines. These factors may also vary by origin year for given product lines. The derivation of loss development patterns from data and the selection of a tail factor to project ultimate losses from actual loss emergence require considerable judgment, particularly with respect to the extent to which historical loss experience is relied upon to support changes in key reserving assumptions.

c) Loss Development Tables

The tables were designed to present business with similar risk characteristics which exhibit like development patterns and generally similar trends, in order to provide insight into the nature, amount, timing and uncertainty of cash flows related to our claims liabilities.

Each table follows a similar format and reflects the following:

- The incurred loss triangle includes both reported case reserves and IBNR liabilities.
- Both the incurred and paid loss triangles include allocated loss adjustment expense (i.e., defense and investigative costs particular to individual claims) but exclude unallocated loss adjustment expense (i.e., the costs associated with internal claims staff and third-party administrators).
- The amounts in both triangles for the years ended December 31, 2008, to December 31, 2016 and average historical claim duration as of December 31, 2017, are presented as supplementary information.
- All data presented in the triangles is net of reinsurance recoverables.
- The IBNR reserves shown to the right of each incurred loss development exhibit reflect the net IBNR recorded as of December 31, 2017.
- The tables are presented retrospectively with respect to acquisitions where these are material and doing so is practicable. Most notably, the Chubb Corp acquisition is presented retrospectively. The unaudited consolidated data is presented solely for informational purposes and is not necessarily indicative of the consolidated data that might have been observed had the transactions been completed prior to the date indicated.

Historical dollar amounts are presented in this footnote on a constant-currency basis, which is achieved by assuming constant foreign exchange rates for all periods in the loss triangles, translating prior period amounts using the same local currency

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Chubb Limited and Subsidiaries

exchange rates as the current year end. The impact of this conversion is to show the change between periods exclusive of the effect of fluctuations in exchange rates, which would otherwise distort the change in incurred loss and cash flow patterns shown. The change in incurred loss shown will differ from other U.S. GAAP disclosures of incurred prior period reserve development amounts, which include the effect of fluctuations in exchanges rates.

We provided guidance above on key assumptions that should be considered when reviewing this disclosure and information relating to how loss reserve estimates are developed. We believe the information provided in the "Loss Development Tables" section of the disclosure is of limited use for independent analysis or application of standard actuarial estimations.

Cumulative Number of Reported Claims

Reported claim counts, on a cumulative basis, are provided to the far right of each paid loss development table. We generally consider a reported claim to be one claim per coverage per claimant. We exclude claims closed without payment. Use of the presented claim counts in analysis of company experience has significant limitations, including:

- High deductible workers' compensation claim counts include claims below the applicable policy deductible.
- Professional liability and certain other lines have a high proportion of claims reported which will be closed without any payment; shifts in total reported counts may not meaningfully impact reported and ultimate loss experience.
- Claims for certain events and/or product lines, such as portions of assumed reinsurance and A&H business, are not reported on an individual basis, but rather in bulk and thus not available for inclusion in this disclosure. For certain A&H business, where bulk reporting affected only the oldest few accident years, presented claim counts for these years were estimated.
- Each of the segments below typically has a mixture of primary and excess experience which has shifted over time.

Reported claim counts include open claims which have case reserves and exclude claims that have been incurred but not reported. As such the reported claims are consistent with reported losses, which can be calculated by subtracting incurred but not reported losses from incurred losses. Reported claim counts are inconsistent with losses in the incurred loss triangle, which include incurred but not reported losses, and are also inconsistent with losses in the paid loss triangle, which exclude case reserves.

North America Commercial P&C Insurance — Workers' Compensation — Long-tail

During the year ended December 31, 2017, we refined our loss development groupings based on the similarity of loss payout characteristics. The new groupings were applied consistently to all years presented.

This product line has a substantial geographic spread and a broad mix across industries. Types of coverage include risk management business predominantly with high deductible policies, loss sensitive business (i.e., retrospectively-rated policies), business fronted for captives, as well as excess and primary guaranteed cost coverages.

The triangle below shows all loss and allocated expense development for the workers' compensation product line. In our prior period development disclosure, we exclude any loss development where there is a directly related premium adjustment. For workers' compensation, changes in the exposure base due to payroll audits will drive changes in ultimate losses. In addition, we record involuntary pool assumptions (premiums and losses) on a lagged basis. Both of these items will influence the development in the triangle, particularly the first prior accident year, and are included in the reconciliation table presented on page F-65.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Workers' Compensation — Long-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31										December 31 2017
(in millions of U.S. dollars)		Unaudited										Net IBNR Reserves
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 1,084	\$ 1,042	\$ 1,043	\$ 1,037	\$ 1,036	\$ 1,010	\$ 1,009	\$ 1,004	\$ 986	\$ 993	\$ 214	
2009		1,029	998	997	990	980	977	966	972	965	233	
2010			1,049	1,037	1,050	1,065	1,064	1,052	1,028	1,020	262	
2011				1,037	1,030	1,046	1,049	1,053	1,022	1,012	294	
2012					1,050	1,011	1,030	1,040	1,011	989	326	
2013						1,109	1,108	1,122	1,127	1,085	368	
2014							1,207	1,201	1,217	1,214	553	
2015								1,282	1,259	1,271	631	
2016									1,367	1,367	806	
2017										1,411	1,080	
Total										\$ 11,327		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31										December 31 2017
(in millions of U.S. dollars)		Unaudited										Reported Claims (in thousands)
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 124	\$ 275	\$ 371	\$ 439	\$ 503	\$ 546	\$ 578	\$ 607	\$ 632	\$ 651	333	
2009		107	258	348	416	475	519	550	597	617	282	
2010			123	300	411	493	551	592	617	641	304	
2011				119	294	411	484	533	567	595	287	
2012					111	271	365	436	486	532	288	
2013						107	286	422	506	553	300	
2014							113	295	410	484	337	
2015								116	301	418	339	
2016									122	326	310	
2017										120	307	
Total										\$ 4,937		

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2017
Accident years prior to 2008	\$ 2,483
All Accident years	\$ 8,873

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2017
Accident years prior to 2008	\$ (35)
All Accident years	\$ (108)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Workers' Compensation — Long-tail (continued)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	10%	16%	10%	7%	5%	4%	3%	3%	2%	2%

North America Commercial P&C Insurance — Liability — Long-tail

During the year ended December 31, 2017, we refined our loss development groupings based on the similarity of loss payout characteristics. The new groupings were applied consistently to all years presented.

This line consists of primary and excess liability exposures, including medical liability, and professional lines, including directors and officers (D&O) liability, errors and omissions (E&O) liability, employment practices liability (EPL), fidelity bonds, and fiduciary liability.

The primary and excess liability business represents the largest part of these exposures. The former includes both monoline and commercial package liability. The latter includes a substantial proportion of commercial umbrella, excess and high excess business, where loss activity can produce significant volatility in the loss triangles at later ages within an accident year (and sometimes across years) due to the size of the limits afforded and the complex nature of the underlying losses.

This line includes management and professional liability products provided to a wide variety of clients, from national accounts to small firms along with private and not-for-profit organizations, distributed through brokers, agents, wholesalers and MGAs. Many of these coverages, particularly D&O and E&O, are typically written on a claims-made form. While most of the coverages are underwritten on a primary basis, there are significant amounts of excess exposure with large policy limits.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										December 31 2017
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Net IBNR Reserves 2017
(in millions of U.S. dollars)	Unaudited										
2008	\$ 3,792	\$ 3,823	\$ 3,812	\$ 3,791	\$ 3,652	\$ 3,412	\$ 3,352	\$ 3,278	\$ 3,174	\$ 3,157	\$ 245
2009		3,798	3,783	3,770	3,743	3,642	3,392	3,316	3,244	3,103	250
2010			3,578	3,583	3,601	3,559	3,419	3,250	3,128	3,107	423
2011				3,500	3,585	3,629	3,664	3,593	3,498	3,383	589
2012					3,552	3,628	3,613	3,564	3,524	3,426	856
2013						3,546	3,541	3,542	3,532	3,430	1,090
2014							3,535	3,585	3,674	3,717	1,526
2015								3,559	3,708	3,818	1,941
2016									3,533	3,594	2,381
2017										3,386	2,994
Total										\$ 34,121	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Liability — Long-tail (continued)

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

											Years Ended December 31	December 31 2017
											Unaudited	Reported Claims (in thousands)
(in millions of U.S. dollars)												
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 147	\$ 580	\$ 1,110	\$ 1,643	\$ 1,992	\$ 2,323	\$ 2,558	\$ 2,657	\$ 2,753	\$ 2,836	21	
2009		135	587	1,160	1,672	2,019	2,357	2,545	2,678	2,730	21	
2010			126	611	1,108	1,559	1,893	2,259	2,426	2,527	20	
2011				160	652	1,209	1,805	2,214	2,476	2,659	20	
2012					166	656	1,172	1,680	2,092	2,326	20	
2013						130	548	1,192	1,597	2,007	20	
2014							164	679	1,250	1,804	21	
2015								138	605	1,206	23	
2016									171	663	24	
2017										161	19	
Total										\$ 18,919		

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)		December 31, 2017
Accident years prior to 2008		\$ 1,429
All Accident years		\$ 16,631

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)		December 31, 2017
Accident years prior to 2008		\$ (154)
All Accident years		\$ (434)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	4%	14%	17%	15%	12%	9%	6%	4%	2%	3%

North America Commercial P&C Insurance — Other Casualty — Long-tail

During the year ended December 31, 2017, we refined our loss development groupings based on the similarity of loss payout characteristics. The new groupings were applied consistently to all years presented.

This product line consists of the remaining commercial casualty coverages such as automobile liability and aviation. There is also a small portion of commercial multi-peril (CMP) business in accident years 2014 and prior. The paid and reported data are impacted by some catastrophe loss activity primarily on the CMP exposures just noted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Other-Casualty — Long-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31										December 31 2017
(in millions of U.S. dollars)		Unaudited										Net IBNR Reserves
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 693	\$ 733	\$ 700	\$ 661	\$ 644	\$ 647	\$ 643	\$ 646	\$ 641	\$ 637	\$ 13	
2009		594	584	550	531	488	454	447	445	441	2	
2010			610	604	598	543	503	475	477	489	33	
2011				577	586	578	545	530	521	513	33	
2012					632	604	575	559	518	517	27	
2013						526	530	522	515	468	60	
2014							592	581	579	594	147	
2015								486	469	501	191	
2016									503	494	249	
2017										531	387	
Total										\$ 5,185		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31										December 31 2017
(in millions of U.S. dollars)		Unaudited										Reported Claims (in thousands)
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 144	\$ 342	\$ 446	\$ 520	\$ 566	\$ 591	\$ 602	\$ 610	\$ 618	\$ 617	20	
2009		70	206	287	337	374	402	414	423	428	15	
2010			97	236	322	364	392	434	444	449	15	
2011				86	235	341	400	437	461	466	16	
2012					69	223	319	386	435	470	16	
2013						69	197	271	348	385	18	
2014							80	220	317	391	17	
2015								47	137	215	15	
2016									52	146	15	
2017										66	13	
Total										\$ 3,633		

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2017
Accident years prior to 2008	\$ 237
All Accident years	\$ 1,789

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2017
Accident years prior to 2008	\$ 14
All Accident years	\$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Other-Casualty — Long-tail (continued)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	15%	26%	17%	12%	8%	6%	2%	1%	1%	—%

North America Commercial P&C Insurance — Non-Casualty — Short-tail

During the year ended December 31, 2017, we refined our loss development groupings based on the similarity of loss payout characteristics. The new groupings were applied consistently to all years presented.

This product line represents first party commercial product lines that are short-tailed in nature, such as property, inland marine, ocean marine, surety and A&H. There is a wide diversity of products, primary and excess coverages, and policy sizes. During this ten-year period, this product line was also impacted by natural catastrophes mainly in the 2008, 2012, and 2017 accident years.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										December 31 2017
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Net IBNR Reserves
(in millions of U.S. dollars)											
Unaudited											
2008	\$ 1,999	\$ 1,941	\$ 1,916	\$ 1,901	\$ 1,890	\$ 1,881	\$ 1,877	\$ 1,865	\$ 1,863	\$ 1,859	\$ 5
2009		1,310	1,307	1,251	1,222	1,205	1,198	1,198	1,195	1,194	9
2010			1,507	1,543	1,466	1,430	1,428	1,420	1,416	1,410	9
2011				1,963	1,938	1,881	1,859	1,839	1,843	1,838	15
2012					2,034	1,918	1,884	1,866	1,861	1,848	11
2013						1,434	1,424	1,337	1,360	1,340	18
2014							1,647	1,663	1,581	1,561	29
2015								1,737	1,746	1,650	83
2016									1,911	1,888	168
2017										2,641	1,089
Total										\$ 17,229	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Commercial P&C Insurance — Non-Casualty — Short-tail (continued)

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31										December 31 2017
		Unaudited										Reported Claims (in thousands)
(in millions of U.S. dollars)												
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 965	\$ 1,622	\$ 1,744	\$ 1,794	\$ 1,823	\$ 1,832	\$ 1,838	\$ 1,847	\$ 1,848	\$ 1,851	999	
2009		620	1,035	1,125	1,149	1,163	1,171	1,179	1,181	1,181	1,125	
2010			724	1,223	1,323	1,359	1,384	1,393	1,396	1,397	1,059	
2011				939	1,573	1,718	1,777	1,787	1,811	1,816	1,053	
2012					715	1,577	1,698	1,766	1,795	1,822	1,037	
2013						651	1,138	1,237	1,285	1,311	1,074	
2014							820	1,373	1,484	1,505	1,102	
2015								726	1,343	1,488	1,173	
2016									846	1,504	1,293	
2017										979	1,175	
Total										\$ 14,854		

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2017
Accident years prior to 2008	\$ 23
All Accident years	\$ 2,398

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2017
Accident years prior to 2008	\$ —
All Accident years	\$ (188)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	46%	37%	7%	3%	1%	1%	—%	—%	—%	—%

North America Personal P&C Insurance — Short-tail

Chubb provides personal lines coverages for high-net-worth individuals and families in North America including homeowners, automobile, valuable articles (including fine art), umbrella liability, and recreational marine insurance offered through independent regional agents and brokers. A portfolio acquired from Fireman's Fund is presented on a prospective basis beginning in May of accident year 2015. Reserves associated with prior accident periods were acquired through a loss portfolio transfer, which does not allow for a retrospective presentation. During this ten-year period, this segment was also impacted by natural catastrophes, mainly in 2008, 2012, and 2017 accident years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Personal P&C Insurance — Short-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31									December 31 2017
(in millions of U.S. dollars)		Unaudited									Net IBNR Reserves
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
2008	\$ 1,779	\$ 1,779	\$ 1,749	\$ 1,724	\$ 1,695	\$ 1,677	\$ 1,670	\$ 1,661	\$ 1,661	\$ 1,659	\$ 5
2009		1,611	1,598	1,568	1,554	1,545	1,538	1,538	1,534	1,533	7
2010			1,870	1,878	1,855	1,838	1,834	1,830	1,825	1,822	9
2011				2,208	2,210	2,185	2,173	2,164	2,160	2,159	13
2012					2,185	2,183	2,183	2,191	2,185	2,186	9
2013						1,860	1,888	1,896	1,899	1,924	41
2014							2,205	2,206	2,192	2,145	29
2015								2,494	2,549	2,560	126
2016									2,439	2,542	248
2017										3,034	725
Total										\$ 21,564	

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31									December 31 2017
(in millions of U.S. dollars)		Unaudited									Reported Claims (in thousands)
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
2008	\$ 975	\$ 1,409	\$ 1,521	\$ 1,586	\$ 1,622	\$ 1,638	\$ 1,644	\$ 1,647	\$ 1,651	\$ 1,651	139
2009		887	1,236	1,347	1,439	1,486	1,503	1,513	1,521	1,523	125
2010			1,153	1,522	1,670	1,729	1,772	1,793	1,805	1,811	149
2011				1,360	1,835	1,971	2,051	2,105	2,129	2,138	168
2012					1,176	1,806	1,957	2,063	2,117	2,149	173
2013						1,043	1,504	1,687	1,786	1,843	126
2014							1,310	1,764	1,925	2,034	135
2015								1,499	2,083	2,270	139
2016									1,453	2,051	140
2017										1,698	123
Total										\$ 19,168	

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)		December 31, 2017
Accident years prior to 2008		\$ 25
All Accident years		\$ 2,421

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)		December 31, 2017
Accident years prior to 2008		\$ (10)
All Accident years		\$ 76

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

North America Personal P&C Insurance — Short-tail (continued)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	58%	24%	7%	5%	3%	1%	1%	—%	—%	—%

Overseas General Insurance — Casualty — Long-tail

During the year ended December 31, 2017, we refined our loss development groupings based on the similarity of loss payout characteristics. The new groupings were applied consistently to all years presented.

This product line is comprised of D&O liability, E&O liability, financial institutions (including crime/fidelity coverages), and non-U.S. general liability as well as aviation and political risk. Exposures are located around the world, including Europe, Latin America, and Asia. Approximately 40 percent of Chubb International's business is generated by European accounts.

There is some U.S. exposure in Casualty from multinational accounts. The financial lines coverages are typically written on a claims-made form, while general liability coverages are typically on an occurrence basis and comprised of a mix of primary and excess businesses.

Net Incurred Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)		Years Ended December 31										December 31 2017	
		Unaudited										Net IBNR Reserves	
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	2017	
2008	\$ 1,220	\$ 1,334	\$ 1,423	\$ 1,444	\$ 1,453	\$ 1,408	\$ 1,336	\$ 1,315	\$ 1,330	\$ 1,281	\$ 81		
2009		1,284	1,425	1,474	1,485	1,482	1,365	1,257	1,256	1,202	76		
2010			1,231	1,311	1,358	1,430	1,365	1,312	1,183	1,178	97		
2011				1,272	1,277	1,270	1,262	1,176	1,109	1,094	157		
2012					1,311	1,281	1,348	1,367	1,363	1,345	279		
2013						1,289	1,284	1,284	1,330	1,270	314		
2014							1,295	1,366	1,377	1,388	506		
2015								1,223	1,324	1,353	542		
2016									1,227	1,333	749		
2017										1,229	968		
Total										\$ 12,673			

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Overseas General Insurance — Casualty — Long-tail (continued)

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31										December 31 2017
		Unaudited										Reported Claims (in thousands)
(in millions of U.S. dollars)												
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 121	\$ 306	\$ 472	\$ 642	\$ 790	\$ 895	\$ 971	\$ 1,029	\$ 1,083	\$ 1,116	39	
2009		123	341	524	667	763	824	896	993	1,020	39	
2010			109	277	481	629	740	831	883	938	41	
2011				91	250	400	534	638	719	795	42	
2012					77	254	443	598	714	856	42	
2013						90	272	432	584	727	42	
2014							117	299	481	614	43	
2015								92	296	504	45	
2016									127	328	45	
2017										99	34	
Total										\$ 6,997		

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)	December 31, 2017
Accident years prior to 2008	\$ 350
All Accident years	\$ 6,026

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)	December 31, 2017
Accident years prior to 2008	\$ (13)
All Accident years	\$ (68)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	8%	15%	14%	12%	10%	8%	6%	6%	3%	3%

Overseas General Insurance — Non-Casualty — Short-tail

During the year ended December 31, 2017, we refined our loss development groupings based on the similarity of loss payout characteristics. The new groupings were applied consistently to all years presented. In addition, the Overseas General segment disclosure has been enhanced to include some previously excluded international business as data became available. This includes historical experience for most acquisitions. The added business is principally Non-Casualty; personal automobile, property and surety lines in Latin America and Asia Pacific regions.

This product line is comprised of commercial fire, marine (predominantly cargo), surety, personal automobile (in Latin America, Asia Pacific and Japan), personal cell phones, personal residential (including high net worth), energy and construction. Latin America and Europe each make up about 35 percent of the Chubb International non-casualty book. In general, these lines have relatively stable payment and reporting patterns although they are impacted by natural catastrophes mainly in the 2008, 2010, 2011, and 2017 accident years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Overseas General Insurance — Non-Casualty — Short-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31										December 31 2017
		Unaudited										Net IBNR Reserves
(in millions of U.S. dollars)												
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 1,609	\$ 1,608	\$ 1,563	\$ 1,547	\$ 1,553	\$ 1,527	\$ 1,524	\$ 1,519	\$ 1,508	\$ 1,504	\$ 25	
2009		1,564	1,534	1,446	1,415	1,395	1,377	1,377	1,366	1,366	3	
2010			1,713	1,734	1,705	1,693	1,687	1,673	1,660	1,643	13	
2011				1,950	2,035	1,978	1,939	1,920	1,908	1,901	7	
2012					1,775	1,764	1,723	1,667	1,661	1,650	34	
2013						1,868	1,859	1,787	1,739	1,730	62	
2014							1,975	2,048	1,985	1,959	72	
2015								2,111	2,243	2,195	157	
2016									2,164	2,148	19	
2017										2,349	307	
Total										\$ 18,445		

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

		Years Ended December 31										December 31 2017
		Unaudited										Reported Claims (in thousands)
(in millions of U.S. dollars)												
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 646	\$ 1,218	\$ 1,360	\$ 1,428	\$ 1,451	\$ 1,461	\$ 1,469	\$ 1,477	\$ 1,477	\$ 1,484	539	
2009		602	1,095	1,233	1,300	1,324	1,335	1,341	1,344	1,343	518	
2010			698	1,276	1,480	1,543	1,583	1,596	1,603	1,604	561	
2011				793	1,520	1,728	1,786	1,817	1,832	1,841	579	
2012					716	1,284	1,479	1,539	1,562	1,572	600	
2013						738	1,340	1,541	1,574	1,612	622	
2014							800	1,497	1,715	1,782	594	
2015								901	1,638	1,873	627	
2016									1,083	1,752	637	
2017										1,098	616	
Total										\$ 15,961		

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)		December 31, 2017
Accident years prior to 2008		\$ 65
All Accident years		\$ 2,549

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)		December 31, 2017
Accident years prior to 2008		\$ (3)
All Accident years		\$ (141)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Overseas General Insurance — Non-Casualty — Short-tail (continued)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	44%	35%	11%	4%	2%	1%	—%	—%	—%	—%

Global Reinsurance

Chubb analyzes its Global Reinsurance business on a treaty year basis rather than on an accident year basis. Treaty year data was converted to an accident year basis for the purposes of this disclosure. Mix shifts are an important consideration in these product line groupings. As proportional business and excess of loss business have different earning and loss reporting and payment patterns, this change in mix will affect the cash flow patterns across the accident years. In addition, the shift from excess to proportional business over time will make the cash flow patterns of older and more recent years difficult to compare. In general, the proportional business will pay out more quickly than the excess of loss business, as such, using older years development patterns may overstate the ultimate loss estimates in more recent years.

Global Reinsurance — Casualty — Long-tail

During the year ended December 31, 2017, we refined our loss development groupings based on the similarity of loss payout characteristics. The new groupings were applied consistently to all years presented.

This product line includes proportional and excess coverages in general, automobile liability, professional liability, medical malpractice, workers' compensation and aviation, with exposures located around the world. In general, reinsurance exhibits less stable development patterns than primary business. In particular general casualty reinsurance and excess coverages are long-tailed and can be very volatile.

Net Incurred Loss and Allocated Loss Adjustment Expenses

Accident Year	Years Ended December 31										December 31 2017	
	Unaudited										Net IBNR Reserves	
(in millions of U.S. dollars)												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	2017
2008	\$ 399	\$ 420	\$ 439	\$ 431	\$ 428	\$ 407	\$ 408	\$ 404	\$ 401	\$ 399	\$ 48	
2009		319	351	363	370	366	347	331	320	316	24	
2010			401	421	432	443	432	426	416	402	55	
2011				409	416	431	434	429	419	415	45	
2012					387	383	391	394	379	372	23	
2013						321	327	330	330	331	41	
2014							333	334	340	343	46	
2015								285	289	300	47	
2016									224	228	63	
2017										214	121	
Total										\$ 3,320		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Global Reinsurance — Casualty — Long-tail (continued)

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

											Years Ended December 31	December 31 2017
											Unaudited	Reported Claims (in thousands)
(in millions of U.S. dollars)												
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017	
2008	\$ 33	\$ 77	\$ 131	\$ 176	\$ 220	\$ 253	\$ 277	\$ 295	\$ 305	\$ 315	1,209	
2009		34	79	116	154	187	209	227	241	256	868	
2010			56	125	179	221	249	274	292	307	795	
2011				70	146	195	236	267	291	311	660	
2012					77	167	222	261	292	308	472	
2013						65	143	186	222	242	337	
2014							92	185	218	249	400	
2015								90	159	191	304	
2016									57	113	258	
2017										47	88	
Total										\$ 2,339		

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)		December 31, 2017
Accident years prior to 2008		\$ 359
All Accident years		\$ 1,340

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)		December 31, 2017
Accident years prior to 2008		\$ (60)
All Accident years		\$ (72)

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	19%	20%	12%	11%	8%	6%	5%	4%	4%	3%

Global Reinsurance — Non-Casualty — Short-tail

During the year ended December 31, 2017, we refined our loss development groupings based on the similarity of loss payout characteristics. The new groupings were applied consistently to all years presented.

This product line includes property, property catastrophe, marine, credit/surety, A&H and energy. This product line is impacted by natural catastrophes, particularly in the 2008, 2011 and 2017 years. Of the non-catastrophe book, the mixture of business varies by year with approximately 72 percent of loss on proportional treaties in Treaty Year 2008 and after. This percentage has increased over time with the proportion being approximately 60 percent from 2008 to 2012 growing to an average of 84 percent from 2013 to 2017, with the remainder being written on an excess of loss basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Global Reinsurance — Non-Casualty — Short-tail (continued)

Net Incurred Loss and Allocated Loss Adjustment Expenses

Years Ended December 31

(in millions of U.S. dollars)												December 31 2017	
Unaudited												Net IBNR Reserves	
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		2017	
2008	\$ 316	\$ 310	\$ 301	\$ 292	\$ 286	\$ 286	\$ 287	\$ 284	\$ 285	\$ 286	\$	2	
2009		141	172	152	150	144	141	139	139	139		3	
2010			200	235	224	218	222	224	225	225		5	
2011				274	275	272	262	263	264	264		1	
2012					232	210	200	191	189	187		2	
2013						163	160	149	143	144		5	
2014							163	179	179	182		9	
2015								146	154	161		8	
2016									182	188		17	
2017										396		82	
Total										\$ 2,172			

Net Cumulative Paid Loss and Allocated Loss Adjustment Expenses

Years Ended December 31

(in millions of U.S. dollars)												December 31 2017	
Unaudited												Reported Claims (in thousands)	
Accident Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		2017	
2008	\$ 79	\$ 177	\$ 228	\$ 260	\$ 274	\$ 276	\$ 278	\$ 280	\$ 280	\$ 280	\$	0.179	
2009		52	106	122	129	132	134	134	134	134		0.114	
2010			56	162	188	200	205	216	214	217		0.101	
2011				85	176	207	232	251	255	258		0.128	
2012					44	129	156	166	172	177		0.113	
2013						46	103	121	131	133		0.119	
2014							65	128	151	162		0.100	
2015								56	103	132		0.110	
2016									57	132		0.168	
2017										191		0.205	
Total										\$ 1,816			

Net Liabilities for Loss and Allocated Loss Adjustment Expenses

(in millions of U.S. dollars)

December 31, 2017

Accident years prior to 2008	\$	15
All Accident years	\$	371

Supplementary Information: (Favorable)/ Adverse Prior Period Development

(in millions of U.S. dollars)

December 31, 2017

Accident years prior to 2008	\$	—
All Accident years	\$	16

Supplementary Information: Average Annual Percentage Payout of Net Incurred Claims by Age, as of December 31, 2017

Age in Years	1	2	3	4	5	6	7	8	9	10
Percentage	34%	38%	14%	7%	4%	2%	—%	1%	—%	—%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Prior Period Development — Supplementary Information

The following table presents a reconciliation of the loss development triangles above to prior period development:

Year Ended December 31, 2017 (in millions of U.S. dollars)	Components of PPD					
	2008 - 2016 accident years (implied PPD per loss triangles)	Accident years prior to 2008	Other ⁽¹⁾	PPD on loss reserves	RIPs, Expense adjustments, and earned premiums	Total
(favorable)/unfavorable						
North America Commercial P&C Insurance						
Long-tail	\$ (367)	\$ (175)	\$ (76)	\$ (618)	\$ 56	\$ (562)
Short-tail	(188)	—	3	(185)	1	(184)
	(555)	(175)	(73) ⁽²⁾	(803)	57	(746)
North America Personal P&C Insurance (Short-tail)						
	86	(10)	(7)	69	—	69
Overseas General Insurance						
Long-tail	(55)	(13)	(3)	(71)	—	(71)
Short-tail	(138)	(3)	(40)	(181)	—	(181)
	(193)	(16)	(43) ⁽³⁾	(252)	—	(252)
Global Reinsurance						
Long-tail	(12)	(60)	1	(71)	3	(68)
Short-tail	16	—	—	16	(7)	9
	4	(60)	1	(55)	(4)	(59)
Subtotal	\$ (658)	\$ (261)	\$ (122)	\$ (1,041)	\$ 53	\$ (988)
North America Agricultural Insurance (Short-tail)				\$ (174)	\$ 55	\$ (119)
Corporate (Long-tail)				278	—	278
Consolidated PPD				\$ (937)	\$ 108	\$ (829)

⁽¹⁾ Other includes the impact of foreign exchange.

⁽²⁾ Includes favorable development of \$55 million related to our Alternative Risk Solutions business; the remaining difference relates to a number of other items, none of which are individually material.

⁽³⁾ Includes favorable development of \$35 million related to International A&H business, the remaining difference relates to a number of other items, none of which are individually material.

Prior Period Development

The following table summarizes (favorable) and adverse prior period development (PPD) by segment. 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. In 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. We also determined that the loss development for certain other businesses should be reclassified from long-tail to short-tail. We updated our 2016 and 2015 amounts below to conform to the current year presentation and reclassified \$101 million and \$46 million, respectively, of net favorable development into long-tail from short-tail. These changes to the previously disclosed amounts have no impact to our financial condition and results of operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Years Ended December 31 (in millions of U.S. dollars, except for percentages)	Long-tail	Short-tail	Total	% of beginning net unpaid reserves ⁽¹⁾
2017				
North America Commercial P&C Insurance	\$ (562)	\$ (184)	\$ (746)	1.6%
North America Personal P&C Insurance	—	69	69	0.1%
North America Agricultural Insurance	—	(119)	(119)	0.2%
Overseas General Insurance	(71)	(181)	(252)	0.5%
Global Reinsurance	(68)	9	(59)	0.1%
Corporate	278	—	278	0.6%
Total	\$ (423)	\$ (406)	\$ (829)	1.7%
2016				
North America Commercial P&C Insurance	\$ (693)	\$ (85)	\$ (778)	1.6%
North America Personal P&C Insurance	—	27	27	0.1%
North America Agricultural Insurance	—	(72)	(72)	0.2%
Overseas General Insurance	(236)	(187)	(423)	0.9%
Global Reinsurance	(77)	(1)	(78)	0.2%
Corporate	189	—	189	0.4%
Total	\$ (817)	\$ (318)	\$ (1,135)	2.4%
2015				
North America Commercial P&C Insurance	\$ (162)	\$ (102)	\$ (264)	1.0%
North America Personal P&C Insurance	—	25	25	0.1%
North America Agricultural Insurance	—	(45)	(45)	0.1%
Overseas General Insurance	(192)	(151)	(343)	1.3%
Global Reinsurance	(109)	(10)	(119)	0.4%
Corporate	200	—	200	0.7%
Total	\$ (263)	\$ (283)	\$ (546)	2.0%

⁽¹⁾ Calculated based on the beginning of period consolidated net unpaid losses and loss expenses. For 2016, the percent of beginning net unpaid reserves is calculated inclusive of the net unpaid losses and loss expenses acquired in the Chubb Corp acquisition of \$21.4 billion.

North America Commercial P&C Insurance

2017

North America Commercial P&C Insurance experienced net favorable PPD of \$746 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 \$562 million in long-tail business, primarily from:
 - Net favorable development of \$184 million in our commercial excess and umbrella portfolios, primarily in accident years 2011 and prior, driven by lower than expected case activity and an increase in weighting towards experience-based methods. Large loss activity in accident year 2015 led to adverse development in that year, partially offsetting the favorable development in the older years;
 - Net favorable development of \$181 million in our management liability portfolios, favorably impacting accident years 2012 and prior where paid and reported loss activity was lower than expected, partially offset by adverse development in accident years 2014 through 2016, mostly as a result of higher severity claim costs compared to prior expectations in certain lines or coverages;
 - Net favorable development of \$123 million in our workers' compensation businesses (including excess workers' compensation) with favorable development of \$57 million in the 2016 accident year related to our annual assessment of multi-claimant events including industrial accidents. Consistent with prior years, we reviewed these potential exposures after the close of the accident year to allow for late reporting or identification of significant losses. Net favorable development of \$65 million was principally due to lower than expected loss experience and updates to development patterns used in our loss projection methods, mainly impacting accident years 2013 and prior, and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

partially offset by smaller adverse development in the more recent prior accident years;

- Net favorable development of \$32 million in our professional Errors and Omissions (E&O) portfolios, primarily in the 2012 and 2013 accident years, arising from lower than expected reported loss activity, partially offset by claim-specific adverse development in other years;
- Net favorable development of \$28 million on several large multi-line prospective deals primarily impacting the 2012 and 2013 accident years, due to lower than expected reported loss activity. These structured deals typically cover large clients for multiple product lines and with varying loss limitations; this development is net of premium adjustments of \$26 million tied to the loss performance of the particular deals;
- Net favorable development of \$21 million in our political risk portfolio, primarily impacting the 2013 accident year, principally due to reported experience below expectations and an increase in weighting towards experience-based methods; and
- Net adverse development of \$21 million in our auto liability lines, primarily in the 2012 through 2015 accident years, driven by higher than expected paid and reported experience.
- Net favorable development of \$184 million in short-tail business, primarily from:
 - Net favorable development of \$98 million in our property and inland marine portfolios, impacting the 2012 through 2016 accident years, resulting from lower than expected loss emergence;
 - 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 \$20 million in our accident & health (A&H) business, primarily due to lower than expected loss emergence in the 2015 and 2016 accident years.

2016

North America Commercial P&C Insurance experienced net favorable PPD of \$778 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 \$693 million in long-tail business, primarily from:
 - Net favorable development of \$264 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; in general, the severity of claims has been less than expected;
 - Net favorable development of \$220 million in our management liability portfolios, where paid and reported loss activity was lower than expected. The majority of this favorable activity impacted accident years 2011 and prior. Partially offsetting this were smaller amounts of adverse development in the more recent accident years, mostly as a result of higher severity claim costs compared to prior expectations in some lines;
 - Net favorable development of \$141 million in our workers' compensation lines with favorable development of \$40 million in the 2015 accident year related to our annual assessment of multi-claimant events including industrial accidents. Favorable development of \$92 million driven by accident years 2012 and prior was principally due to lower than expected loss experience and revision to the basis for selecting development patterns used in our loss projection methods for select portfolios;
 - Favorable development of \$58 million in our professional Errors & Omission (E&O) portfolios, primarily impacting the 2012 and prior accident years and arising from both lower than expected reported loss activity and re-assessments of remaining claim-specific liabilities for the older accident years; and
 - Net favorable development of \$21 million in our political risk business, mainly due to favorable claim emergence in the 2012 accident year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- Net favorable development of \$85 million in short-tail business, primarily from our property and inland marine portfolios, impacting the 2014 and 2015 accident years, resulting from lower than expected loss emergence.

2015

North America Commercial P&C Insurance experienced net favorable PPD of \$264 million, representing 1.0 percent of the beginning consolidated net unpaid losses and loss expense reserves.

North America Personal P&C Insurance

2017

North America Personal P&C Insurance incurred net adverse PPD of \$69 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 \$105 million in our homeowners lines, primarily impacting the 2013 and 2016 accident years, due to higher than expected loss severity; and
- Net favorable development of \$58 million in our personal excess lines primarily impacting the 2014 accident year, due to lower than expected loss experience and an increased weighting towards experience-based methods.

2016

North America Personal P&C Insurance incurred net adverse PPD of \$27 million, in our homeowners and umbrella lines due to higher than expected loss emergence. Average loss severities were higher than expected, and to a lesser degree, reinsurance and other recoveries were lower than expected.

2015

North America Personal P&C Insurance incurred net adverse PPD of \$25 million, representing 0.1 percent of the beginning consolidated net unpaid losses and loss expense reserves.

North America Agricultural Insurance

North America Agricultural Insurance experienced net favorable development of \$119 million, \$72 million, and \$45 million in 2017, 2016, and 2015, 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., 2017 results based on crop yield results at year-end 2016).

Overseas General Insurance

2017

Overseas General Insurance experienced net favorable PPD of \$252 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 \$71 million in long-tail business, primarily from:
 - Net favorable development of \$34 million in financial lines, with favorable development of \$124 million in accident years 2013 and prior, resulting from lower than expected loss emergence including favorable development on specific, litigated claims, partially offset by adverse development of \$90 million in accident years 2014 through 2016, primarily due to large loss experience in specific Directors and Officers (D&O) portfolios within the U.K., Continental Europe, and Australia and Financial Institutions lines in the U.K. and Continental Europe; and
 - Net favorable development of \$10 million in casualty lines, with favorable development of \$69 million in accident years 2013 and prior, resulting from lower than expected loss emergence, partially offset by adverse development of \$32 million driven by a change in the discount rate in the U.K. (Ogden rate) impacting the 2016 and prior accident years and adverse development of \$27 million in accident years 2014 to 2016, primarily due to large loss experience in U.K. excess lines and wholesale business.
- Net favorable development of \$181 million in short-tail business, primarily from:
 - Net favorable development of \$48 million in A&H lines, primarily from favorable loss emergence in Asia Pacific and Continental Europe in accident years 2014 through 2016;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- Net favorable development of \$43 million in technical and energy lines, primarily from favorable loss emergence in accident years 2014 through 2016 primarily in offshore and power generation where experience has been better than expected;
- Favorable development of \$42 million in marine, primarily in accident years 2015 and 2016, driven mainly by favorable cargo loss emergence, including favorable claim-specific loss settlements and recoveries; and
- Favorable development of \$25 million in property (excluding technical lines), primarily in accident years 2013 through 2015, driven mainly by favorable loss emergence, including claim-specific loss settlements in all regions except Asia Pacific, partially offset by adverse Asia Pacific large loss experience in accident year 2016.

2016

Overseas General Insurance experienced net favorable PPD of \$423 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 \$236 million in long-tail business, primarily from:
 - Net favorable development of \$177 million, primarily in casualty and financial lines, with favorable development of \$266 million in accident years 2012 and prior, resulting from lower than expected loss emergence, and adverse development of \$89 million in accident years 2013 to 2015, primarily due to large loss experience in our D&O portfolio in Asia and financial lines in Europe;
 - Favorable development of \$28 million in aviation lines due to lower than expected loss emergence and case-specific reserve reductions impacting accident years 2012 and prior; and
 - Favorable development of \$25 million on an individual legacy liability case reserve take-down. This release follows a legal analysis completed in 2016, based on court opinion in the year and discussions with defense counsel, which concluded that these reserves were no longer required.
- Net favorable development of \$187 million in short-tail business, primarily from:
 - Favorable development of \$97 million in property (including technical lines), primarily from favorable Continental Europe loss emergence in accident years 2012 through 2014;
 - Favorable development of \$43 million in energy lines, driven by favorable loss emergence in accident years 2010 through 2014, primarily in offshore where experience on multi-year construction accounts has been better than expected, as well as a claims review of catastrophe impacts on underwriting years 2004 through 2008; and
 - Favorable development of \$28 million in accident & health (A&H) lines related to development of claim reserves, due to lower than expected loss emergence, primarily in Asia Pacific and Continental Europe in accident years 2013 through 2015.

2015

Overseas General Insurance experienced net favorable PPD of \$343 million, representing 1.3 percent of the beginning consolidated net unpaid losses and loss expense reserves.

Global Reinsurance

2017

Global Reinsurance experienced net favorable PPD of \$59 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 \$68 million on long-tail lines of business, primarily from:
 - Net favorable development of \$67 million in our casualty (excluding motor), professional liability, and medical malpractice lines, primarily from treaty years 2013 and prior, principally resulting from lower than expected loss emergence in the U.S. portfolios; and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

- Net adverse development of \$10 million in our motor and excess liability lines, primarily due to adverse development of \$9 million driven by a change in the discount rate in the U.K. (Ogden rate) primarily impacting the 2015 and prior treaty years.
- Net adverse development of \$9 million in our short-tail business, none of which was significant individually or in the aggregate.

2016

Global Reinsurance experienced net favorable PPD of \$78 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 \$42 million in casualty lines primarily impacting treaty years 2011 and prior, principally resulting from lower than expected loss emergence; and
- Net favorable development of \$30 million in professional liability lines primarily impacting treaty years 2011 and prior due to lower than expected loss emergence.

2015

Global Reinsurance experienced net favorable PPD of \$119 million , representing 0.4 percent of the beginning consolidated net unpaid losses and loss expense reserves.

Corporate

2017

Corporate incurred adverse development of \$278 million in long-tail lines, driven by the following principal changes:

- Adverse development of \$239 million in asbestos, environmental, and other run-off liabilities, driven primarily by resolution of a limited number of direct cases, increases in severity trends, somewhat greater than expected defense spending and increases in reported claims for certain assumed reinsurance portfolios; and
- Adverse development of \$39 million on unallocated loss adjustment expenses due to run-off operating expenses paid and incurred in 2017.

2016

Corporate incurred adverse development of \$189 million in long-tail lines, driven by the following principal changes:

- Adverse development of \$141 million in asbestos, environmental, and other run-off liabilities primarily arose as a result of the annual review of individual accounts and case specific exposures, with account changes driven by recent frequency and severity trends, certain case specific settlements and higher than expected defense spending; and
- Adverse development of \$48 million on unallocated loss adjustment expenses due to run-off operating expenses paid and incurred in 2016.

2015

Corporate incurred adverse PPD of \$200 million , representing 0.7 percent of the beginning consolidated net unpaid losses and loss expense reserves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Asbestos and environmental (A&E)

Chubb's exposure to A&E claims principally arises out of liabilities acquired when it purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and Chubb Corp in 2016. The following table presents a roll-forward of consolidated A&E loss reserves including allocated loss expense reserves for A&E exposures, and the provision for uncollectible paid and unpaid reinsurance recoverables:

(in millions of U.S. dollars)	Asbestos		Environmental		Total	
	Gross	Net	Gross	Net	Gross	Net
Balance at December 31, 2016	\$ 1,726	\$ 1,119	\$ 577	\$ 490	\$ 2,303	\$ 1,609
Incurred activity	228	104	199	113	427	217 ⁽¹⁾
Paid activity	(333)	(172)	(169)	(127)	(502)	(299)
Balance at December 31, 2017	\$ 1,621	\$ 1,051	\$ 607	\$ 476	\$ 2,228	\$ 1,527

⁽¹⁾ Excludes unallocated loss expenses and the net activity reflects third-party reinsurance other than the aggregate excess of loss reinsurance provided by National Indemnity Company (NICO) to Westchester Specialty (see Westchester Specialty section below).

The A&E net loss reserves including allocated loss expense reserves and provision for uncollectible reinsurance at December 31, 2017 and 2016 shown in the table above is comprised of:

(in millions of U.S. dollars)	December 31	
	2017	2016
Brandywine operations	\$ 849	\$ 760
Westchester Specialty	113	112
Chubb Corp	486	657
Other, mainly Overseas General Insurance	79	80
Total	\$ 1,527	\$ 1,609

The incurred activity of \$217 million in 2017 and \$164 million in 2016 were primarily the result of our annual internal, ground-up review of A&E liabilities.

Brandywine Run-off entities – The Restructuring Plan and uncertainties relating to Chubb's ultimate Brandywine exposure

In 1996, the Pennsylvania Insurance Commissioner approved a plan to restructure INA Financial Corporation and its subsidiaries (the Restructuring) which included the division of Insurance Company of North America (INA) into two separate corporations:

- (1) An active insurance company that retained the INA name and continued to write P&C business; and
- (2) An inactive run-off company, now called Century Indemnity Company (Century).

As a result of the division, predominantly all A&E and certain other liabilities of INA were ascribed to Century and extinguished, as a matter of Pennsylvania law, as liabilities of INA.

As part of the Restructuring, most A&E liabilities of various U.S. affiliates of INA were reinsured to Century. Century and certain other run-off companies having A&E and other liabilities were contributed to Brandywine Holdings.

The U.S.-based Chubb INA companies assumed two contractual obligations in respect of the Brandywine operations in connection with the Restructuring: a surplus maintenance obligation in the form of the excess of loss (XOL) agreement and a dividend retention fund obligation.

XOL Agreement

In 1996, in connection with the Restructuring, a Chubb INA insurance subsidiary provided reinsurance coverage to Century in the amount of \$800 million under an Aggregate Excess of Loss Reinsurance Agreement (XOL Agreement), triggerable if the statutory capital and surplus of Century falls below \$25 million or if Century lacks liquid assets with which to pay claims as they become due.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Dividend Retention Fund

INA Financial Corporation established and funded a dividend retention fund (the Dividend Retention Fund) consisting of \$50 million plus investment earnings. The full balance of the Dividend Retention Fund was contributed to Century as of December 31, 2002. Under the Restructuring Order, while any obligation to maintain the Dividend Retention Fund is in effect, to the extent dividends are paid by INA Holdings Corporation to its parent, INA Financial Corporation, and to the extent INA Financial Corporation then pays such dividends to INA Corporation, a portion of those dividends must be withheld to replenish the principal of the Dividend Retention Fund to \$50 million. During 2011 and 2010, \$35 million and \$15 million, respectively, were withheld from such dividends and deposited into the Dividend Retention Fund as a result of dividends paid up to the INA Corporation. Pursuant to a 2011 amendment to the Restructuring Order, capital contributions from the Dividend Retention Fund to Century are not required until the XOL Agreement has less than \$200 million of capacity remaining on an incurred basis for statutory reporting purposes. The amount of the capital contribution shall be the lesser of the amount necessary to restore the XOL Agreement remaining capacity to \$200 million or the Dividend Retention Fund balance. In 2017, the Pennsylvania Department of Insurance approved a capital contribution of \$49 million from the Dividend Retention Fund to Century in order to restore the XOL capacity to \$200 million. The Dividend Retention Fund may not be terminated without prior written approval from the Pennsylvania Insurance Commissioner.

Effective December 31, 2004, Chubb INA contributed \$100 million to Century in exchange for a surplus note. After giving effect to the contribution and issuance of the surplus note, the statutory surplus of Century at December 31, 2017 was \$25 million and \$672 million in statutory-basis losses have been ceded to the XOL Agreement on an inception-to-date basis. Century reports the amount ceded under the XOL Agreement in accordance with statutory accounting principles, which differ from GAAP by, among other things, allowing Century to discount its liabilities, including certain asbestos related and environmental pollution liabilities and Century's reinsurance payable to active companies. For GAAP reporting purposes, intercompany reinsurance recoverables related to the XOL are eliminated upon consolidation.

While Chubb believes it has no legal obligation to fund Century losses above the XOL limit of coverage, Chubb's consolidated results would nevertheless continue to include any losses above the limit of coverage for so long as the Brandywine companies remain consolidated subsidiaries of Chubb.

Certain active Chubb companies are primarily liable for asbestos, environmental, and other exposures that they have reinsured to Century. Accordingly, if Century were to become insolvent and placed into rehabilitation or liquidation, some or all of the recoverables due to these active Chubb companies from Century could become uncollectible. At December 31, 2017 and 2016, the aggregate reinsurance recoverables owed by Century to certain active Chubb companies were approximately \$1.4 billion and \$1.2 billion, respectively. Chubb believes the active company intercompany reinsurance recoverables, which relate to direct liabilities payable over many years, are not impaired. At both December 31, 2017 and 2016, Century's carried gross reserves (including reserves assumed from the active Chubb companies) were \$2.0 billion. Should Century's loss reserves experience adverse development in the future and should Century be placed into rehabilitation or liquidation, the reinsurance recoverables due from Century to certain active Chubb companies would be payable only after the payment in full of certain expenses and liabilities, including administrative expenses and direct policy liabilities. Thus, the intercompany reinsurance recoverables would be at risk to the extent of the shortage of assets remaining to pay these recoverables.

Westchester Specialty – impact of NICO contracts on Chubb's run-off entities

As part of the Westchester Specialty acquisition in 1998, NICO provided a 75 percent pro-rata share of \$1.0 billion of reinsurance protection on losses and loss adjustment expenses incurred on or before December 31, 1996, in excess of a retention of \$721 million. At December 31, 2017, the remaining unused incurred limit under the Westchester NICO agreement was \$409 million.

8. Taxation

Under current Swiss law, a resident company is subject to income tax at the federal, cantonal, and communal levels that is levied on net worldwide income. Income attributable to permanent establishments or real estate located abroad is excluded from the Swiss tax base. Chubb Limited is a holding company and, therefore, is exempt from cantonal and communal income tax. As a result, Chubb Limited is subject to Swiss income tax only at the federal level. Furthermore, participation relief (i.e., tax relief) is granted to Chubb Limited at the federal level for qualifying dividend income and capital gains related to the sale of qualifying participations (i.e., subsidiaries). It is expected that the participation relief will result in a full exemption of participation income from federal income tax. Chubb Limited is subject to an annual cantonal and communal capital tax on the taxable equity of Chubb Limited in Switzerland.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Chubb has two Swiss operating subsidiaries, an insurance company, Chubb Insurance (Switzerland) Limited and a reinsurance company, Chubb Reinsurance (Switzerland) Limited. Both are subject to federal, cantonal, and communal income tax and to annual cantonal and communal capital tax.

Under current Bermuda law, Chubb Limited and its Bermuda subsidiaries are not required to pay any taxes on income or capital gains. If a Bermuda law were enacted that would impose taxes on income or capital gains, Chubb Limited and the Bermuda subsidiaries have received an undertaking from the Minister of Finance in Bermuda that would exempt such companies from Bermudian taxation until March 2035.

Income from Chubb's operations at Lloyd's is subject to United Kingdom (U.K.) corporation taxes. Lloyd's is required to pay U.S. income tax on U.S. connected income (U.S. income) written by Lloyd's syndicates. Lloyd's has a closing agreement with the Internal Revenue Service (IRS) whereby the amount of tax due on this business is calculated by Lloyd's and remitted directly to the IRS. These amounts are then charged to the accounts of Chubb's Corporate Members in proportion to their participation in the relevant syndicates. Chubb's Corporate Members are subject to this arrangement but, as U.K. domiciled companies, will receive U.K. corporation tax credits for any U.S. income tax incurred up to the value of the equivalent U.K. corporation income tax charge on the U.S. income.

Chubb Group Holdings and its respective subsidiaries are subject to income taxes imposed by U.S. authorities and file a consolidated U.S. tax return. As part of the Chubb Corp acquisition, immediately following the merger, Chubb Corp merged with and into Chubb INA Holdings Inc., and therefore, joined the Chubb Group Holdings consolidated return. Should Chubb Group Holdings pay a dividend to Chubb Limited, withholding taxes would apply. Currently, however, no withholding taxes are accrued with respect to such un-remitted earnings as management has no intention of remitting these earnings. Similarly, no taxes have been provided on the un-remitted earnings of certain foreign subsidiaries (Hong Kong and Korea life companies) as management has no intention of remitting these earnings. The cumulative amount that would be subject to withholding tax, if distributed, as well as the determination of the associated tax liability are not practicable to compute; however, such amount would be material to Chubb. Certain international operations of Chubb are also subject to income taxes imposed by the jurisdictions in which they operate.

Chubb's domestic operations are in Switzerland, the jurisdiction where we are legally organized, incorporated, and registered.

The following table presents pre-tax income and the related provision for income taxes:

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Pre-tax income:			
Switzerland	\$ 527	\$ 766	\$ 469
Outside Switzerland	3,195	4,184	2,827
Total pre-tax income	\$ 3,722	\$ 4,950	\$ 3,296
Provision for income taxes			
Current tax expense:			
Switzerland	\$ 46	\$ 97	\$ 38
Outside Switzerland	313	727	266
Total current tax expense	359	824	304
Deferred tax expense (benefit):			
Switzerland	2	(27)	4
Outside Switzerland	(500)	18	154
Total deferred tax expense (benefit)	(498)	(9)	158
Provision for income taxes	\$ (139)	\$ 815	\$ 462

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The most significant jurisdictions contributing to the overall taxation of Chubb are calculated using the following rates in 2017: Switzerland 7.83 percent , Bermuda 0.0 percent , U.S. 35.0 percent , and U.K. 19.0 percent . Effective January 1, 2018, the U.S. corporate rate was reduced to 21 percent.

The following table presents a reconciliation of the difference between the provision for income taxes and the expected tax provision at the Swiss statutory income tax rate:

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Expected tax provision at Swiss statutory tax rate	\$ 291	\$ 388	\$ 258
Permanent differences:			
Taxes on earnings subject to rate other than Swiss statutory rate	263	582	193
Tax-exempt interest and dividends received deduction, net of proration	(199)	(200)	(32)
Net withholding taxes	30	20	35
Excess tax benefit on share-based compensation	(48)	—	—
Impact of 2017 Tax Act	(450)	—	—
Corporate owned life insurance	(37)	—	—
Other	11	25	8
Total provision for income taxes	\$ (139)	\$ 815	\$ 462

The following table presents the components of net deferred tax assets and liabilities:

(in millions of U.S. dollars)	December 31	December 31
	2017	2016
Deferred tax assets:		
Loss reserve discount	\$ 715	\$ 1,269
Unearned premiums reserve	231	498
Foreign tax credits	340	2,115
Provision for uncollectible balances	45	72
Loss carry-forwards	90	92
Debt related amounts	77	219
Compensation related amounts	260	449
Cumulative translation adjustments	30	59
Other, net	70	69
Total deferred tax assets	1,858	4,842
Deferred tax liabilities:		
Deferred policy acquisition costs	635	842
Other intangible assets, including VOBA	1,437	2,352
Un-remitted foreign earnings	66	2,001
Investments	53	406
Unrealized appreciation on investments	184	60
Depreciation	83	91
Total deferred tax liabilities	2,458	5,752
Valuation allowance	99	78
Net deferred tax assets (liabilities)	\$ (699)	\$ (988)

The 2017 Tax Act, enacted on December 22, 2017, among other things, reduces the U.S. federal income tax rate to 21 percent from 35 percent effective in 2018. We have not completed our assessment of the effects of the 2017 Tax Act; however, we have made our best estimate of those effects based on our current understanding of the provisions in the Act. Accordingly, we recorded

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

a \$450 million income tax transition benefit in the fourth quarter of 2017 on a provisional basis, principally reflecting the reduction in the U.S. corporate tax rate from 35 percent to 21 percent. This is comprised of a \$743 million reduction in the deferred tax liabilities principally related to certain intangible assets, a \$371 million reduction in net deferred tax assets related to other net assets, and a net benefit of \$78 million related to the impact of excess foreign tax credits generated by the deemed repatriation rules and the impact of the reduced rate on our foreign branches. We have computed these amounts based on the best available information and our understanding of the 2017 Tax Act.

As we complete our analysis of the 2017 Tax Act, collect and prepare necessary data and interpret any additional guidance issued by the IRS, the Treasury Department and other standard setting agencies, we may make adjustments to the provisional amounts. Those adjustments may materially impact our provision for income taxes in the period in which the adjustments are made.

The valuation allowance of \$ 99 million at December 31, 2017, and \$ 78 million at December 31, 2016, reflects management's assessment, based on available information, that it is more likely than not that a portion of the deferred tax assets will not be realized due to the potential inability to utilize foreign tax credits in the U.S. and the inability of certain foreign subsidiaries to generate sufficient taxable income. Adjustments to the valuation allowance are made when there is a change in management's assessment of the amount of deferred tax assets that are realizable.

At December 31, 2017, Chubb has net operating loss carry-forwards of \$ 329 million which, if unused, will expire starting in 2018, and a foreign tax credit carry-forward in the amount of \$ 340 million which, if unused, will expire in the years 2022 through 2027.

The following table presents a reconciliation of the beginning and ending amount of gross unrecognized tax benefits:

(in millions of U.S. dollars)	December 31 2017	December 31 2016
Balance, beginning of year	\$ 17	\$ 16
Additions based on tax positions related to the current year	3	3
Additions based on tax positions related to prior years (1)	—	2
Reductions for tax positions of prior years	(4)	(4)
Reductions for the lapse of the applicable statutes of limitations	(3)	—
Balance, end of year	\$ 13	\$ 17

(1) Assumed in connection with the Chubb Corp acquisition in 2016.

At December 31, 2017 and 2016, the total amount of unrecognized tax benefits that would affect the effective tax rate, if recognized, were \$13 million and \$ 17 million, respectively.

Chubb recognizes accruals for interest and penalties, if any, related to unrecognized tax benefits in income tax expense in the Consolidated statements of operations. For the years ended December 31, 2017, 2016, and 2015, tax-related interest expense (income) and penalties reported in the Consolidated statements of operations was \$1 million for each of the three years. At December 31, 2017 and 2016, liabilities for tax-related interest and penalties in our Consolidated balance sheets were \$ 3 million and \$4 million, respectively.

In September 2016, the IRS completed its examination of Chubb Group Holdings' (formerly ACE Group Holdings) federal tax returns for the 2010-2012 tax years. No material adjustments resulted from this examination. During 2017, the IRS commenced its field examination of Chubb Group Holdings federal income tax returns for 2014 and 2015 and Chubb Corp's federal tax return for 2014 which were still ongoing at December 31, 2017. 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 statutes of limitations. With few exceptions, Chubb is no longer subject to state and local and non-U.S. income tax examinations for years before 2010.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

9 . Debt

(in millions of U.S. dollars)	December 31 2017	December 31 2016	Early Redemption Option
Repurchase agreements (weighted average interest rate of 1.5% in 2017 and 0.8% in 2016)	\$ 1,408	\$ 1,403	None
Short-term debt			
Chubb INA senior notes:			
\$500 million 5.7% due February 2017	\$ —	\$ 500	Make-whole premium plus 0.20%
\$300 million 5.8% due March 2018	300	—	Make-whole premium plus 0.35%
\$600 million 5.75% due May 2018	610	—	Make-whole premium plus 0.30%
\$100 million 6.6% due August 2018	103	—	None
Total short-term debt	\$ 1,013	\$ 500	
Long-term debt			
Chubb INA senior notes:			
\$300 million 5.8% due March 2018	\$ —	\$ 300	Make-whole premium plus 0.35%
\$600 million 5.75% due May 2018	—	635	Make-whole premium plus 0.30%
\$100 million 6.6% due August 2018	—	107	None
\$500 million 5.9% due June 2019	499	498	Make-whole premium plus 0.40%
\$1,300 million 2.3% due November 2020	1,296	1,294	Make-whole premium plus 0.15%
\$1,000 million 2.875% due November 2022	995	994	Make-whole premium plus 0.20%
\$475 million 2.7% due March 2023	472	471	Make-whole premium plus 0.10%
\$700 million 3.35% due May 2024	695	695	Make-whole premium plus 0.15%
\$800 million 3.15% due March 2025	795	794	Make-whole premium plus 0.15%
\$1,500 million 3.35% due May 2026	1,489	1,488	Make-whole premium plus 0.20%
\$100 million 8.875% due August 2029	100	100	None
\$200 million 6.8% due November 2031	254	257	Make-whole premium plus 0.25%
\$300 million 6.7% due May 2036	297	297	Make-whole premium plus 0.20%
\$800 million 6.0% due May 2037	971	980	Make-whole premium plus 0.20%
\$600 million 6.5% due May 2038	768	776	Make-whole premium plus 0.30%
\$475 million 4.15% due March 2043	469	469	Make-whole premium plus 0.15%
\$1,500 million 4.35% due November 2045	1,482	1,482	Make-whole premium plus 0.25%
Chubb INA \$1,000 million 6.375% capital securities due March 2067 ⁽¹⁾	964	962	Make-whole premium plus 0.25%-0.50%
Other long-term debt (2.75% to 7.1% due December 2019 to September 2020)	10	11	None
Total long-term debt	\$ 11,556	\$ 12,610	
Trust preferred securities			
Chubb INA capital securities due April 2030	\$ 308	\$ 308	Redemption prices ⁽²⁾

(1) 6.375% interest rate through April 14, 2017; interest rate equal to three-month LIBOR rate plus 2.25% thereafter. The current interest rate at the time of this filing is 3.97% .

(2) Redemption prices are equal to accrued and unpaid interest to the redemption date plus the greater of (i) 100 percent of the principal amount thereof, or (ii) sum of present value of scheduled payments of principal and interest on the capital securities from the redemption date to April 1, 2030.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

a) Repurchase agreements

Chubb has executed repurchase agreements with certain counterparties under which Chubb agreed to sell securities and repurchase them at a future date for a predetermined price.

b) Short-term debt

Short-term debt comprises the current maturities of our long-term debt instruments described below. These short-term debt instruments were reclassified from long-term debt during 2017 and are reflected in the table above.

c) Long-term debt

Certain of Chubb INA's senior notes and capital securities are redeemable at any time at Chubb INA's option subject to the provisions described in the table above. A "make-whole" premium is the present value of the remaining principal and interest discounted at the applicable U.S. Treasury rate. The senior notes and capital securities are also redeemable at par plus accrued and unpaid interest in the event of certain changes in tax law.

The senior notes do not have the benefit of any sinking fund. These senior unsecured notes are guaranteed on a senior basis by Chubb Limited and they rank equally with all of Chubb's other senior obligations. They also contain customary limitations on lien provisions as well as customary events of default provisions which, if breached, could result in the accelerated maturity of such senior debt.

We have outstanding \$ 1.0 billion of unsecured junior subordinated capital securities at December 31, 2017, which were assumed by Chubb INA in connection with the Chubb Corp acquisition. Effective April 15, 2017, the interest rate on our \$1.0 billion of unsecured junior subordinated capital securities converted to a floating rate, equal to the three-month LIBOR plus 2.25 percentage points. Previously, these capital securities carried interest at a rate of 6.375 percent. The current interest rate at the time of this filing on these securities is 3.97 percent. The scheduled maturity date for these securities is April 15, 2037.

In August 2017, Chubb eliminated the Replacement Capital Covenant (RCC) associated with these capital securities which benefited the holders of the 6.8 percent debentures due November 2031. The RCC was eliminated through a consent solicitation process whereby the holders of the 6.8 percent debentures agreed to waive their rights under the RCC in exchange for a nominal fee. Chubb received the requisite number of consents required to eliminate the RCC and as a result, the RCC was terminated in August 2017.

d) Trust preferred securities

In March 2000, ACE Capital Trust II, a Delaware statutory business trust, publicly issued \$ 300 million of 9.7 percent Capital Securities (the Capital Securities) due to mature in April 2030. At the same time, Chubb INA purchased \$ 9.2 million of common securities of ACE Capital Trust II. The sole assets of ACE Capital Trust II consist of \$ 309 million principal amount of 9.7 percent Junior Subordinated Deferrable Interest Debentures (the Subordinated Debentures) issued by Chubb INA due to mature in April 2030.

Distributions on the Capital Securities are payable semi-annually and may be deferred for up to ten consecutive semi-annual periods (but no later than April 1, 2030). Any deferred payments would accrue interest compounded semi-annually if Chubb INA defers interest on the Subordinated Debentures. Interest on the Subordinated Debentures is payable semi-annually. Chubb INA may defer such interest payments (but no later than April 1, 2030), with such deferred payments accruing interest compounded semi-annually. The Capital Securities and the ACE Capital Trust II Common Securities will be redeemed upon repayment of the Subordinated Debentures.

Chubb Limited has guaranteed, on a subordinated basis, Chubb INA's obligations under the Subordinated Debentures, and distributions and other payments due on the Capital Securities. These guarantees, when taken together with Chubb's obligations under expense agreements entered into with ACE Capital Trust II, provide a full and unconditional guarantee of amounts due on the Capital Securities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

10 . Commitments, contingencies, and guarantees

a) Derivative instruments

Foreign currency management

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

Derivative instruments employed

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

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	December 31, 2017			December 31, 2016		
		Fair Value		Notional Value/ Payment Provision	Fair Value		Notional Value/ Payment Provision
		Derivative Asset	Derivative (Liability)		Derivative Asset	Derivative (Liability)	
<i>Investment and embedded derivative instruments:</i>							
Foreign currency forward contracts	OA / (AP)	\$ 14	\$ (27)	\$ 2,064	\$ 25	\$ (50)	\$ 2,220
Cross-currency swaps	OA / (AP)	—	—	45	—	—	95
Options/Futures contracts on notes and bonds	OA / (AP)	4	(3)	1,007	6	(4)	2,344
Convertible securities ⁽¹⁾	FM AFS/ES	5	—	6	2	—	7
		\$ 23	\$ (30)	\$ 3,122	\$ 33	\$ (54)	\$ 4,666
<i>Other derivative instruments:</i>							
Futures contracts on equities ⁽²⁾	OA / (AP)	\$ —	\$ (21)	\$ 1,553	\$ 1	\$ —	\$ 1,316
Other	OA / (AP)	1	(2)	75	2	(13)	214
		\$ 1	\$ (23)	\$ 1,628	\$ 3	\$ (13)	\$ 1,530
GLB ⁽³⁾	(AP) / (FPB)	\$ —	\$ (550)	\$ 1,083	\$ —	\$ (853)	\$ 1,264

⁽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. Refer to Note 5 c) for additional information. 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

At December 31, 2017 and 2016, derivative liabilities of \$ 24 million and \$10 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. At December 31, 2017 and 2016, our securities lending collateral was \$1,737 million and \$1,092 million, respectively, and our securities lending payable, reflecting our obligation to return the collateral plus interest, was \$1,737 million and \$1,093 million, respectively. The securities lending collateral can only be drawn down by Chubb in the event that the institution borrowing the securities is in default under the lending agreement. An indemnification agreement with the lending agent protects us in the event a borrower becomes insolvent or fails to return any of the securities on loan. The collateral is recorded in Securities lending collateral and the liability is recorded in Securities lending payable in the Consolidated balance sheets.

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

(in millions of U.S. dollars)	Remaining contractual maturity	
	December 31 2017	December 31 2016
	Overnight and Continuous	
<i>Collateral held under securities lending agreements:</i>		
Cash	\$ 828	\$ 423
U.S. Treasury and agency	36	54
Foreign	712	578
Corporate securities	—	37
Mortgage-backed securities	74	—
Equity securities	87	—
	\$ 1,737	\$ 1,092
Gross amount of recognized liability for securities lending payable	\$ 1,737	\$ 1,093
Difference ⁽¹⁾	\$ —	\$ (1)

⁽¹⁾ The carrying value of the securities lending collateral held is \$1 million lower than the securities lending payable at December 31, 2016 due to accrued interest recorded in the securities lending payable.

At December 31, 2017 and 2016, our repurchase agreement obligations of \$1,408 million and \$ 1,403 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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

(in millions of U.S. dollars)	Remaining contractual maturity					
	December 31, 2017			December 31, 2016		
	Up to 30 Days	Greater than 90 Days	Total	Up to 30 Days	Greater than 90 Days	Total
<i>Collateral pledged under repurchase agreements:</i>						
Cash	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ 1
U.S. Treasury and agency	9	230	239	230	10	240
Mortgage-backed securities	369	826	1,195	339	881	1,220
	\$ 378	\$ 1,056	\$ 1,434	\$ 569	\$ 892	\$ 1,461
Gross amount of recognized liabilities for repurchase agreements			\$ 1,408			\$ 1,403
Difference ⁽¹⁾			\$ 26			\$ 58

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

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

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

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
<i>Investment and embedded derivative instruments:</i>			
Foreign currency forward contracts	\$ 9	\$ (31)	\$ 31
All other futures contracts and options	(21)	(10)	9
Convertible securities ⁽¹⁾	1	8	(8)
Total investment and embedded derivative instruments	\$ (11)	\$ (33)	\$ 32
<i>GLB and other derivative instruments:</i>			
GLB ⁽²⁾	\$ 364	\$ 53	\$ (203)
Futures contracts on equities ⁽³⁾	(261)	(136)	(8)
Other	(5)	(10)	(14)
Total GLB and other derivative instruments	\$ 98	\$ (93)	\$ (225)
	\$ 87	\$ (126)	\$ (193)

⁽¹⁾ Includes embedded derivatives.

⁽²⁾ Excludes foreign exchange gains (losses) related to GLB.

⁽³⁾ Related to GMDB and GLB blocks of business.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

(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) Concentrations of credit risk

Our investment portfolio is managed following prudent standards of diversification. Specific provisions limit the allowable holdings of a single issue and issuer. We believe that there are no significant concentrations of credit risk associated with our investments. Our three largest exposures by issuer at December 31, 2017, were Wells Fargo & Co., JP Morgan Chase & Co., and Anheuser-Busch InBev NV. Our largest exposure by industry at December 31, 2017 was financial services.

We market our insurance and reinsurance worldwide primarily through insurance and reinsurance brokers. We assume a degree of credit risk associated with brokers with whom we transact business. No broker or one insured accounted for more than 10 percent of gross written premium for the years ended December 31, 2017, 2016, and 2015.

e) Fixed maturities

At December 31, 2017, we have commitments to purchase fixed income securities of \$1,020 million over the next several years.

f) Other investments

At December 31, 2017, included in Other investments in the Consolidated balance sheet are investments in limited partnerships and partially-owned investment companies with a carrying value of \$3.4 billion. In connection with these investments, we have commitments that may require funding of up to \$4.1 billion over the next several years.

g) Letters of credit

On October 25, 2017, we replaced our \$1.5 billion letter of credit/revolver facility that was set to expire in November 2017 with an amended and restated credit facility that provides for up to \$1.0 billion of availability, all of which may be used for the issuance of letters of credit and for revolving loans. We have the ability to increase the capacity under our existing credit facility to \$2.0 billion under certain conditions, but any such increase would not raise the sub-limit for revolving loans above \$1.0 billion. The letter of credit facility required that we maintain certain financial covenants, all of which we met at December 31, 2017. At December 31, 2017, outstanding LOCs issued under this facility were \$250 million.

h) Legal proceedings

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

i) Lease commitments

We lease office space and equipment under operating leases which expire at various dates through 2033. Rent expense was \$ 211 million, \$ 209 million, and \$ 126 million for the years ended December 31, 2017, 2016, and 2015, respectively. Future minimum lease payments under the leases are expected to be as follows:

For the years ending December 31

(in millions of U.S. dollars)

2018	\$	181
2019		153
2020		133
2021		114
2022		89
Thereafter		230
Total minimum future lease commitments	\$	900

11 . Shareholders' equity**a) Common Shares**

All of Chubb's Common Shares are authorized under Swiss corporate law. Though the par value of Common Shares is stated in Swiss francs, Chubb continues to use U.S. dollars as its reporting currency for preparing the consolidated financial statements. Under Swiss corporate law, we are generally prohibited from issuing Common Shares below their par value. If there were a need to raise common equity at a time when the trading price of Chubb's Common Shares is below par value, we would need in advance to obtain shareholder approval to decrease the par value of the Common Shares.

Dividend approval

At our May 2016 and 2015 annual general meetings, our shareholders approved an annual dividend for the following year of up to \$2.76 and \$2.68 per share, respectively, which was paid in four quarterly installments of \$0.69 per share and \$0.67 per share, respectively, at dates determined by the Board of Directors (Board) after the annual general meeting by way of a distribution from capital contribution reserves, transferred to free reserves for payment.

At our May 2017 annual general meeting, our shareholders approved an annual dividend for the following year of up to \$ 2.84 per share, expected to be paid in four quarterly installments of \$ 0.71 per share after the annual general meeting by way of distribution from capital contribution reserves, transferred to free reserves for payment. The Board will determine the record and payment dates at which the annual dividend may be paid until the date of the 2018 annual general meeting, and is authorized to abstain from distributing a dividend at its discretion. The first three quarterly installments each of \$ 0.71 per share, have been distributed by the Board as expected.

Dividend distributions

Under Swiss corporate law, dividends, including distributions through a reduction in par value (par value reduction), must be stated in Swiss francs though dividend payments are made by Chubb in U.S. dollars. Dividend distributions following Chubb's redomestication to Switzerland have generally been made by way of par value reduction (under the methods approved by our shareholders at our annual general meetings) and had the effect of reducing par value per Common Share each time a dividend was distributed. We may also issue dividends without subjecting them to withholding tax by way of distributions from capital contribution reserves and payment out of free reserves. We employed this method of dividends for the annual dividends approved in May 2015, 2016 and 2017 as noted above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents dividend distributions per Common Share in Swiss francs (CHF) and U.S. dollars (USD):

	Year Ended December 31					
	2017		2016		2015	
	CHF	USD	CHF	USD	CHF	USD
Dividends - par value reduction	—	\$ —	—	\$ —	0.62	\$ 0.65
Dividends - distributed from capital contribution reserves	2.76	2.82	2.70	2.74	1.94	2.01
Total dividend distributions per common share	2.76	\$ 2.82	2.70	\$ 2.74	2.56	\$ 2.66

b) Shares issued, outstanding, authorized, and conditional

	Year Ended December 31		
	2017	2016	2015
Shares issued, beginning of year	479,783,864	342,832,412	342,832,412
Shares issued for Chubb Corp acquisition	—	136,951,452	—
Shares issued, end of year	479,783,864	479,783,864	342,832,412
Common Shares in treasury, end of year (at cost)	(15,950,685)	(13,815,148)	(18,268,971)
Shares issued and outstanding, end of year	463,833,179	465,968,716	324,563,441

Increases in Common Shares in treasury are due to open market repurchases of Common Shares and the surrender of Common Shares to satisfy tax withholding obligations in connection with the vesting of restricted stock and the forfeiture of unvested restricted stock. Decreases in Common Shares in treasury are principally due to grants of restricted stock, exercises of stock options, and purchases under the Employee Stock Purchase Plan (ESPP).

Authorized share capital for general purposes

The Board has shareholder-approved authority as set forth in the Articles of Association to increase for general purposes Chubb's share capital from time to time until May 19, 2018, by the issuance of up to 200,000,000 fully paid up Common Shares, with a par value equal to the par value of Chubb's Common Shares as set forth in the Articles of Association at the time of any such issuance. Chubb intends to seek shareholder approval at its 2018 annual general meeting for a new pool of authorized share capital for general purposes to replace the existing 200,000,000 share pool when it expires.

Conditional share capital for bonds and similar debt instruments

Chubb's share capital may be increased through the issuance of a maximum of 33,000,000 fully paid up Common Shares (with a par value of CHF 24.15 as of December 31, 2017) through the exercise of conversion and/or option or warrant rights granted in connection with bonds, notes, or similar instruments, issued or to be issued by Chubb, including convertible debt instruments.

Conditional share capital for employee benefit plans

Chubb's share capital may be increased through the issuance of a maximum of 25,410,929 fully paid up Common Shares (with a par value of CHF 24.15 as of December 31, 2017) in connection with the exercise of option rights granted to any employee of Chubb, and any consultant, director, or other person providing services to Chubb.

c) Chubb Limited securities repurchases

From time to time, we repurchase shares as part of our capital management program and to partially offset potential dilution from the exercise of stock options and the granting of restricted stock under share-based compensation plans. Our Board of Directors has authorized share repurchase programs as follows:

- \$ 1.5 billion of Chubb Common Shares from January 1, 2015 through December 31, 2015
- \$ 1.0 billion of Chubb Common Shares from November 17, 2016 through December 31, 2017
- \$1.0 billion of Chubb Common Shares from January 1, 2018 through December 31, 2018

Share repurchases may be in the open market, in privately negotiated transactions, block trades, accelerated repurchases and/or through option or other forward transactions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

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

(in millions of U.S. dollars, except share data)	Year Ended December 31		
	2017	2016	2015
Number of shares repurchased	5,866,612	—	6,677,663
Cost of shares repurchased	\$ 830	\$ —	\$ 734

d) General restrictions

The holders of the Common Shares are entitled to receive dividends as approved by the shareholders. Holders of Common Shares are allowed one vote per share provided that, if the controlled shares of any shareholder constitute ten percent or more of the outstanding Common Shares of Chubb, only a fraction of the vote will be allowed so as not to exceed ten percent in aggregate. Entry of acquirers of Common Shares as shareholders with voting rights in the share register may be refused if it would confer voting rights with respect to ten percent or more of the registered share capital recorded in the commercial register.

12 . Share-based compensation

Chubb has share-based compensation plans which currently provide the Board the ability to grant awards of stock options, restricted stock, and restricted stock units to its employees, consultants, and members of the Board.

In connection with the Chubb Corp acquisition in 2016, we assumed outstanding equity awards consisting of service-based restricted stock units, performance-based restricted stock units, and stock options issued by Chubb Corp to employees and directors with a fair value of \$525 million , of which \$323 million is attributed to purchase consideration for the acquisition. These awards were generally granted with a 3-year vesting period, and the stock options generally have a 10-year term.

In May 2016, our shareholders approved the Chubb Limited 2016 Long-Term Incentive Plan (the 2016 LTIP), which replaced both the ACE Limited 2004 LTIP (the 2004 LTIP) and The Chubb Corporation Long-Term Incentive Plan (2014). The 2016 LTIP is substantially similar to the 2004 LTIP in its operation and the types of awards that may be granted. Under the 2016 LTIP, Common Shares of Chubb were authorized to be issued pursuant to awards made as stock options, stock appreciation rights, performance shares, performance units, restricted stock, and restricted stock units.

Chubb principally issues restricted stock grants and stock options on a graded vesting schedule. Chubb recognizes compensation cost for restricted stock and stock option grants with only service conditions that have a graded vesting schedule on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards. We incorporate an estimate of future forfeitures (6.5 percent assumption used for grants made in 2017, 2016, and 2015) in determining compensation cost for both grants of restricted stock and stock options.

Chubb generally grants restricted stock and restricted stock units with a 4 -year vesting period, which vest in equal annual installments over the respective vesting period. The restricted stock is granted at market close price on the day of grant. Each restricted stock unit represents our obligation to deliver to the holder one Common Share upon vesting.

Under the 2016 LTIP, 19,500,000 Common Shares were authorized to be issued, in addition to any shares that have not been delivered pursuant to the 2004 LTIP and remain available for grant pursuant to the 2004 LTIP, including any shares covered by awards granted under the 2004 LTIP that are forfeited, expire or are canceled after the effective date of the 2016 LTIP without delivery of shares or which result in the forfeiture of the shares back to Chubb. At December 31, 2017, a total of 17,065,705 shares remain available for future issuance under the 2016 LTIP, which includes shares canceled or forfeited from the 2004 LTIP, in addition to common shares that were previously registered and authorized to be issued.

In May 2017, our shareholders approved an increase of 2,000,000 shares authorized to be issued under the Employee Stock Purchase Plan (ESPP), bringing the total shares authorized to 6,500,000 shares. At December 31, 2017, a total of 2,452,058 shares remain available for issuance under the ESPP.

Chubb generally issues Common Shares for the exercise of stock options, restricted stock, and purchases under the ESPP from un-issued reserved shares (conditional share capital) and Common Shares in treasury.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents pre-tax and after-tax share-based compensation expense:

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Stock options and shares issued under ESPP:			
Pre-tax	\$ 41	\$ 33	\$ 31
After-tax ⁽¹⁾	\$ 26	\$ 20	\$ 21
Restricted stock:			
Pre-tax	\$ 259	\$ 268	\$ 143
After-tax	\$ 151	\$ 167	\$ 84

⁽¹⁾Excludes windfall tax benefit for share-based compensation recognized as a direct adjustment to Additional paid-in capital of \$32 million and \$26 million for the years ended December 31, 2016 and 2015, respectively. Due to the adoption of new accounting guidance, windfall tax benefits for share-based compensation beginning in 2017 are recognized through Net income rather than Additional paid-in capital. The excess tax benefit recorded to Income tax expense in the Consolidated statement of operations was \$48 million for the year ended December 31, 2017.

Unrecognized compensation expense related to the unvested portion of Chubb's employee share-based awards was \$345 million at December 31, 2017, and is expected to be recognized over a weighted-average period of approximately 1 year.

Stock options

Both incentive and non-qualified stock options are principally granted at an option price per share equal to the grant date fair value of Chubb's Common Shares. Stock options are generally granted with a 3 -year vesting period and a 10 -year term. Stock options vest in equal annual installments over the respective vesting period, which is also the requisite service period.

Chubb's 2017 share-based compensation expense includes a portion of the cost related to the 2014 through 2017 stock option grants. Stock option fair value was estimated on the grant date using the Black-Scholes option-pricing model that uses the weighted-average assumptions noted below:

	Year Ended December 31		
	2017	2016	2015
Dividend yield	2.0%	2.3%	2.3%
Expected volatility	19.7%	23.2%	21.0%
Risk-free interest rate	2.0%	1.3%	1.7%
Expected life	5.8 years	5.6 years	5.8 years

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life (estimated period of time from grant to exercise date) was estimated using the historical exercise behavior of employees. Expected volatility was calculated as a blend of (a) historical volatility based on daily closing prices over a period equal to the expected life assumption, (b) long-term historical volatility based on daily closing prices over the period from Chubb's initial public trading date through the most recent quarter, and (c) implied volatility derived from Chubb's publicly traded options.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents a roll-forward of Chubb's stock options:

(Intrinsic Value in millions of U.S. dollars)	Number of Options	Weighted-Average Exercise Price	Weighted-Average Fair Value	Total Intrinsic Value
Options outstanding, December 31, 2014	9,623,986	\$ 69.06		
Granted	1,892,641	\$ 114.78	\$ 18.49	
Exercised	(1,457,580)	\$ 60.88		\$ 72
Forfeited	(205,551)	\$ 100.25		
Options outstanding, December 31, 2015	9,853,496	\$ 78.40		
Assumed in Chubb Corp Acquisition	339,896	\$ 77.83	\$ 36.07	
Granted	1,929,616	\$ 118.39	\$ 21.52	
Exercised	(1,728,949)	\$ 66.65		\$ 99
Forfeited	(213,339)	\$ 110.01		
Options outstanding, December 31, 2016	10,180,720	\$ 87.29		
Granted	2,079,522	\$ 139.00	\$ 22.97	
Exercised	(1,632,629)	\$ 73.53		\$ 111
Forfeited	(194,297)	\$ 119.44		
Options outstanding, December 31, 2017	10,433,316	\$ 99.20		\$ 490
Options exercisable, December 31, 2017	6,675,491	\$ 82.59		\$ 424

The weighted-average remaining contractual term was 6.2 years for stock options outstanding and 4.8 years for stock options exercisable at December 31, 2017. Cash received from the exercise of stock options for the year ended December 31, 2017 was \$133 million.

Restricted stock and restricted stock units

Grants of restricted stock and restricted stock units awarded under both the 2004 LTIP and 2016 LTIP typically have a 4-year vesting period, based on a graded vesting schedule. Chubb grants performance-based restricted stock to certain executives that vest based on tangible book value (shareholders' equity less goodwill and intangible assets, net of tax) per share growth compared to a defined group of peer companies. The performance-based stock awards comprise target awards which have four installments that vest annually based on the performance criteria, and premium awards, which are earned only if tangible book value per share growth over the cumulative 4-year period after the grant of the associated target awards exceeds a higher threshold compared to our peer group. Shares representing target awards are issued when the performance award is approved. They are subject to forfeiture if applicable performance criteria are not met. For awards granted prior to February 2014, shares representing premium awards were not issued at the time the target award was approved. Rather, they were subject to issuance following the 4-year performance period, if and to the extent the premium awards were earned. For awards granted in February 2014 and thereafter, premium awards have been issued subject to vesting if actually earned or forfeited if not earned at the end of the 4-year performance period.

The terms of performance-based restricted stock awards granted beginning in January 2017 were updated to now include a 3-year cliff vesting provision in place of the 4-year graded vesting period. In addition, these awards now include an additional vesting criteria based on the P&C combined ratio compared to a defined group of peer companies as well as an additional vesting provision based on total shareholder return (TSR) compared to a defined group of peer companies.

Chubb also grants restricted stock awards to non-management directors which vest at the following year's annual general meeting. The restricted stock is granted at market close price on the grant date. Each restricted stock unit represents our obligation to deliver to the holder one Common Share upon vesting. Chubb's 2017 share-based compensation expense includes a portion of the cost related to the restricted stock granted in the years 2013 through 2017.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents a roll-forward of our restricted stock awards. Included in the roll-forward below are 22,013 restricted stock awards, 23,812 restricted stock awards, and 24,945 restricted stock awards that were granted to non-management directors during the years ended December 31, 2017, 2016, and 2015, respectively:

	Service-based Restricted Stock Awards and Restricted Stock Units		Performance-based Restricted Stock Awards and Restricted Stock Units	
	Number of Shares	Weighted-Average Grant-Date Fair Value	Number of Shares	Weighted-Average Grant-Date Fair Value
Unvested restricted stock, December 31, 2014	3,837,097	\$ 83.60	378,690	\$ 90.87
Granted	1,417,965	\$ 114.37	326,860	\$ 113.29
Vested	(1,341,358)	\$ 80.05	(110,340)	\$ 98.70
Forfeited	(424,535)	\$ 87.36	—	\$ —
Unvested restricted stock, December 31, 2015	3,489,169	\$ 97.01	595,210	\$ 101.73
Assumed in Chubb Corp Acquisition	3,706,639	\$ 111.02	—	\$ —
Granted	1,622,065	\$ 118.70	517,507	\$ 118.96
Vested	(2,592,622)	\$ 100.87	(181,548)	\$ 102.43
Forfeited	(420,125)	\$ 109.42	—	\$ —
Unvested restricted stock, December 31, 2016	5,805,126	\$ 109.39	931,169	\$ 111.17
Granted	1,707,094	\$ 139.18	267,282	\$ 138.90
Vested	(2,646,084)	\$ 107.73	(222,954)	\$ 113.30
Forfeited	(156,694)	\$ 114.54	—	\$ —
Unvested restricted stock, December 31, 2017	4,709,422	\$ 121.16	975,497	\$ 118.28

Prior to 2009, legacy ACE granted restricted stock units with a 1-year vesting period to non-management directors. Delivery of Common Shares on account of these restricted stock units to non-management directors is deferred until after the date of the non-management directors' termination from the Board. Legacy Chubb Corp historically allowed directors and certain key employees of Chubb Corp and its subsidiaries to defer a portion of their compensation earned with respect to services performed in the form of deferred stock units. In addition, legacy Chubb Corp provides supplemental retirement benefits for certain employees through its Defined Contribution Excess Benefit Plan in the form of deferred shares of stock. The minimum vesting period under these legacy Chubb Corp deferred plans is 1-year and the maximum is 3-years. Employees and directors had the option to elect to receive their awards at a future specified date or upon their termination of service with Chubb. At December 31, 2017, there were 279,986 deferred restricted stock units.

ESPP

The ESPP gives participating employees the right to purchase Common Shares through payroll deductions during consecutive subscription periods at a purchase price of 85 percent of the fair value of a Common Share on the exercise date (Purchase Price). Annual purchases by participants are limited to the number of whole shares that can be purchased by an amount equal to ten percent of the participant's compensation or \$ 25,000, whichever is less. The ESPP has two six-month subscription periods each year, the first of which runs between January 1 and June 30 and the second of which runs between July 1 and December 31. Legacy Chubb Corp employees were eligible to participate in the ESPP beginning in the July 1 to December 31 subscription period of 2016. The amounts collected from participants during a subscription period are used on the exercise date to purchase full shares of Common Shares. An exercise date is generally the last trading day of a subscription period. The number of shares purchased is equal to the total amount, at the exercise date, collected from the participants through payroll deductions for that subscription period, divided by the Purchase Price, rounded down to the next full share. Participants may withdraw from an offering before the exercise date and obtain a refund of amounts withheld through payroll deductions. Pursuant to the provisions of the ESPP, during the years ended December 31, 2017, 2016, and 2015, employees paid \$34 million, \$ 24 million, and \$ 18 million to purchase 271,185 shares, 211,492 shares, and 197,442 shares, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

13 . Postretirement benefits

Chubb provides postretirement benefits to eligible employees and their dependents through various defined contribution plans and defined benefit plans sponsored by Chubb. With the acquisition, Chubb assumed the outstanding pension and other postretirement benefit plan obligations of Chubb Corp, which consisted of several non-contributory defined benefit pension plans covering substantially all its employees, and several other postretirement benefit plans to retired employees. After the acquisition, Chubb also sponsors the defined contribution plans covering Chubb Corp employees.

Defined benefit pension plans

We maintain non-contributory defined benefit pension plans that cover certain employees located in the U.S., U.K., Canada, and various other statutorily required countries. We account for pension benefits using the accrual method. Benefits under these plans are based on employees' years of service and compensation during final years of service. All underlying plans are subject to periodic actuarial valuations by qualified actuarial firms using actuarial models to calculate the expense and liability for each plan. We use December 31 as the measurement date for our defined benefit pension plans.

Under the Chubb Corp plans, prior to 2001, benefits were generally based on an employee's years of service and average compensation during the last five years of employment. Effective January 1, 2001, the formula for providing pension benefits was changed from the final average pay formula to a cash balance formula. Under the cash balance formula, a notional account is established for each employee, which is credited semi-annually with an amount equal to a percentage of eligible compensation based on age and years of service plus interest based on the account balance. Chubb Corp employees hired prior to 2001 will generally be eligible to receive vested benefits based on the higher of the final average pay or cash balance formulas.

Other postretirement benefit plans

We also assumed Chubb Corp other postretirement benefit plans, principally healthcare and life insurance, to retired employees, their beneficiaries, and covered dependents. Healthcare coverage is contributory. Retiree contributions vary based upon retiree's age, type of coverage, and years of service requirements. Life insurance coverage is non-contributory. Chubb funds a portion of the healthcare benefits obligation where such funding can be accomplished on a tax-effective basis. Benefits are paid as covered expenses are incurred.

Amendments to U.S. Qualified and Excess Pension Plans and U.S. Retiree Healthcare Plan

On October 31, 2016, we harmonized and amended several of our U.S. retirement programs to create a unified retirement savings program. In 2020, we will transition from a traditional defined benefit pension program that had been in effect for certain employees to a defined contribution program. Additionally, after 2025, we plan to eliminate a subsidized U.S. retiree healthcare and life insurance plan that had been in place for certain employees. Both amendments required a remeasurement of the plan assets and benefit obligations with updated assumptions, including discount rates and the expected return on assets.

The plan amendments and related remeasurement of the obligation at October 31, 2016 resulted in a net decrease to the benefit obligations of \$496 million as follows:

- The amendment of the pension plan and excess pension plan resulted in a pre-tax curtailment gain of \$113 million immediately recognized in income during the fourth quarter of 2016 as it reduced expected years of future service of active plan participants.
- The amendment of the retiree healthcare plan resulted in a reduction in the obligation of \$383 million, of which \$410 million will be amortized as a reduction to expense over the next 4.5 years as it relates to benefits already accrued. During the fourth quarter of 2016 and for the year ended 2017, \$15 million and \$89 million, respectively, was amortized as a reduction to expense. Additionally, during 2017, the number of involuntary departures due to the Chubb integration met our established threshold for recognition in income. As a result, we recognized \$39 million of accelerated amortization. At December 31, 2017, the remaining curtailment benefit balance was \$267 million which will be amortized as a reduction to expense over the next 3.5 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Obligations and funded status

The funded status of the pension and other postretirement benefit plans as well as the amounts recognized in Accumulated other comprehensive income at December 31, 2017 and 2016 was as follows:

	Pension Benefits				Other Postretirement Benefits	
	2017		2016		2017	2016
(in millions of U.S. dollars)	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans		
Benefit obligation, beginning of year	\$ 3,035	\$ 1,025	\$ 10	\$ 559	\$ 165	\$ 16
Acquisition of Chubb Corp	—	—	3,153	372	—	506
Service cost	63	17	75	18	2	10
Interest cost	105	27	103	30	4	17
Actuarial loss (gain)	232	(4)	131	204	(2)	36
Benefits paid	(132)	(28)	(79)	(22)	(14)	(11)
Amendments	—	—	—	(9)	(23)	(410)
Curtailments	—	(32)	(259)	(7)	2	—
Settlements	(18)	(8)	(99)	(7)	—	—
Foreign currency revaluation and other	—	80	—	(113)	3	1
Benefit obligation, end of year	\$ 3,285	\$ 1,077	\$ 3,035	\$ 1,025	\$ 137	\$ 165
Plan assets at fair value, beginning of year	\$ 2,765	\$ 962	\$ 9	\$ 564	\$ 159	\$ —
Acquisition of Chubb Corp	—	—	2,473	315	—	138
Actual return on plan assets	441	100	359	168	6	29
Employer contributions	53	63	98	67	6	3
Benefits paid	(132)	(28)	(79)	(22)	(14)	(11)
Settlements	(18)	(8)	(95)	(7)	—	—
Foreign currency revaluation and other	—	83	—	(123)	—	—
Plan assets at fair value, end of year	\$ 3,109	\$ 1,172	\$ 2,765	\$ 962	\$ 157	\$ 159
Funded status at end of year	\$ (176)	\$ 95	\$ (270)	\$ (63)	\$ 20	\$ (6)
<i>Amounts recognized in Accumulated other comprehensive income, not yet recognized in net periodic cost (benefit):</i>						
Net actuarial loss (gain)	\$ (227)	\$ 82	\$ (207)	\$ 156	\$ 12	\$ 17
Prior service cost (benefit)	—	6	—	(2)	(288)	(395)
Total	\$ (227)	\$ 88	\$ (207)	\$ 154	\$ (276)	\$ (378)

The accumulated benefit obligation for the pension benefit plans was \$ 4.3 billion and \$ 3.8 billion at December 31, 2017 and 2016 , respectively. The accumulated benefit obligation is the present value of pension benefits earned as of the measurement date based on employee service and compensation prior to that date. It differs from the pension benefit obligation in the table above in that the accumulated benefit obligation includes no assumptions regarding future compensation levels.

The net components of the funded status of the pension and other postretirement benefit plans are included in Accounts payable, accrued expenses, and other liabilities in the consolidated balance sheets.

Chubb's funding policy is to contribute amounts that meet regulatory requirements plus additional amounts determined based on actuarial valuations, market conditions and other factors. All benefit plans satisfy minimum funding requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

At December 31, 2017, we estimate that we will contribute \$ 28 million to the pension plans and \$2 million to the other postretirement benefits plan in 2018. The estimate is subject to change due to contribution decisions that are affected by various factors including our liquidity, market performance and management discretion.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The weighted-average assumptions used to determine the projected benefit obligation were as follows:

	Pension Benefits		Other Postretirement Benefits
	U.S. Plans	Non-U.S. Plans	
December 31, 2017			
Discount rate	3.59%	2.76%	2.77%
Rate of compensation increase	4.00%	3.46%	N/A
December 31, 2016			
Discount rate	4.14%	2.83%	2.97%
Rate of compensation increase	4.00%	3.57%	N/A

The components of net pension and other postretirement benefit costs reflected in Net income and other changes in plan assets and benefit obligations recognized in other comprehensive income were as follows:

Year Ended December 31 (in millions of U.S. dollars)	U.S. Plans			Pension Benefits Non-U.S. Plans			Other Postretirement Benefits		
	2017	2016	2015	2017	2016	2015	2017	2016	2015
<i>Costs reflected in Net income:</i>									
Service cost	\$ 63	\$ 75	\$ —	\$ 17	\$ 18	\$ 6	\$ 2	\$ 10	\$ 1
Interest cost	105	103	—	27	30	21	4	17	—
Expected return on plan assets	(189)	(165)	—	(42)	(39)	(29)	(5)	(8)	—
Amortization of net actuarial loss (gain)	—	—	—	3	2	2	—	(1)	(1)
Amortization of prior service cost	—	—	—	—	(1)	—	(89)	(15)	—
Curtailments	—	(117)	—	(27)	—	—	(37)	—	—
Settlements	—	(2)	—	—	1	1	—	—	—
Net periodic (benefit) cost	\$ (21)	\$ (106)	\$ —	\$ (22)	\$ 11	\$ 1	\$ (125)	\$ 3	\$ —
<i>Changes in plan assets and benefit obligations recognized in other comprehensive income</i>									
Net actuarial loss (gain)	\$ (21)	\$ (326)	\$ —	\$ (57)	\$ 49	\$ (16)	\$ (3)	\$ 17	\$ —
Prior service cost (benefit)	—	—	—	—	(8)	1	(23)	(395)	—
Amortization of net actuarial loss	—	—	—	(3)	—	—	—	—	—
Amortization of prior service cost	—	—	—	—	—	—	89	—	—
Curtailments	—	117	—	(6)	—	—	39	—	—
Settlements	1	2	—	—	(1)	—	—	—	—
Total (increase) decrease in other comprehensive income	\$ (20)	\$ (207)	\$ —	\$ (66)	\$ 40	\$ (15)	\$ 102	\$ (378)	\$ —

The estimated net actuarial loss that will be amortized from AOCI into net periodic benefit costs in Net income for Non-U.S. pension plans during 2018 is \$1 million . The estimated net prior service credit that will be amortized from AOCI into net periodic benefit cost in Net income during 2018 for U.S. other postretirement benefit plans is \$ 80 million .

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The weighted-average assumptions used to determine the net periodic pension and other postretirement benefit costs were as follows:

Year Ended December 31	Pension Benefits		Other Postretirement Benefits
	U.S. Plans	Non-U.S. Plans	
2017			
Discount rate in effect for determining service cost	4.20%	3.55%	2.84%
Discount rate in effect for determining interest cost	3.53%	2.61%	2.44%
Rate of compensation increase	4.00%	3.57%	N/A
Expected long-term rate of return on plan assets	7.00%	4.23%	3.00%
2016			
Discount rate in effect for determining service cost	4.38%	3.85%	4.32%
Discount rate in effect for determining interest cost	3.59%	3.44%	4.02%
Rate of compensation increase	4.00%	3.33%	N/A
Expected long-term rate of return on plan assets	7.00%	4.79%	6.34%
2015			
Discount rate	NM	3.51%	NM
Rate of compensation increase	NM	3.09%	NM
Expected long-term rate of return on plan assets	NM	4.81%	NM

NM – not meaningful

The weighted-average healthcare cost trend rate assumptions used to measure the expected cost of healthcare benefits were as follows:

	U.S. Plans			Non-U.S. Plans	
	2017	2016	2015	2017	2016
Healthcare cost trend rate	7.01%	7.28%	6.50%	6.61%	6.61%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%	4.50%	4.50%	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2038	2038	2026	2029	2029

The healthcare cost trend rate assumption has a significant effect on the amount of the accumulated other postretirement benefit obligation and the net other postretirement benefit cost reported. To illustrate, a one percent increase in the trend rate for each year would increase the accumulated other postretirement benefit obligation at December 31, 2017 by approximately \$ 8 million and the aggregate of the service and interest cost components of net other postretirement benefit cost for the year ended December 31, 2017 by approximately \$ 1 million . A one percent decrease in the trend rate for each year would decrease the accumulated other postretirement benefit obligation at December 31, 2017 by approximately \$ 7 million and the aggregate of the service and interest cost components of net other postretirement benefit cost for the year ended December 31, 2017 by approximately \$ 1 million .

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Plan Assets

The long term objective of the pension plan is to provide sufficient funding to cover expected benefit obligations, while assuming a prudent level of portfolio risk. The assets of the pension plan are invested, either directly or through pooled funds, in a diversified portfolio of predominately equity securities and fixed maturities. We seek to obtain a rate of return that over time equals or exceeds the returns of the broad markets in which the plan assets are invested. The target allocation of plan assets is 55 percent to 65 percent invested in equity securities (including certain other investments measured using NAV), with the remainder primarily invested in fixed maturities. We rebalance our pension assets to the target allocation as market conditions permit. We determined the expected long term rate of return assumption for each asset class based on an analysis of the historical returns and the expectations for future returns. The expected long term rate of return for the portfolio is a weighted aggregation of the expected returns for each asset class.

In order to minimize risk, the Plan maintains a listing of permissible and prohibited investments. In addition, the Plan has certain concentration limits and investment quality requirements imposed on permissible investments options. Investment risk is measured and monitored on an ongoing basis.

The following table presents the fair values of the pension plan assets, by valuation hierarchy. For additional information on how we classify these assets within the valuation hierarchy, refer to Note 4 to the Consolidated financial statements.

December 31, 2017 (in millions of U.S. dollars)	Pension Benefits			
	Level 1	Level 2	Level 3	Total
U.S. Plans:				
Short-term investments	\$ 9	\$ 52	\$ —	\$ 61
U.S. Treasury and agency	446	79	—	525
Foreign and corporate bonds	—	692	—	692
Equity securities	1,154	—	—	1,154
Total U.S. Plan assets ⁽¹⁾	\$ 1,609	\$ 823	\$ —	\$ 2,432
Non-U.S. Plans:				
Short-term investments	\$ 5	\$ —	\$ —	\$ 5
Foreign and corporate bonds	—	456	—	456
Equity securities	122	492	—	614
Total Non-U.S. Plan assets ⁽¹⁾	\$ 127	\$ 948	\$ —	\$ 1,075

(1) Excluded from the table above are \$ 677 million and \$95 million of other investments measured using NAV as a practical expedient related to the U.S. Plans and non-U.S. Plans respectively.

December 31, 2016 (in millions of U.S. dollars)	Pension Benefits			
	Level 1	Level 2	Level 3	Total
U.S. Plans:				
Short-term investments	\$ —	\$ 43	\$ —	\$ 43
U.S. Treasury and agency	206	112	—	318
Foreign and corporate bonds	—	482	5	487
Equity securities	728	—	—	728
Derivative instruments	3	—	—	3
Total U.S. Plan assets ⁽¹⁾	\$ 937	\$ 637	\$ 5	\$ 1,579
Non-U.S. Plans:				
Short-term investments	\$ 2	\$ —	\$ —	\$ 2
Foreign and corporate bonds	—	435	—	435
Equity securities	100	412	—	512
Total Non-U.S. Plan assets ⁽¹⁾	\$ 102	\$ 847	\$ —	\$ 949

(1) Excluded from the table above are \$ 1.2 billion and \$ 13 million of other investments measured using NAV as a practical expedient related to the U.S. Plans and Non-U.S. Plans, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

We had other postretirement benefit plan assets of \$157 million and \$159 million at December 31, 2017 and 2016, respectively, all of which are held in equity securities and categorized as Level 1.

Assets classified within Level 3 were nil and \$5 million at December 31, 2017 and 2016, respectively, and the change in the balance during the years ended December 31, 2017 and 2016 was insignificant.

Benefit payments were \$200 million and \$213 million for the years ended December 31, 2017 and 2016, respectively. Expected future payments are as follows:

For the years ending December 31 (in millions of U.S. dollars)	Pension		Other Postretirement Benefits
	U.S. Plans	Non-U.S. Plans	
2018	\$ 129	\$ 23	\$ 17
2019	141	25	19
2020	148	29	20
2021	155	28	23
2022	163	27	25
2023-2027	881	159	44

Defined contribution plans (including 401(k))

Under these plans, employees' contributions may be supplemented by Chubb matching contributions based on the level of employee contribution. These contributions are invested at the election of each employee in one or more of several investment portfolios offered by a third-party investment advisor. Expenses for these plans totaled \$166 million, \$150 million, and \$117 million for the years ended December 31, 2017, 2016, and 2015, respectively.

14. Other (income) expense

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Equity in net (income) loss of partially-owned entities	\$ (418)	\$ (264)	\$ (113)
(Gains) losses from fair value changes in separate account assets ⁽¹⁾	(97)	(11)	19
One-time contribution to the Chubb Charitable Foundation	50	—	—
Federal excise and capital taxes	35	19	19
Other	30	34	24
Other (income) expense	\$ (400)	\$ (222)	\$ (51)

⁽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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

15 . Segment information

Chubb operates through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. These segments distribute their products through various forms of brokers, agencies, and direct marketing programs. All business segments have established relationships with reinsurance intermediaries.

- The North America Commercial P&C Insurance segment includes the business written by Chubb divisions 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 retail divisions: Major Accounts, Commercial Insurance, including Small Commercial Insurance; and our wholesale and specialty divisions: Westchester and Chubb Bermuda. These divisions write a variety of coverages, including traditional commercial property, marine, general casualty, workers' compensation, package policies, and risk management; specialty categories such as professional lines, marine, construction, environmental, medical, cyber risk, and excess casualty; as well as group accident and health (A&H) insurance.
- The North America Personal P&C Insurance segment includes the business written by Chubb Personal Risk Services division, which comprises Chubb high net worth personal lines business and ACE Private Risk Services, with operations in the U.S. and Canada. This segment provides affluent and high net worth individuals and families with homeowners, automobile and collector cars, valuable articles (including fine arts), personal and excess liability, travel insurance, and recreational marine insurance and services.
- The North America Agricultural Insurance segment includes the business written by Rain and Hail Insurance Service, Inc. which provides comprehensive multiple peril crop insurance (MPCI) and crop-hail insurance, and Chubb Agribusiness, which offers farm and ranch property as well as specialty P&C coverages, including commercial agriculture products.
- The Overseas General Insurance segment includes the business written by two Chubb divisions that provide P&C insurance and services in the 51 countries and territories outside of North America where the company operates. Chubb International provides commercial P&C, A&H and traditional and specialty personal lines for large corporations, middle markets and small customers through retail brokers, agents and other channels locally around the world. Chubb Global Markets (CGM) provides commercial P&C excess and surplus lines and A&H through wholesale brokers in the London market and through Lloyd's. These divisions write a variety of coverages, including traditional commercial P&C, specialty categories such as financial lines, marine, energy, aviation, political risk and construction risk, as well as group A&H and traditional and specialty personal lines.
- The Global Reinsurance segment primarily includes the reinsurance business written by Chubb Tempest Re. Chubb Tempest Re provides a broad range of traditional and specialty reinsurance coverages to a diverse array of primary P&C companies.
- The Life Insurance segment includes Chubb's international life operations written by Chubb Life, Chubb Tempest Life Re and the North American supplemental A&H and life business of Combined Insurance.

Corporate primarily includes the results of all run-off asbestos and environmental (A&E) exposures, our run-off Brandywine business, and our Westchester specialty operations for 1996 and prior years, and certain other run-off exposures. In addition, Corporate includes the results of our non-insurance companies including Chubb Limited, Chubb Group Management and Holdings Ltd., and Chubb INA Holdings Inc. Our exposure to A&E claims principally arises out of liabilities acquired when we purchased Westchester Specialty in 1998, CIGNA's P&C business in 1999, and the Chubb Corp run-off business in 2016.

In addition, revenue and expenses managed at the corporate level, including realized gains and losses, interest expense, the non-operating income of our partially-owned entities, and income taxes are reported within Corporate. Chubb integration expenses and other merger-related expenses (both included in Chubb integration expenses in the Consolidated statements of operations), and the one-time benefit recorded in 2016 related to the harmonization of our U.S. pension plans, are also reported within Corporate. Chubb integration expenses are one-time costs that are directly attributable to the achievement of the annualized savings, including employee severance, third-party consulting fees, and systems integration expenses. Other merger-related expenses are one-time costs directly attributable to the merger, including rebranding, employee retention costs and other professional and legal fees related to the Chubb Corp acquisition. These items will not be allocated to the segment level as they are one-time in nature and are not related to the ongoing business activities of the segment. The Chief Executive Officer does not manage segment results or allocate resources to segments when considering these costs and they are therefore

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

excluded from our definition of segment income. Therefore, segment income will only include underwriting income, net investment income, and other operating income and expense items such as each segment's share of the operating income (loss) related to partially-owned entities and miscellaneous income and expense items for which the segments are held accountable. Segment income also includes amortization of purchased intangibles related to business combination intangible assets acquired by the segment and other purchase accounting related intangible assets, including agency relationships, renewal rights, and client lists. The amortization of intangible assets purchased as part of the Chubb Corp acquisition is considered a Corporate cost as these are incurred by the overall company. We determined that this definition of segment income is appropriate and aligns with how the business is managed. As we progress through the integration and refine our processes as our business continues to evolve, we will evaluate and may further refine our segments and segment income measures.

For segment reporting purposes, certain items are presented in a different manner below than in the consolidated financial statements. Management uses underwriting income as the main measures of segment performance. Chubb calculates underwriting income 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. For example, for the year ended December 31, 2017, underwriting income in our North America Agricultural Insurance segment was \$ 392 million . This amount includes \$ 7 million of realized losses 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 year ended December 31, 2017, Life Insurance underwriting income of \$ 263 million includes Net investment income of \$ 313 million and gains from fair value changes in separate account assets of \$ 97 million . The gains from fair value changes in separate account assets are reported in Other (income) expense in the table below.

The following tables present the Statement of Operations by segment:

For the Year Ended December 31, 2017 (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	\$ 12,028	\$ 4,533	\$ 1,516	\$ 8,341	\$ 685	\$ 2,141	\$ —	\$ 29,244
Net premiums earned	12,191	4,399	1,508	8,131	704	2,101	—	29,034
Losses and loss expenses	8,287	3,265	1,036	4,281	561	739	285	18,454
Policy benefits	—	—	—	—	—	676	—	676
Policy acquisition costs	1,873	899	81	2,221	177	530	—	5,781
Administrative expenses	981	264	(8)	982	44	303	267	2,833
Underwriting income (loss)	1,050	(29)	399	647	(78)	(147)	(552)	1,290
Net investment income	1,961	226	25	610	273	313	(283)	3,125
Other (income) expense	1	4	2	(4)	(1)	(84)	(318)	(400)
Amortization expense of purchased intangibles	—	16	29	45	—	2	168	260
Segment income (loss)	3,010	177	393	1,216	196	248	(685)	4,555
Net realized gains (losses) including OTTI							84	84
Interest expense							607	607
Chubb integration expenses							310	310
Income tax benefit							(139)	(139)
Net income (loss)							\$ (1,379)	\$ 3,861

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

For the Year Ended December 31, 2016 (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	\$ 11,740	\$ 4,153	\$ 1,328	\$ 8,124	\$ 676	\$ 2,124	\$ —	\$ 28,145
Net premiums earned	12,217	4,319	1,316	8,132	710	2,055	—	28,749
Losses and loss expenses	7,439	2,558	893	4,005	325	663	169	16,052
Policy benefits	—	—	—	—	—	588	—	588
Policy acquisition costs	2,023	966	83	2,136	187	509	—	5,904
Administrative expenses	1,125	363	(6)	1,057	52	307	183	3,081
Underwriting income (loss)	1,630	432	346	934	146	(12)	(352)	3,124
Net investment income	1,860	207	20	600	263	283	(368)	2,865
Other (income) expense	(2)	6	1	(11)	(4)	5	(217)	(222)
Amortization expense (benefit) of purchased intangibles	—	19	29	48	—	3	(80)	19
Segment income (loss)	3,492	614	336	1,497	413	263	(423)	6,192
Net realized gains (losses) including OTTI							(145)	(145)
Interest expense							605	605
Chubb integration expense							492	492
Income tax expense							815	815
Net income (loss)							\$ (2,480)	\$ 4,135

For the Year Ended December 31, 2015 (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	\$ 5,715	\$ 1,192	\$ 1,346	\$ 6,634	\$ 828	\$ 1,998	\$ —	\$ 17,713
Net premiums earned	5,634	948	1,364	6,471	849	1,947	—	17,213
Losses and loss expenses	3,661	590	1,088	3,052	290	601	202	9,484
Policy benefits	—	—	—	—	—	543	—	543
Policy acquisition costs	531	69	69	1,581	214	476	1	2,941
Administrative expenses	621	123	1	997	49	291	188	2,270
Underwriting income (loss)	821	166	206	841	296	36	(391)	1,975
Net investment income	1,032	25	23	534	300	265	15	2,194
Other (income) expense	(7)	2	1	(17)	(6)	23	(47)	(51)
Amortization expense of purchased intangibles	—	78	30	61	—	2	—	171
Segment income (loss)	1,860	111	198	1,331	602	276	(329)	4,049
Net realized gains (losses) including OTTI							(420)	(420)
Interest expense							300	300
Chubb Integration Expense							33	33
Income tax expense							462	462
Net income (loss)							\$ (1,544)	\$ 2,834

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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following table presents net premiums earned for each segment by line of business:

(in millions of U.S. dollars)	For the Year Ended December 31		
	2017	2016	2015
North America Commercial P&C Insurance			
Property & other short-tail lines	\$ 1,899	\$ 1,963	\$ 1,040
Casualty & all other	9,554	9,552	4,175
A&H	738	702	419
Total North America Commercial P&C Insurance	12,191	12,217	5,634
North America Personal P&C Insurance			
Personal automobile	742	699	186
Personal homeowners	3,014	3,007	579
Personal other	643	613	183
Total North America Personal P&C Insurance	4,399	4,319	948
North America Agricultural Insurance	1,508	1,316	1,364
Overseas General Insurance			
Property & other short-tail lines	2,076	2,133	1,833
Casualty & all other	2,266	2,177	1,361
Personal lines	1,609	1,626	1,211
A&H	2,180	2,196	2,066
Total Overseas General Insurance	8,131	8,132	6,471
Global Reinsurance			
Property & other short-tail lines	132	118	155
Property catastrophe	198	185	219
Casualty & all other	374	407	475
Total Global Reinsurance	704	710	849
Life Insurance			
Life	980	1,002	931
A&H	1,121	1,053	1,016
Total Life Insurance	2,101	2,055	1,947
Total net premiums earned	\$ 29,034	\$ 28,749	\$ 17,213

The following table presents net premiums earned by geographic region. Allocations have been made on the basis of location of risk:

	North America	Europe ⁽¹⁾	Asia Pacific / Far East	Latin America
2017	70%	11%	12%	7%
2016	70%	12%	11%	7%
2015	60%	15%	15%	10%

(1) Europe includes Eurasia and Africa region.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

16 . Earnings per share

(in millions of U.S. dollars, except share and per share data)	Year Ended December 31		
	2017	2016	2015
Numerator:			
Net income	\$ 3,861	\$ 4,135	\$ 2,834
Denominator:			
Denominator for basic earnings per share:			
Weighted-average shares outstanding	467,145,716	462,519,789	325,589,361
Denominator for diluted earnings per share:			
Share-based compensation plans	4,051,185	3,429,610	3,246,017
Weighted-average shares outstanding and assumed conversions	471,196,901	465,949,399	328,835,378
Basic earnings per share	\$ 8.26	\$ 8.94	\$ 8.71
Diluted earnings per share	\$ 8.19	\$ 8.87	\$ 8.62
Potential anti-dilutive share conversions	1,776,025	1,206,828	1,601,668

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

17 . Related party transactions

Starr Indemnity & Liability Company and its affiliates (collectively, Starr)

We have a number of agency and reinsurance agreements with Starr, the Chairman of which is related to a member of our senior management team. A number of these agreements pre-dated our acquisition of Chubb Corp; however, in connection with our acquisition of Chubb Corp on January 14, 2016, we obtained Chubb Corp's pre-existing business with Starr, which included agency agreements and agreements in which Chubb Corp was a reinsurer to Starr. Our Board has reviewed and approved our arrangements with Starr.

We have agency, claims services and underwriting services agreements with various Starr subsidiaries. Under the agency agreements, we secure the ability to sell our insurance policies through Starr as one of our non-exclusive agents for writing policies, contracts, binders, or agreements of insurance or reinsurance. Under the claims services agreements, Starr adjusts the claims under policies and arranges for third party treaty and facultative agreements covering such policies. Under the underwriting services agreements, Starr underwrites insurance policies on our behalf and we agree to reinsure such policies to Starr under one or more quota reinsurance agreements.

Transactions generated under these agreements were as follows:

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Gross premiums written	\$ 464	\$ 658	\$ 305
Ceded premiums written	\$ 175	\$ 208	\$ 78
Commissions paid	\$ 101	\$ 145	\$ 60
Commissions received	\$ 37	\$ 56	\$ 19
Losses and loss expenses incurred	\$ 438	\$ 313	\$ 137

Certain agency agreements also contain a profit-sharing arrangement based on loss ratios, triggered if Starr underwrites a minimum of \$20 million of annual program business net written premiums on our behalf. No profit share commission has been payable yet under this arrangement. Another agency agreement contains a profit-sharing arrangement based on the earned premiums for the business underwritten by Starr (excluding workers' compensation) and the reinsurance recoveries associated with excess of loss reinsurance agreements placed by Starr for the business underwritten. No profit share commission under this arrangement has been payable yet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Reinsurance recoverable on losses and loss expenses due from Starr was \$557 million and \$412 million as of December 31, 2017 and 2016, respectively, and the amount of ceded reinsurance premium payable included in Insurance and reinsurance balances payable in the consolidated balance sheet was \$44 million and \$72 million, respectively.

ABR Re

We own 11.3 percent of the common equity of ABR Reinsurance Capital Holdings Ltd. and warrants to acquire 0.5 percent of additional equity. ABR Reinsurance Capital Holdings Ltd., is the parent company of ABR Reinsurance Ltd. (ABR Re), an independent reinsurance company. Through long-term arrangements, Chubb will be the sole source of reinsurance risks ceded to ABR Re, and BlackRock, Inc. will be ABR Re's exclusive investment management service provider. As an investor, Chubb is expected to benefit from underwriting profit generated by ABR Re's reinsuring a wide range of Chubb's primary insurance business and the income and capital appreciation BlackRock, Inc. seeks to deliver through its investment management services. In addition, Chubb has entered into an arrangement with BlackRock, Inc. under which both Chubb and BlackRock, Inc. will be entitled to an equal share of the aggregate amount of certain fees, including underwriting and investment management performance related fees, in connection with their respective reinsurance and investment management arrangements with ABR Re.

ABR Re is a variable interest entity; however, Chubb is not the primary beneficiary and does not consolidate ABR Re because Chubb does not have the power to control and direct ABR Re's most significant activities, including investing and underwriting. Our minority ownership interest is accounted for under the equity method of accounting. Chubb cedes premiums to ABR Re and recognizes the associated commissions. At December 31, 2017 and 2016, Chubb ceded reinsurance premiums of \$ 342 million and \$ 288 million, respectively, and recognized ceded commissions of \$ 94 million and \$ 66 million, respectively. At December 31, 2017 and 2016, the amount of Reinsurance recoverable on losses and loss expenses was \$ 365 million and \$ 148 million, respectively, and the amount of ceded reinsurance premium payable included in Insurance and reinsurance balances payable in our Consolidated balance sheets was \$ 51 million and \$ 53 million, respectively.

18 . Statutory financial information

Our subsidiaries file financial statements prepared in accordance with statutory accounting practices prescribed or permitted by insurance regulators. Statutory accounting differs from GAAP in the reporting of certain reinsurance contracts, investments, subsidiaries, acquisition expenses, fixed assets, deferred income taxes, and certain other items. Some jurisdictions impose complex regulatory requirements on insurance companies while other jurisdictions impose fewer requirements. In some jurisdictions, we must obtain licenses issued by governmental authorities to conduct local insurance business. These licenses may be subject to reserves and minimum capital and solvency tests. Jurisdictions may impose fines, censure, and/or criminal sanctions for violation of regulatory requirements. The 2017 amounts below are based on estimates.

Chubb's insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdictions in which they operate. These regulations include restrictions that limit the amount of dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the local insurance regulatory authorities. The amount of dividends available to be paid in 2018 without prior approval totals \$5.8 billion.

The statutory capital and surplus of our insurance subsidiaries met regulatory requirements for 2017, 2016, and 2015. The minimum amounts of statutory capital and surplus necessary to satisfy regulatory requirements was \$23.9 billion and \$ 22.2 billion for December 31, 2017 and 2016, respectively. These minimum regulatory capital requirements were significantly lower than the corresponding amounts required by the rating agencies which review Chubb's insurance and reinsurance subsidiaries.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

The following tables present the combined statutory capital and surplus and statutory net income (loss) of our Property and casualty and Life subsidiaries:

(in millions of U.S. dollars)	December 31			
	2017		2016	
Statutory capital and surplus				
Property and casualty	\$	40,498	\$	38,734
Life	\$	1,507	\$	1,225

(in millions of U.S. dollars)	Year Ended December 31			
	2017		2016	
Statutory net income (loss)				
Property and casualty	\$	8,123	\$	6,903
Life	\$	74	\$	55
			\$	(148)

Several insurance subsidiaries follow accounting practices prescribed or permitted by the jurisdiction of domicile that differ from the applicable local statutory practice. The application of prescribed or permitted accounting practices does not have a material impact on Chubb's statutory surplus and income. As prescribed by the Restructuring discussed previously in Note 7, certain of our U.S. subsidiaries discount certain A&E liabilities, which increased statutory capital and surplus by approximately \$ 169 million and \$155 million at December 31, 2017 and 2016, respectively.

Federal Insurance Company (Federal), a direct subsidiary of Chubb INA Holdings Inc., has a permitted practice granted by the Indiana Department of Insurance that relates to its investments in foreign subsidiaries and affiliates. Under Statement of Statutory Accounting Principles No. 97, Investments in Subsidiary, Controlled and Affiliated Entities, A Replacement of SSAP No. 88, in order for a reporting entity to admit its investments in foreign subsidiaries and affiliates, audited financial statements of the subsidiary or affiliate must be obtained to support the carrying value. Such financial statements must be prepared in accordance with U.S. GAAP, or alternatively, in accordance with the local statutory requirements in the subsidiary's or affiliate's country of domicile, with an audited footnote reconciliation of net income and shareholder's equity as reported to a U.S. GAAP basis. With the explicit permission of the Indiana Department of Insurance, Federal obtains audited financial statements for its admitted foreign subsidiaries and affiliates, which had an aggregate carrying value of \$ 156 million and \$308 million at December 31, 2017 and 2016, respectively, prepared in accordance with their respective local statutory requirements and supplemented with a separate unaudited reconciliation of shareholder's equity as reported to a U.S. GAAP basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

19 . Information provided in connection with outstanding debt of subsidiaries

The following tables present condensed consolidating financial information at December 31, 2017 and December 31, 2016 , and for the years ended December 31, 2017 , 2016 , and 2015 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 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
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	20,701	(4,073)	16,918
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. Refer to Note 1 f) for additional information. 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)

Chubb Limited and Subsidiaries

Condensed Consolidating Balance Sheet at December 31, 2016

(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	\$ 27	\$ 485	\$ 98,582	\$ —	\$ 99,094
Cash ⁽¹⁾	1	1	1,965	(982)	985
Insurance and reinsurance balances receivable	—	—	10,498	(1,528)	8,970
Reinsurance recoverable on losses and loss expenses	—	—	24,496	(10,919)	13,577
Reinsurance recoverable on policy benefits	—	—	1,153	(971)	182
Value of business acquired	—	—	355	—	355
Goodwill and other intangible assets	—	—	22,095	—	22,095
Investments in subsidiaries	38,408	49,509	—	(87,917)	—
Due from subsidiaries and affiliates, net	10,482	—	—	(10,482)	—
Other assets	3	436	18,442	(4,353)	14,528
Total assets	\$ 48,921	\$ 50,431	\$ 177,586	\$ (117,152)	\$ 159,786
Liabilities					
Unpaid losses and loss expenses	\$ —	\$ —	\$ 70,683	\$ (10,143)	\$ 60,540
Unearned premiums	—	—	18,538	(3,759)	14,779
Future policy benefits	—	—	6,007	(971)	5,036
Due to subsidiaries and affiliates, net	—	10,209	273	(10,482)	—
Affiliated notional cash pooling programs ⁽¹⁾	363	619	—	(982)	—
Repurchase agreements	—	—	1,403	—	1,403
Short-term debt	—	500	—	—	500
Long-term debt	—	12,599	11	—	12,610
Trust preferred securities	—	308	—	—	308
Other liabilities	283	1,582	17,368	(2,898)	16,335
Total liabilities	646	25,817	114,283	(29,235)	111,511
Total shareholders' equity	48,275	24,614	63,303	(87,917)	48,275
Total liabilities and shareholders' equity	\$ 48,921	\$ 50,431	\$ 177,586	\$ (117,152)	\$ 159,786

⁽¹⁾ Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. At December 31, 2016, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statements of Operations and Comprehensive Income

For the Year Ended 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
Net premiums written	\$ —	\$ —	\$ 29,244	\$ —	\$ 29,244
Net premiums earned	—	—	29,034	—	29,034
Net investment income	4	14	3,107	—	3,125
Equity in earnings of subsidiaries	3,640	2,424	—	(6,064)	—
Net realized gains (losses) including OTTI	—	(25)	109	—	84
Losses and loss expenses	—	—	18,454	—	18,454
Policy benefits	—	—	676	—	676
Policy acquisition costs and administrative expenses	75	40	8,499	—	8,614
Interest (income) expense	(332)	847	92	—	607
Other (income) expense	(12)	93	(481)	—	(400)
Amortization of purchased intangibles	—	—	260	—	260
Chubb integration expenses	32	69	209	—	310
Income tax expense (benefit)	20	(742)	583	—	(139)
Net income	\$ 3,861	\$ 2,106	\$ 3,958	\$ (6,064)	\$ 3,861
Comprehensive income	\$ 4,718	\$ 3,075	\$ 4,430	\$ (7,505)	\$ 4,718

Condensed Consolidating Statements of Operations and Comprehensive Income

For the Year Ended December 31, 2016
(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	\$ —	\$ —	\$ 28,145	\$ —	\$ 28,145
Net premiums earned	—	—	28,749	—	28,749
Net investment income	3	11	2,851	—	2,865
Equity in earnings of subsidiaries	3,901	2,555	—	(6,456)	—
Net realized gains (losses) including OTTI	—	3	(148)	—	(145)
Losses and loss expenses	—	—	16,052	—	16,052
Policy benefits	—	—	588	—	588
Policy acquisition costs and administrative expenses	64	82	8,839	—	8,985
Interest (income) expense	(353)	908	50	—	605
Other (income) expense	(25)	35	(232)	—	(222)
Amortization of purchased intangibles	—	—	19	—	19
Chubb integration expenses	62	126	304	—	492
Income tax expense (benefit)	21	(416)	1,210	—	815
Net income	\$ 4,135	\$ 1,834	\$ 4,622	\$ (6,456)	\$ 4,135
Comprehensive income	\$ 4,556	\$ 2,001	\$ 5,045	\$ (7,046)	\$ 4,556

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss)

For the Year Ended December 31, 2015

(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	\$ —	\$ —	\$ 17,713	\$ —	\$ 17,713
Net premiums earned	—	—	17,213	—	17,213
Net investment income	3	4	2,187	—	2,194
Equity in earnings of subsidiaries	2,673	1,038	—	(3,711)	—
Net realized gains (losses) including OTTI	—	(9)	(411)	—	(420)
Losses and loss expenses	—	—	9,484	—	9,484
Policy benefits	—	—	543	—	543
Policy acquisition costs and administrative expenses	63	28	5,120	—	5,211
Interest (income) expense	(32)	302	30	—	300
Other (income) expense	(208)	(4)	161	—	(51)
Amortization of purchased intangibles	—	—	171	—	171
Chubb Integration Expense	3	29	1	—	33
Income tax expense (benefit)	16	(349)	795	—	462
Net income	\$ 2,834	\$ 1,027	\$ 2,684	\$ (3,711)	\$ 2,834
Comprehensive income (loss)	\$ 908	\$ (192)	\$ 757	\$ (565)	\$ 908

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statement of Cash Flows

For the Year Ended 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
Net cash flows from operating activities	\$ 781	\$ 1,648	\$ 4,598	\$ (2,524)	\$ 4,503
Cash flows from investing activities					
Purchases of fixed maturities available for sale	—	(9)	(25,738)	—	(25,747)
Purchases of fixed maturities held to maturity	—	—	(352)	—	(352)
Purchases of equity securities	—	—	(173)	—	(173)
Sales of fixed maturities available for sale	—	99	13,156	—	13,255
Sales of equity securities	—	—	187	—	187
Maturities and redemptions of fixed maturities available for sale	—	29	10,396	—	10,425
Maturities and redemptions of fixed maturities held to maturity	—	—	879	—	879
Net change in short-term investments	—	189	(726)	—	(537)
Net derivative instruments settlements	—	(15)	(250)	—	(265)
Other	—	(10)	(104)	—	(114)
Net cash flows (used for) from investing activities	—	283	(2,725)	—	(2,442)
Cash flows from financing activities					
Dividends paid on Common Shares	(1,308)	—	—	—	(1,308)
Common Shares repurchased	—	—	(801)	—	(801)
Proceeds from issuance of repurchase agreements	—	—	2,353	—	2,353
Repayment of long-term debt	—	(500)	(1)	—	(501)
Repayment of repurchase agreements	—	—	(2,348)	—	(2,348)
Proceeds from share-based compensation plans	—	—	151	—	151
Advances (to) from affiliates	892	(927)	35	—	—
Dividends to parent company	—	—	(2,524)	2,524	—
Net payments to affiliated notional cash pooling programs ⁽¹⁾	(363)	(504)	—	867	—
Policyholder contract deposits	—	—	442	—	442
Policyholder contract withdrawals	—	—	(307)	—	(307)
Net cash flows used for financing activities	(779)	(1,931)	(3,000)	3,391	(2,319)
Effect of foreign currency rate changes on cash and cash equivalents	—	—	1	—	1
Net increase (decrease) in cash	2	—	(1,126)	867	(257)
Cash – beginning of year ⁽¹⁾	1	1	1,965	(982)	985
Cash – end of year⁽¹⁾	\$ 3	\$ 1	\$ 839	\$ (115)	\$ 728

⁽¹⁾ Chubb maintains two notional multi-currency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. At December 31, 2017 and 2016, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statement of Cash Flows

For the Year Ended December 31, 2016
(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	\$ 3,618	\$ 4,305	\$ 5,536	\$ (8,167)	\$ 5,292
Cash flows from investing activities					
Purchases of fixed maturities available for sale	—	(156)	(30,659)	—	(30,815)
Purchases of fixed maturities held to maturity	—	—	(282)	—	(282)
Purchases of equity securities	—	—	(146)	—	(146)
Sales of fixed maturities available for sale	—	66	16,611	—	16,677
Sales of equity securities	—	—	1,000	—	1,000
Maturities and redemptions of fixed maturities available for sale	—	66	9,283	—	9,349
Maturities and redemptions of fixed maturities held to maturity	—	—	958	—	958
Net change in short-term investments	—	7,943	4,407	—	12,350
Net derivative instruments settlements	—	(9)	(159)	—	(168)
Acquisition of subsidiaries (net of cash acquired of \$71)	—	(14,282)	34	—	(14,248)
Capital contribution	(2,330)	(215)	(2,330)	4,875	—
Other	—	(3)	13	—	10
Net cash flows used for investing activities	(2,330)	(6,590)	(1,270)	4,875	(5,315)
Cash flows from financing activities					
Dividends paid on Common Shares	(1,173)	—	—	—	(1,173)
Proceeds from issuance of repurchase agreements	—	—	2,310	—	2,310
Repayment of repurchase agreements	—	—	(2,311)	—	(2,311)
Proceeds from share-based compensation plans	—	—	167	—	167
Advances (to) from affiliates	404	(572)	168	—	—
Dividends to parent company	—	—	(8,167)	8,167	—
Capital contribution	—	2,330	2,545	(4,875)	—
Net proceeds from (payments to) affiliated notional cash pooling programs ⁽¹⁾	(519)	530	—	(11)	—
Policyholder contract deposits	—	—	522	—	522
Policyholder contract withdrawals	—	—	(253)	—	(253)
Other	—	(4)	—	—	(4)
Net cash flows (used for) from financing activities	(1,288)	2,284	(5,019)	3,281	(742)
Effect of foreign currency rate changes on cash and cash equivalents					
Net decrease in cash	—	(1)	(778)	(11)	(790)
Cash – beginning of year ⁽¹⁾	1	2	2,743	(971)	1,775
Cash – end of year ⁽¹⁾	\$ 1	\$ 1	\$ 1,965	\$ (982)	\$ 985

⁽¹⁾ Chubb maintains two notional multi-currency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. At December 31, 2016 and 2015, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

Condensed Consolidating Statement of Cash Flows

For the Year Ended December 31, 2015
(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	\$ 3,125	\$ 682	\$ 3,836	\$ (3,779)	\$ 3,864
Cash flows from investing activities					
Purchases of fixed maturities available for sale	—	—	(16,053)	(18)	(16,071)
Purchases of fixed maturities held to maturity	—	—	(62)	—	(62)
Purchases of equity securities	—	—	(158)	—	(158)
Sales of fixed maturities available for sale	—	—	10,814	—	10,814
Sales of equity securities	—	—	183	—	183
Maturities and redemptions of fixed maturities available for sale	—	—	6,567	—	6,567
Maturities and redemptions of fixed maturities held to maturity	—	—	669	—	669
Net change in short-term investments	—	(7,588)	(628)	—	(8,216)
Net derivative instruments settlements	—	(9)	(12)	—	(21)
Acquisition of subsidiaries (net of cash acquired of \$629)	—	—	264	—	264
Capital contribution	(2,670)	(625)	(2,791)	6,086	—
Other	—	(25)	(256)	18	(263)
Net cash flows used for investing activities	(2,670)	(8,247)	(1,463)	6,086	(6,294)
Cash flows from financing activities					
Dividends paid on Common Shares	(862)	—	—	—	(862)
Common Shares repurchased	—	—	(758)	—	(758)
Proceeds from issuance of long-term debt	—	6,090	—	—	6,090
Proceeds from issuance of repurchase agreements	—	—	2,029	—	2,029
Repayment of long-term debt	—	(1,150)	—	—	(1,150)
Repayment of repurchase agreements	—	—	(2,027)	—	(2,027)
Proceeds from share-based compensation plans	—	—	131	—	131
Advances (to) from affiliates	(228)	95	133	—	—
Dividends to parent company	—	—	(3,779)	3,779	—
Capital contribution	—	2,791	3,295	(6,086)	—
Net proceeds from (payments to) affiliated notional cash pooling programs ⁽¹⁾	636	(220)	—	(416)	—
Policyholder contract deposits	—	—	503	—	503
Policyholder contract withdrawals	—	—	(221)	—	(221)
Other	—	(40)	—	—	(40)
Net cash flows (used for) from financing activities	(454)	7,566	(694)	(2,723)	3,695
Effect of foreign currency rate changes on cash and cash equivalents					
Net increase in cash	1	1	1,534	(416)	1,120
Cash – beginning of year ⁽¹⁾	—	1	1,209	(555)	655
Cash – end of year ⁽¹⁾	\$ 1	\$ 2	\$ 2,743	\$ (971)	\$ 1,775

⁽¹⁾ Chubb maintains two notional multi-currency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. At December 31, 2015 and 2014, the cash balance of one or more entities was negative; however, the overall Pool balances were positive.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Chubb Limited and Subsidiaries

20 . Condensed unaudited quarterly financial data

	Three Months Ended			
	March 31 2017	June 30 2017	September 30 2017	December 31 2017
<i>(in millions of U.S. dollars, except per share data)</i>				
Net premiums earned	\$ 6,772	\$ 7,237	\$ 7,807	\$ 7,218
Net investment income	745	770	813	797
Net realized gains (losses) including OTTI	(7)	101	(10)	—
Total revenues	\$ 7,510	\$ 8,108	\$ 8,610	\$ 8,015
Losses and loss expenses	\$ 3,789	\$ 4,146	\$ 6,247	\$ 4,272
Policy benefits	\$ 168	\$ 163	\$ 169	\$ 176
Net income (loss)	\$ 1,093	\$ 1,305	\$ (70)	\$ 1,533
Basic earnings (loss) per share	\$ 2.33	\$ 2.79	\$ (0.15)	\$ 3.29
Diluted earnings (loss) per share	\$ 2.31	\$ 2.77	\$ (0.15)	\$ 3.27

Net income for the three months ended September 30, 2017 included after-tax catastrophe losses of \$1.5 billion . Net income for the three months ended December 31, 2017 included a one-time income tax transition benefit of \$450 million related to the 2017 Tax Act. Refer to Note 8 for additional information.

	Three Months Ended			
	March 31 2016	June 30 2016	September 30 2016	December 31 2016
<i>(in millions of U.S. dollars, except per share data)</i>				
Net premiums earned	\$ 6,597	\$ 7,405	\$ 7,688	\$ 7,059
Net investment income	674	708	739	744
Net realized gains (losses) including OTTI	(394)	(216)	100	365
Total revenues	\$ 6,877	\$ 7,897	\$ 8,527	\$ 8,168
Losses and loss expenses	\$ 3,674	\$ 4,254	\$ 4,269	\$ 3,855
Policy benefits	\$ 126	\$ 146	\$ 155	\$ 161
Net income	\$ 439	\$ 726	\$ 1,360	\$ 1,610
Basic earnings per share	\$ 0.98	\$ 1.55	\$ 2.90	\$ 3.44
Diluted earnings per share	\$ 0.97	\$ 1.54	\$ 2.88	\$ 3.41

SCHEDULE I

Chubb Limited and Subsidiaries

SUMMARY OF INVESTMENTS – OTHER THAN INVESTMENTS IN RELATED PARTIES

December 31, 2017 (in millions of U.S. dollars)	Cost or Amortized Cost	Fair Value	Amount at Which Shown in the Balance Sheet
Fixed maturities available for sale			
U.S. Treasury and agency	\$ 3,701	\$ 3,698	\$ 3,698
Foreign	20,514	21,030	21,030
Corporate securities	23,453	23,996	23,996
Mortgage-backed securities	15,279	15,290	15,290
States, municipalities, and political subdivisions	14,888	14,925	14,925
Total fixed maturities available for sale	77,835	78,939	78,939
Fixed maturities held to maturity			
U.S. Treasury and agency	908	915	908
Foreign	1,738	1,757	1,738
Corporate securities	3,159	3,219	3,159
Mortgage-backed securities	2,724	2,742	2,724
States, municipalities, and political subdivisions	5,806	5,841	5,806
Total fixed maturities held to maturity	14,335	14,474	14,335
Equity securities			
Industrial, miscellaneous, and all other	737	937	937
Short-term investments	3,561	3,561	3,561
Other investments ⁽¹⁾	4,331	4,586	4,586
Total investments - other than investments in related parties	\$ 100,799	\$ 102,497	\$ 102,358

⁽¹⁾ Excludes \$86 million of related party investments.

SCHEDULE II

Chubb Limited and Subsidiaries

CONDENSED FINANCIAL INFORMATION OF REGISTRANT**BALANCE SHEETS (Parent Company Only)**

(in millions of U.S. dollars)	December 31 2017	December 31 2016
Assets		
Investments in subsidiaries and affiliates on equity basis	\$ 41,909	\$ 38,408
Short-term investments	—	2
Other investments, at cost	—	25
Total investments	41,909	38,435
Cash	3	1
Due from subsidiaries and affiliates, net	9,639	10,482
Other assets	3	3
Total assets	\$ 51,554	\$ 48,921
Liabilities		
Affiliated notional cash pooling programs ⁽¹⁾	\$ —	\$ 363
Accounts payable, accrued expenses, and other liabilities	382	283
Total liabilities	382	646
Shareholders' equity		
Common Shares	11,121	11,121
Common Shares in treasury	(1,944)	(1,480)
Additional paid-in capital	13,978	15,335
Retained earnings	27,474	23,613
Accumulated other comprehensive income (loss)	543	(314)
Total shareholders' equity	51,172	48,275
Total liabilities and shareholders' equity	\$ 51,554	\$ 48,921

(1) Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information.

The condensed financial information should be read in conjunction with the consolidated financial statements and notes thereto.

SCHEDULE II (continued)

Chubb Limited and Subsidiaries

CONDENSED FINANCIAL INFORMATION OF REGISTRANT**STATEMENTS OF OPERATIONS (Parent Company Only)**

	Year Ended December 31		
(in millions of U.S. dollars)	2017	2016	2015
Revenues			
Investment income, including interest income	\$ 336	\$ 356	\$ 35
Equity in net income of subsidiaries and affiliates	3,640	3,901	2,673
	3,976	4,257	2,708
Expenses			
Administrative and other (income) expense	63	39	(145)
Chubb integration expenses	32	62	3
Income tax expense	20	21	16
	115	122	(126)
Net income	\$ 3,861	\$ 4,135	\$ 2,834
Comprehensive income	\$ 4,718	\$ 4,556	\$ 908

The condensed financial information should be read in conjunction with the consolidated financial statements and notes thereto.

SCHEDULE II (continued)

Chubb Limited and Subsidiaries

CONDENSED FINANCIAL INFORMATION OF REGISTRANT**STATEMENTS OF CASH FLOWS (Parent Company Only)**

(in millions of U.S. dollars)	Year Ended December 31		
	2017	2016	2015
Net cash flows from operating activities ⁽¹⁾	\$ 781	\$ 3,618	\$ 3,125
Cash flows from investing activities			
Capital contribution	—	(2,330)	(2,670)
Net cash flows used for investing activities	—	(2,330)	(2,670)
Cash flows from financing activities			
Dividends paid on Common Shares	(1,308)	(1,173)	(862)
Advances (to) from affiliates	892	404	(228)
Net proceeds from (payments to) affiliated notional cash pooling programs ⁽²⁾	(363)	(519)	636
Net cash flows used for financing activities	(779)	(1,288)	(454)
Net increase in cash	2	—	1
Cash – beginning of year	1	1	—
Cash – end of year	\$ 3	\$ 1	\$ 1

⁽¹⁾ Includes cash dividends received from subsidiaries of \$450 million, \$3.4 billion, and \$2.9 billion in 2017, 2016, and 2015, respectively.

⁽²⁾ Chubb maintains two notional multicurrency cash pools (Pools) with a third-party bank. Refer to Note 1 f) for additional information. The condensed financial information should be read in conjunction with the consolidated financial statements and notes thereto.

SCHEDULE IV

Chubb Limited and Subsidiaries

SUPPLEMENTAL INFORMATION CONCERNING REINSURANCE**Premiums Earned**

For the years ended December 31, 2017, 2016, and 2015 (in millions of U.S. dollars, except for percentages)

	Direct Amount	Ceded To Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
2017					
Property and Casualty	\$ 27,774	\$ 6,650	\$ 2,891	\$ 24,015	12%
Accident and Health	4,167	349	221	4,039	5%
Life	841	81	220	980	22%
Total	\$ 32,782	\$ 7,080	\$ 3,332	\$ 29,034	11%
2016					
Property and Casualty	\$ 26,919	\$ 6,407	\$ 3,284	\$ 23,796	14%
Accident and Health	4,047	315	219	3,951	6%
Life	845	84	241	1,002	24%
Total	\$ 31,811	\$ 6,806	\$ 3,744	\$ 28,749	13%
2015					
Property and Casualty	\$ 14,895	\$ 5,373	\$ 3,259	\$ 12,781	25%
Accident and Health	3,684	351	168	3,501	5%
Life	776	94	249	931	27%
Total	\$ 19,355	\$ 5,818	\$ 3,676	\$ 17,213	21%

SCHEDULE VI

Chubb Limited and Subsidiaries

SUPPLEMENTARY INFORMATION CONCERNING PROPERTY AND CASUALTY OPERATIONS

As of and for the years ended December 31, 2017, 2016, and 2015 (in millions of U.S. dollars)

	Deferred Policy Acquisition Costs	Net Reserves for Unpaid Losses and Loss Expenses	Unearned Premiums	Net Premiums Earned	Net Investment Income	Net Losses and Loss Expenses Incurred Related to		Amortization of Deferred Policy Acquisition Costs	Net Paid Losses and Loss Expenses	Net Premiums Written
						Current Year	Prior Year			
2017	\$ 3,805	\$ 49,165	\$ 15,216	\$ 28,054	\$ 2,890	\$ 19,391	\$ (937)	\$ 5,519	\$ 17,448	\$ 28,225
2016	\$ 3,537	\$ 47,832	\$ 14,779	\$ 27,747	\$ 2,656	\$ 17,256	\$ (1,204)	\$ 5,654	\$ 15,715	\$ 27,074
2015	\$ 2,219	\$ 26,562	\$ 8,439	\$ 16,282	\$ 2,007	\$ 10,030	\$ (546)	\$ 2,692	\$ 9,665	\$ 16,734

AMENDED AND RESTATED CREDIT AGREEMENT

among

CHUBB LIMITED
CHUBB BERMUDA INSURANCE LTD.
CHUBB TEMPEST LIFE REINSURANCE LTD.
CHUBB TEMPEST REINSURANCE LTD.
CHUBB INA HOLDINGS INC.
as Borrowers

THE BANKS NAMED HEREIN,

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Administrative Agent, the Swingline Bank and an Issuing Bank

and

CITIBANK, N.A.
JPMORGAN CHASE BANK, N.A.
BANK OF AMERICA, N.A.
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.
as Co-Syndication Agents

\$1,000,000,000 Senior Unsecured Letter of Credit and Revolving Credit Facility

WELLS FARGO SECURITIES, LLC
CITIGROUP GLOBAL MARKETS INC.
JPMORGAN CHASE BANK, N.A.
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED
THE BANK OF TOKYO MITSUBISHI UFJ, LTD.
Joint Book Runners and Joint Lead Arrangers

BARCLAYS BANK PLC
HSBC BANK USA, NATIONAL ASSOCIATION
ING BANK N.V., LONDON BRANCH
ROYAL BANK OF CANADA
Co-Documentation Agents

Dated as of October 25, 2017

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AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT, dated as of October 25, 2017, among Chubb Limited, a Swiss company (the “Parent”), Chubb Bermuda Insurance Ltd., a Bermuda company (“Chubb Bermuda”), Chubb Tempest Life Reinsurance Ltd., a Bermuda company (“Tempest Life”), Chubb Tempest Reinsurance Ltd., a Bermuda company (“Tempest”), and Chubb INA Holdings Inc., a Delaware corporation (“Chubb INA” and together with the Parent, Chubb Bermuda, Tempest Life and Tempest, the “Borrowers” and each individually a “Borrower”), the banks, financial institutions and other institutional lenders listed on the signature pages hereof as the Initial Banks (the “Initial Banks”), Citibank, N.A. (“Citibank”), JPMorgan Chase Bank, N.A. (“JPMorgan”), Bank of America, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., a member of MUFG, a global financial group, as co-syndication agents (collectively, the “Syndication Agents”), Barclays Bank PLC, HSBC Bank USA, National Association, ING Bank N.V., London Branch and Royal Bank of Canada (collectively, the “Documentation Agents”), and Wells Fargo, as administrative agent (together with any successor administrative agent appointed pursuant to **Article IX**, the “Administrative Agent” and, together with the Syndication Agents and Documentation Agents, the “Agents”) for the Banks.

The Borrowers are party to the Credit Agreement, dated as November 6, 2012 (as amended, supplemented or otherwise modified prior to the date hereof, the “Existing Credit Agreement”), among the Borrowers, each lender from time to time party thereto, Wells Fargo as administrative agent, Citibank and JPMorgan as co-syndication agents, and the other agents and arrangers party thereto, which Existing Credit Agreement is hereby amended and restated in its entirety by this Agreement.

PRELIMINARY STATEMENTS

A. The Borrowers have requested that the Banks make available to the Borrowers a senior unsecured credit facility in the aggregate initial principal amount of \$1,000,000,000 for the issuance of standby letters of credit for the account of the Borrowers or any wholly owned subsidiary of the Parent, with a subfacility for the making of Revolving Loans to the Borrowers (the “Credit Facility”).

B. The Banks are willing to make available to the Borrowers the credit facilities described herein subject to and on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.01 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Account Designation Letter” means, with respect to each Borrower, a letter from such Borrower to the Administrative Agent, duly completed and signed by an Authorized Officer of such Borrower and in form and substance reasonably satisfactory to the Administrative Agent, listing any one or more accounts to which such Borrower may from time to time request the Administrative Agent to forward the proceeds of any Loans made hereunder.

“Additional Bank” has the meaning given to such term in **Section 2.19(a)**.

“Adjusted Consolidated Debt” means, at any time, an amount equal to (i) the then outstanding Consolidated Debt of the Parent and its Subsidiaries plus (ii) to the extent exceeding an amount equal to 15% of Total Capitalization, the then issued and outstanding amount of Preferred Securities (other than any Mandatorily Convertible Preferred Securities).

“Adjusted Base Rate” means, at any time with respect to any Base Rate Loan, a rate per annum equal to the Base Rate as in effect at such time plus the Applicable Margin for Base Rate Loans in effect at such time.

“Adjusted LIBOR Rate” means, at any time with respect to any LIBOR Loan, a rate per annum equal to the LIBOR Rate for the then-current Interest Period for such LIBOR Loan plus the Applicable Margin for LIBOR Loans in effect at such time.

“Administrative Agent” has the meaning specified in the recital of parties to this Agreement.

“Administrative Agent’s Account” means the account of the Administrative Agent maintained by the Administrative Agent at Wells Fargo Bank, National Association, Charlotte, NC, ABA: 121000248, Acct: 01104331628807, Acct. Name: Agency Services Clearing A/C, Ref: Chubb Ltd., Attn: Financial Cash Controls, or such other account as the Administrative Agent shall specify in writing to the Banks.

“Administrative Questionnaire” means, with respect to each Bank, the administrative questionnaire in the form submitted to such Bank by the Administrative Agent and returned to the Administrative Agent duly completed by such Bank.

“Affected Bank” means any Bank that (i) has made, or notified any Borrower that an event or circumstance has occurred which may give rise to, a demand for compensation under **Section 2.15(a)** or **(b)** or **Section 2.16** (but only so long as the event or circumstance giving rise to such demand or notice is continuing), (ii) becomes a Non-Qualifying Bank if the Parent determines such Bank’s continuation as a Bank would, or would be reasonably likely to, result in

Swiss Withholding Tax being applicable to any payment under this Agreement or (iii) is a Non-NAIC Bank for which no Bank agreed to act as a Non-NAIC Fronting Bank.

“Affiliate” means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term “control” (including the terms “controlling”, “controlled by” and “under common control with”) of a Person means the possession, direct or indirect, of the power to vote 5% or more of the Voting Interests of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Interests, by contract or otherwise.

“Agent Parties” has the meaning assigned thereto in **Section 10.02(c)** .

“Agents” has the meaning specified in the recital of parties to this Agreement.

“Agreement” means this Credit Agreement.

“Agreement Currency” has the meaning specified in **Section 10.15** .

“Anti-Corruption Laws” means all laws, rules, and regulations of any jurisdiction applicable to the Parent or its Subsidiaries from time to time concerning or relating to bribery or corruption, including, without limitation, the United States Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder and the U.K. Bribery Act 2010 and the rules and regulations thereunder.

“Anti-Money Laundering Laws” means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules applicable to a Borrower, its Subsidiaries or Affiliates related to terrorism financing or money laundering, including any applicable provision of the Patriot Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

“Applicable Currency” means, with respect to any Letter of Credit, Dollars or the Foreign Currency in which the Stated Amount of such Letter of Credit is denominated.

“Applicable Lending Office” means, with respect to any Bank, the office of such Bank described as such in its Administrative Questionnaire or in the Assignment and Assumption pursuant to which it became a Bank, as the case may be, or such other office of such Bank as such Bank may from time to time specify to any Borrower and the Administrative Agent, which office may include any Affiliate of such Bank or any domestic or foreign branch of such Bank or such Affiliate.

“Applicable Margin”, “Applicable Commitment Fee Percentage” or “Applicable Letter of Credit Fee Percentage,” respectively, means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Commitment Fee Percentage	Applicable Letter of Credit Fee Percentage	Applicable Margin for LIBOR Loans	Applicable Margin for Base Rate Loans
<u>Level 1</u> AA-/Aa3 and above	0.080%	0.750%	0.750%	0.000%
<u>Level 2</u> A+/A1	0.100%	0.875%	0.875%	0.000%
<u>Level 3</u> A/A2	0.125%	1.000%	1.000%	0.000%
<u>Level 4</u> A-/A3	0.150%	1.125%	1.125%	0.125%
<u>Level 5</u> BBB+/Baa1	0.175%	1.375%	1.375%	0.375%

If neither S&P nor Moody's has assigned the Parent a Public Debt Rating, Level 5 shall apply.

“Approved Investment” means any Investment that was made by the Parent or any of its Subsidiaries pursuant to investment guidelines set forth by the board of directors of the Parent which are consistent with past practices.

“Assignment and Assumption” means an assignment and assumption entered into by a Bank and an Eligible Assignee, and accepted by the Administrative Agent, in accordance with **Section 10.07** and in substantially the form of **Exhibit C** hereto or any other form approved by the Administrative Agent.

“Authorized Officer” means, with respect to any action specified herein to be taken by or on behalf of a Borrower, any officer of such Borrower duly authorized by resolution of its board of directors or other governing body to take such action on its behalf, and whose signature and incumbency shall have been certified to the Administrative Agent by the secretary, an assistant secretary or any other appropriately authorized officer of such Borrower.

“Availability Period” means the period from the Effective Date to the Maturity Date.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Laws” means the Bankruptcy Code, Part XIII of the Companies Act 1981 of Bermuda, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States, Bermuda, Switzerland or other applicable jurisdictions or of any

Insurance Regulatory Authority from time to time in effect and affecting the rights of creditors generally.

“Bankruptcy Code” means 11 U.S.C. §§101 et seq., and all rules from time to time promulgated thereunder.

“Banks” means the Initial Banks and each Person that shall become a Bank hereunder pursuant to **Section 2.19** or **Section 10.07(a)**, **(b)** and **(c)** for so long as such Initial Bank or Person, as the case may be, shall be a party to this Agreement. Unless specifically provided otherwise or the context otherwise requires, all references herein to a Bank or the Banks shall be deemed to include the Issuing Banks and the Swingline Bank.

“Base Rate” means, for any day, a rate per annum equal to the highest of (i) the rate of interest most recently publicly announced by Wells Fargo in Charlotte, North Carolina, as its prime rate, as adjusted to conform to changes as of the opening of business on the date of any such change in such prime rate, (ii) the Federal Funds Rate plus 0.5% per annum, (iii) the LIBOR Rate that would be in effect for an Interest Period of one month beginning on such day (or, if such day is not a Business Day, on the most recent Business Day) plus 1.0% and (iv) 0.0%.

“Base Rate Loan” means, at any time, any Loan that bears interest at such time at the Adjusted Base Rate.

“Borrowers” has the meaning specified in the recital of parties to this Agreement.

“Borrowing” means the incurrence by a Borrower (including as a result of conversions or continuations of outstanding Loans pursuant to **Section 2.10**) on a single date of a group of Loans pursuant to **Section 2.02** of a single Type (or a Swingline Loan made by the Swingline Bank) and, in the case of LIBOR Loans, as to which a single Interest Period is in effect.

“Borrowing Date” means, with respect to any Borrowing, the date upon which such Borrowing is made.

“Business Day” means a day of the year on which banks are not required or authorized by law to close in Charlotte, North Carolina, New York, New York, London, England or Bermuda.

“Canadian Dollars” means the Currency of Canada.

“Capitalized Lease” means, as to any Person, the obligations of such Person to pay rent or other amounts under any lease, which obligations are required to be classified and accounted for as capital leases on the balance sheet of such Person in accordance with GAAP, provided that, notwithstanding any change in GAAP after the Effective Date that would require obligations that would be classified and accounted for as an operating lease under GAAP as existing on the Effective Date to be classified and accounted for as capital leases or otherwise reflected on the Consolidated balance sheet of the Parent and its Subsidiaries, such obligations shall continue to be treated as operating leases for all purposes of this Credit Agreement.

“Cash Collateral Account” has the meaning given to such term in **Section 3.07(a)**.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Administrative Agent or an Issuing Bank (as applicable) and the Banks, as collateral for the Letter of Credit Exposure or obligations of any Banks to fund participations in respect thereof (as the context may require), cash or deposit account balances or, if the Administrative Agent and the applicable Issuing Bank(s) shall agree, other credit support pursuant to documentation satisfactory to the Administrative Agent and such Issuing Bank.

“Cash Collateral” has a meaning correlative to the foregoing and shall include the proceeds of Cash Collateral and other credit support.

“Cash Collateral Percentage,” means, (i) if all outstanding Letter of Credit Exposure is denominated solely in Dollars, 100% and (ii) if any Letter of Credit Exposure is denominated in a Foreign Currency, 105%.

“Change in Law” means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III and/or CRD IV, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means the occurrence of any of the following: (a) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Interests of the Parent (or other securities convertible into such Voting Interests) representing 30% or more of the combined voting power of all Voting Interests of the Parent or (b) a majority of the board of directors of the Parent shall not be Continuing Members.

“Chubb Bermuda” has the meaning specified in the recital of parties to this Agreement.

“Chubb INA” has the meaning specified in the recital of parties to this Agreement.

“Citibank” has the meaning set forth in the recitals of the parties to this Agreement.

“Commitment” means, with respect to any Bank at any time, the commitment of such Bank to make Revolving Loans to the Borrowers, to Issue and/or participate in Letters of Credit in an aggregate principal Dollar Amount at any time outstanding up to the amount set forth opposite such Bank’s name on **Schedule I** hereto under the caption “Commitment Amount” or, if such Bank has entered into one or more Assignment and Assumptions, the aggregate principal

Dollar Amount set forth for such Bank in the Register maintained by the Administrative Agent pursuant to **Section 10.07(d)** as such Bank's "Commitment Amount," as such amount may be reduced or increased from time to time pursuant to the terms hereof.

"Commitment Increase" has the meaning given to such term in **Section 2.19(a)** .

"Commitment Increase Date" has the meaning given to such term in **Section 2.19(c)** .

"Confidential Information" means information that any Borrower furnishes to any Agent or any Bank, but does not include any such information that is or becomes generally available to the public other than as a result of a breach by any Agent or any Bank of its obligations hereunder or that is or becomes available to such Agent or such Bank from a source other than the Borrowers that is not, to the best of such Agent's or such Bank's knowledge, acting in violation of a confidentiality agreement with a Borrower.

"Commitment Letter" means the commitment letter from the Joint Lead Arrangers to the Borrowers, dated September 29, 2017.

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Consolidated Net Worth" means at any date the Consolidated shareholders' equity of the Parent and its Consolidated Subsidiaries determined as of such date, provided that in determining such Consolidated shareholders' equity, any "Accumulated Other Comprehensive Income (Loss)" shown on a Consolidated balance sheet of the Parent and its Consolidated Subsidiaries prepared in accordance with GAAP shall be excluded.

"Contingent Obligation" means, with respect to any Person, any obligation or arrangement of such Person to guarantee or intended to guarantee any Debt, leases, dividends or other payment obligations (" primary obligations ") of any other Person (the " primary obligor ") in any manner, whether directly or indirectly, including (a) the direct or indirect guarantee, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of a primary obligor, (b) the obligation to make take-or-pay or similar payments, if required, regardless of nonperformance by any other party or parties to an agreement or (c) any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (A) for the purchase or payment of any such primary obligation or (B) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, assets, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; provided, however, that Contingent Obligations shall not include any obligations of any such Person arising under insurance contracts entered into in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the

maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder), as determined by such Person in good faith.

“Continuing Member” means a member of the Board of Directors of the Parent who either (i) was a member of the Parent’s Board of Directors on the date of execution and delivery of this Agreement by the Parent and has been such continuously thereafter or (ii) became a member of such Board of Directors after such date and whose election or nomination for election was approved by a vote of the majority of the Continuing Members then members of the Parent’s Board of Directors.

“CRD IV” shall mean (i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms; and (ii) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC; or any law, rules or guidance by which either of them is implemented.

“Credit Exposure” means, with respect to any Bank at any time, the sum of (i) the aggregate principal amount of all Revolving Loans made by such Bank that are outstanding at such time, (ii) such Bank’s Letter of Credit Exposure at such time and (iii) such Bank’s Swingline Exposure at such time.

“Credit Extension” means either of the following: (i) a Borrowing of Loans or (ii) the Issuance of any Letter of Credit.

“Credit Facility” has the meaning specified in the recitals of this Agreement.

“Currency” means the lawful currency of any country.

“Debenture” means debt securities issued by Chubb INA or the Parent to a Special Purpose Trust in exchange for proceeds of Preferred Securities and common securities of such Special Purpose Trust.

“Debt” of any Person means, without duplication for purposes of calculating financial ratios, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of such Person’s business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under Capitalized Leases (excluding imputed interest), (f) all obligations of such Person under acceptance, letter of credit or similar facilities, (g) all

obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interests (except for obligations to pay for Equity Interests within customary settlement periods) in such Person or any other Person or any warrants, rights or options to acquire such capital stock (excluding payments under a contract for the forward sale of ordinary shares of such Person issued in a public offering), valued, in the case of Redeemable Preferred Interests, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (h) all Contingent Obligations of such Person in respect of Debt (of the types described above) of any other Person and (i) all indebtedness and other payment obligations referred to in clauses (a) through (h) above of another Person secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness or other payment obligations; provided, however, that the amount of Debt of such Person under clause (i) above shall, if such Person has not assumed or otherwise become liable for any such Debt, be limited to the lesser of the principal amount of such Debt or the fair market value of all property of such Person securing such Debt; provided further that “Debt” shall not include obligations in respect of insurance or reinsurance contracts entered into in the ordinary course of business or any obligations of such Person (1) to purchase securities (or other property) which arise out of or in connection with the sale of the same or substantially similar securities (or other property) or (2) to return collateral consisting of securities arising out of or in connection with the loan of the same or substantially similar securities; provided further that, solely for purposes of **Section 6.04** and the definitions of “Adjusted Consolidated Debt” and “Total Capitalization”, “Debt” shall not include (x) any contingent obligations of any Person under or in connection with acceptance, letter of credit or similar facilities or (y) obligations of the Parent or Chubb INA under any Debentures or under any subordinated guaranty of any Preferred Securities or obligations of a Special Purpose Trust under any Preferred Securities.

“Default” means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

“Defaulting Bank” means, subject to **Section 2.20(b)**, any Bank that (i) has failed to (x) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Bank notifies the Administrative Agent and the Parent in writing that such failure is the result of such Bank’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (y) pay to the Administrative Agent, any Issuing Bank, any Swingline Bank or any other Bank any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swingline Loans) within two Business Days of the date when due, (ii) has notified the Parent, the Administrative Agent or any Issuing Bank or Swingline Bank in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Bank’s obligation to fund a Loan hereunder and states that such position is based on such Bank’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied),

(iii) has failed, within three Business Days after written request by the Administrative Agent or the Parent, to confirm in writing to the Administrative Agent and the Parent that it will comply with its prospective funding obligations hereunder (provided that such Bank shall cease to be a Defaulting Bank pursuant to this clause (iii) upon receipt of such written confirmation by the Administrative Agent and the Parent), or (iv) has, or has a direct or indirect parent company that has, (x) become the subject of a proceeding under any Bankruptcy Law except for any undisclosed administration or comparable pre-insolvency proceedings which may form part of such laws, (y) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (z) has become subject to a Bail-In Action; provided that a Bank shall not be a Defaulting Bank solely by virtue of the ownership or acquisition of any equity interest in that Bank or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Bank with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Bank (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Bank. Any determination by the Administrative Agent that a Bank is a Defaulting Bank under any one or more of clauses (i) through (iv) above shall be conclusive and binding absent manifest error, and such Bank shall be deemed to be a Defaulting Bank (subject to **Section 2.20(b)**) upon delivery of written notice of such determination to the Parent, each Issuing Bank, the Swingline Bank and each Bank.

“ Documentation Agents ” has the meaning specified in the recital of parties to this Agreement.

“ Dollar Amount ” means (i) with respect to Dollars or an amount denominated in Dollars, such amount, and (ii) with respect to an amount of Foreign Currency or an amount denominated in a Foreign Currency, the equivalent of such amount in Dollars as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined with respect to the most recent Revaluation Date) for the purchase of Dollars with such Foreign Currency.

“ Dollars ” or “ \$ ” means dollars of the United States.

“ EEA Financial Institution ” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“ EEA Member Country ” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“ EEA Resolution Authority ” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any

delegee) having responsibility for the resolution of any credit institution or investment firm established in any EEA Member Country.

“ Effective Date ” means the first date on which the conditions set forth in **Article IV** shall have been satisfied.

“ Eligible Assignee ” means (i) a Bank, (ii) an Affiliate of a Bank, or (iii) a commercial bank, a savings bank or other financial institution that is approved by the Administrative Agent, each Fronting Bank that has Issued an outstanding Letter of Credit at the time any assignment is effected pursuant to **Section 10.07**, the Swingline Bank and, unless an Event of Default has occurred and is continuing at the time any assignment is effected pursuant to **Section 10.07**, the Parent (such approvals not to be unreasonably withheld or delayed); provided, that (a) neither any Borrower nor any Affiliate of a Borrower shall qualify as an Eligible Assignee under this definition, (b) no Person that is a Non-Qualifying Bank may be an Eligible Assignee, as more fully described in **Section 10.07(j)**, unless the Obligations have become due and payable (at maturity, by acceleration or otherwise), (c) no Person that is a Non-NAIC Bank may be an Eligible Assignee unless a Non-NAIC Fronting Bank shall have agreed to be a Fronting Bank on behalf of such Non-NAIC Bank with respect to Syndicated Letters of Credit, (d) no natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural person) shall qualify as an Eligible Assignee and (e) no Defaulting Bank shall qualify as an Eligible Assignee.

“ EMU Legislation ” means the legislative measures of the European Union for the introduction of, changeover to or operation of the Euro in one or more member states.

“ Environmental Action ” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, accusations, allegations, notices of noncompliance or violation, investigations (other than internal reports prepared by any Person in the ordinary course of business and not in response to any third party action or request of any kind) or proceedings relating in any way to any actual or alleged violation of or liability under any Environmental Law or relating to any permit issued, or any approval given, under any such Environmental Law, including, without limitation, any and all claims by Governmental Authorities for enforcement, cleanup, removal, response, remedial or other actions or damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to public health or the environment.

“ Environmental Law ” means any and all federal, foreign, state, provincial and local laws, statutes, ordinances, codes, rules, standards and regulations, permits, licenses, approvals, interpretations and orders of courts or Governmental Authorities, relating to the protection of public health or the environment, including, but not limited to, requirements pertaining to the manufacture, processing, distribution, use, treatment, storage, disposal, transportation, handling, reporting, licensing, permitting, investigation or remediation of Hazardous Materials.

“ Environmental Permit ” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“Equity Interests” means, with respect to any Person, shares of capital stock of (or other ownership or profit interests in) such Person, warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any Person that for purposes of Title IV of ERISA is a member of the controlled group of any Borrower, or under common control with any Borrower, within the meaning of Section 414 of the Internal Revenue Code or Section 4001 of ERISA.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto), as in effect from time to time.

“Euro” means the single Currency of Participating Member States of the European Union.

“Events of Default” has the meaning specified in **Section 7.01**.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a recipient or required to be withheld or deducted from a payment to a recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such recipient being organized under the laws of, or having its principal office or, in the case of any Bank, its Applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Bank, withholding Taxes imposed on amounts payable to or for the account of such Bank with respect to an applicable interest in a Loan or Commitment pursuant to a law in effect on the date on which (i) such Bank acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by any Borrower pursuant to **Section 2.18**) or (ii) such Bank changes its Applicable Lending Office, except in each case to the extent that, pursuant to **Section 2.16**, amounts with respect to such Taxes were payable either to such Bank's assignor immediately before such Bank became a party hereto or to such Bank immediately before it changed its Applicable Lending Office, (c) Taxes attributable to such recipient's failure to comply with **Section 2.16(f)** and (d) any Taxes imposed under FATCA.

“Existing Bank” means any Person who was a Bank under the Existing Credit Agreement.

“Existing Bank Agreement” means Existing Bank Agreements substantially in the form of **Exhibit F**.

“Existing Credit Agreement” has the meaning set forth in the recitals to this Agreement.

“Existing Letters of Credit” means those letters of credit set forth on **Schedule II** and continued under this Agreement pursuant to **3.03** .

“Existing Syndicated Letters of Credit” has the meaning given to such term in **Section 3.03(b)** .

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, and any agreements entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code and any intergovernmental agreement entered into in connection with the implementation of the foregoing and any fiscal or regulatory legislation or rules adopted pursuant to any such intergovernmental agreement.

“Federal Funds Rate” means, for any day, a rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. Notwithstanding the foregoing, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Fee Letters” means any letter agreement between the Parent and the Administrative Agent, a Joint Lead Arranger, a Fronting Bank and/or a Non-NAIC Bank with respect to fees payable in connection with this Agreement.

“Fiscal Year” means the fiscal year of the Parent and its Consolidated Subsidiaries ending on December 31st in any calendar year.

“Foreign Currency” means, at any time, (A) with respect to Participated Letters of Credit, (i) Pounds Sterling, (ii) Euros, (iii) Yen, (iv) Canadian Dollars, (v) South African Rand, (vi) Hong Kong Dollars and (vii) any other lawful Currency that is freely transferable and freely convertible into Dollars and is acceptable to the Administrative Agent and the applicable Issuing Bank(s); and (B) with respect to Syndicated Letters of Credit, (i) each Foreign Currency set forth in the preceding clauses (A)(i) through (A)(vi), and any other Foreign Currency that satisfies the requirements of the preceding clause (A)(vii).

“Foreign Currency Equivalent” means, with respect to an amount of Dollars or an amount denominated in Dollars, the equivalent of such amount in the applicable Foreign Currency as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Foreign Currency with Dollars.

“Foreign Government Scheme or Arrangement” has the meaning specified in **Section 5.01(l)(ii)** .

“Foreign Bank” means (a) if the Borrower is a U.S. Person, a Bank that is not a U.S. Person, and (b) if the Borrower is not a U.S. Person, a Bank that is resident or organized under the laws of a jurisdiction other than that in which the Borrower is resident for tax purposes.

“Foreign Plan” has the meaning specified in **Section 5.01(I)(ii)** .

“Fronting Agreement” means an agreement between any Non-NAIC Bank and any Non-NAIC Fronting Bank that such Non-NAIC Fronting Bank will itself honor the obligations of such Non-NAIC Bank in respect of a draft complying with terms of a Syndicated Letter of Credit as if, and to the extent, such Non-NAIC Fronting Bank were the Issuing Bank originally named on such Syndicated Letter of Credit.

“Fronting Bank” means, as applicable, (i) with respect to Participated Letters of Credit, Wells Fargo, Citibank and any other Bank reasonably acceptable to the Administrative Agent which is requested by the applicable Borrower, and which agrees in its sole discretion in writing, to Issue Participated Letters of Credit and (ii) with respect to Syndicated Letters of Credit, any Non-NAIC Fronting Bank.

“Fronting Exposure” means, at any time there is a Defaulting Bank, (i) with respect to any Fronting Bank, such Defaulting Bank’s Letter of Credit Exposure with respect to Letters of Credit Issued by the Fronting Bank or fronted by the Fronting Bank on behalf of such Defaulting Bank other than such portion of such Defaulting Bank’s Letter of Credit Exposure as to which such Defaulting Bank’s participation obligation has been reallocated to other Banks or Cash Collateralized in accordance with the terms hereof and (ii) with respect to any Swingline Bank, such Defaulting Bank’s Swingline Exposure with respect to outstanding Swingline Loans made by the Swingline Bank other than Swingline Loans as to which such Defaulting Bank’s participation obligation has been reallocated to other Banks in accordance with the terms hereof.

“GAAP” has the meaning specified in **Section 1.03** .

“Governmental Approvals” means all authorizations, consents, approvals, permits, licenses and exemptions of, and all registrations and filings with or issued by, any Governmental Authorities.

“Governmental Authority” means the government of the United States, Bermuda, Switzerland or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, self-regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“Guaranty” means the undertaking by the Parent under **Article VIII** .

“Guidelines” means, collectively, guideline S-02.123 in relation to interbank loans of 22 September 1986 (*Merkblatt "Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind (Interbankguthaben)" vom 22. September 1986*), guideline S-02.122.1 in

relation to bonds of April 1999 (*Merkblatt "Obligationen" vom April 1999*), guideline S-02.130.1 in relation to money market instruments and accounts receivable of April 1999 (*Merkblatt vom April 1999 betreffend Geldmarktpapiere und Buchforderungen inländischer Schuldner*), guideline S-02.128 in relation to syndicated credit facilities of January 2000 (*Merkblatt "Steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen" vom Januar 2000*), circular letter no. 34 in relation to customer credit balances of 26 July 2011 (*Kreisschreiben Nr. 34 vom 26. Juli 2011 betreffend "Kundenguthaben"*) and the circular letter No. 15 of 7 February 2007 (1-015-DVS-2007) in relation to bonds and derivative financial instruments as subject matter of taxation of Swiss federal income tax, Swiss withholding tax and Swiss stamp taxes (*Kreisschreiben Nr. 15 "Obligationen und derivative Finanzinstrumente als Gegenstand der direkten Bundessteuer, der Verrechnungssteuer und der Stempelabgaben" vom 7. Februar 2007*), in each case as issued, amended or replaced from time to time, by the Swiss Federal Tax Administration or as substituted or superseded and overruled by any law, statute, ordinance, court decision, regulation or the like as in force from time to time.

“ Hazardous Materials ” means any substances or materials (a) which are or become defined as hazardous wastes, hazardous substances, pollutants, contaminants, or toxic substances under any Environmental Law, (b) which are toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise harmful to public health or the environment and are or become regulated by any Governmental Authority, (c) the presence of which require investigation or remediation under any Environmental Law or common law, (d) the discharge or emission or release of which requires a permit or license under any Environmental Law or other Governmental Approval, (e) which are deemed by a Governmental Authority to constitute a nuisance or a trespass which pose a health or safety hazard to Persons or neighboring properties, or (f) which contain, without limitation, asbestos, polychlorinated biphenyls, urea formaldehyde foam insulation, petroleum hydrocarbons, petroleum derived substances or waste, crude oil, nuclear fuel, natural gas or synthetic gas.

“ Hedge Agreements ” means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other hedging agreements.

“ Hong Kong Dollars ” means the Currency of Hong Kong.

“ Increasing Bank ” has the meaning given to such term in **Section 2.19(a)** .

“ Indemnified Party ” has the meaning specified in **Section 10.04(b)** .

“ Indemnified Taxes ” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Borrower under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

“ Initial Banks ” has the meaning specified in the recital of parties to this Agreement.

“ Initial Loans ” has the meaning given to such term in **Section 2.19(d)** .

“Interest Period” means, as to each LIBOR Loan, the period commencing on the date of the Borrowing of such LIBOR Loan (or the date of any continuation of, or conversion into, such LIBOR Loan), and ending one, two, three or six months (or, if acceptable to all of the Banks, twelve months) thereafter, as selected by the applicable Borrower in its Notice of Borrowing or Notice of Conversion/Continuation; provided, that:

- (i) all LIBOR Loans comprising a single Borrowing shall at all times have the same Interest Period;
- (ii) each successive Interest Period applicable to a LIBOR Loan shall commence on the day on which the next preceding Interest Period applicable thereto expires;
- (iii) LIBOR Loans may not be outstanding under more than ten (10) separate Interest Periods at any one time (for which purpose Interest Periods shall be deemed to be separate even if they are coterminous);
- (iv) if any Interest Period otherwise would expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day unless such next succeeding Business Day falls in another calendar month, in which case such Interest Period shall expire on the next preceding Business Day;
- (v) no Interest Period shall extend beyond the Maturity Date; and
- (vi) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month during which such Interest Period would otherwise expire, such Interest Period shall expire on the last Business Day of such calendar month.

“Internal Revenue Code” means the Internal Revenue Code of 1986.

“Investment” in any Person means any loan or advance to such Person, any purchase or other acquisition of any Equity Interests or Debt or the assets comprising a division or business unit or a substantial part or all of the business of such Person, any capital contribution to such Person or any other direct or indirect investment in such Person, including any acquisition by way of a merger or consolidation and any arrangement pursuant to which the investor incurs Debt of the types referred to in clause (h) or (i) of the definition of “Debt” in respect of such Person; provided, however, that any purchase by any Borrower or any Subsidiary of any catastrophe-linked instruments which are (x) issued for the purpose of transferring traditional reinsurance risk to the capital markets and (y) purchased by such Borrower or Subsidiary in accordance with its customary reinsurance underwriting procedures, or the entry by any Borrower or any Subsidiary into swap instruments relating to such instruments in accordance with such procedures, shall be deemed to be the entry by such Person into a reinsurance contract and shall not be deemed to be an Investment by such Person.

“Issue” means, with respect to any Letter of Credit, to issue, to amend in a manner which extends the expiry of, or to renew or increase the Stated Amount of, such Letter of Credit; and the terms “Issued”, “Issuing” and “Issuance” have corresponding meanings, provided that the term “Issue” shall not include the automatic renewal of a Letter of Credit in accordance with its terms.

“Issuing Bank” means (i) with respect to any Participated Letter of Credit, the applicable Fronting Bank, (ii) with respect to a Syndicated Letter of Credit, the Banks (other than the Non-NAIC Banks, but including the applicable Non-NAIC Fronting Banks, if any) who have Issued such Syndicated Letter of Credit and (iii) with respect to an Existing Syndicated Letter of Credit, until such Existing Syndicated Letter of Credit shall be amended in accordance with **Section 3.03(b)**, the Existing Banks who issued such Existing Syndicated Letter of Credit.

“JPMorgan” has the meaning set forth in the recital of parties to this Agreement.

“Joint Lead Arrangers” means, collectively, Wells Fargo Securities, LLC, Citigroup Global Markets Inc., JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation’s or any of its subsidiaries’ investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement) and The Bank of Tokyo-Mitsubishi UFJ, Ltd., a member of MUFG, a global financial group.

“Judgment Currency” has the meaning specified in **Section 10.15**.

“L/C Advance” has the meaning given to such term in **Section 3.02(e)**.

“L/C Agent” means Wells Fargo, and its successors and permitted assigns in such capacity.

“L/C Disbursement” means (i) with respect to any Participated Letter of Credit, a payment made by the applicable Fronting Bank pursuant thereto and (ii) with respect to any Syndicated Letter of Credit, a payment made by an Issuing Bank pursuant thereto.

“L/C Disbursement Date” means, with respect to each L/C Disbursement made under any Letter of Credit, if the applicable Borrower receives notice from the Administrative Agent of any L/C Disbursement prior to 11:00 a.m. on a Business Day, such Business Day and if such notice is received after 11:00 a.m. on such Business Day, the following Business Day.

“L/C Maturity Date” means the earlier of (i) the first anniversary of the Maturity Date and (ii) the first date after the Maturity Date on which the aggregate Letter of Credit Exposure is zero; provided that if such date is not a Business Day, the L/C Maturity Date shall be the immediately preceding Business Day.

“Letter of Credit” means any standby letter of credit Issued hereunder, whether Issued as a Syndicated Letter of Credit or Participated Letter of Credit, including the Existing Letters of Credit, and “Letters of Credit” means all of the foregoing.

“Letter of Credit Collateral Account” has the meaning set forth in **Section 2.21(b)(ii)** .

“Letter of Credit Documents” means, with respect to any Letter of Credit, collectively, such Letter of Credit and any application therefor and any other documents attached thereto.

“Letter of Credit Exposure” means, at any time for each Bank, such Bank’s Pro Rata Share, as adjusted pursuant to **Section 2.20(a)(iv)** , of the amount equal to the sum at such time of (i) the aggregate Stated Amount of all outstanding Letters of Credit and (ii) the aggregate Dollar Amount of all outstanding Reimbursement Obligations.

“Letter of Credit Fee” has the meaning set forth in **Section 2.09(c)** .

“Letter of Credit Notice” means a Syndicated Letter of Credit Notice or a Participated Letter of Credit Notice, as the context may require.

“LIBOR Market Index Rate” means, with respect to any day, the daily floating rate of interest per annum equal to the LIBOR Rate for an Interest Period equal to one month (commencing on the date of determination of such interest rate) which appears on the Reuters Screen LIBOR01 Page (or any applicable successor page) at approximately 11:00 a.m. (London time) on such date of determination, or, if such date is not a Business Day, then the immediately preceding Business Day or if such rate is not available for any reason, a comparable or successor rate that is approved by the Administrative Agent in consultation with the Parent or otherwise pursuant to the procedures described in clause (c) of the definition of LIBOR Rate. Notwithstanding the foregoing, in no event shall the LIBOR Market Index Rate be less than 0%.

“LIBOR Loan” means, at any time, any Revolving Loan that bears interest at such time at the Adjusted LIBOR Rate.

“LIBOR Rate” means,

(a) for any interest rate calculation with respect to a LIBOR Loan, the rate of interest per annum determined on the basis of the rate for deposits in Dollars for a period equal to the applicable Interest Period which appears on Reuters Screen LIBOR01 Page (or any applicable successor page) at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of the applicable Interest Period or if such rate is not available for any reason, a comparable or successor rate that is approved by the Administrative Agent in consultation with the Parent, and

(b) for any interest rate calculation with respect to a Base Rate Loan, the rate of interest per annum determined on the basis of the rate for deposits in Dollars for an Interest Period equal to one month (commencing on the date of determination of such interest rate) which appears on the Reuters Screen LIBOR01 Page (or any applicable successor page) at approximately 11:00 a.m. (London time) on such date of determination, or, if such date is not a Business Day, then the immediately preceding Business Day or if such rate is not available for any reason, a comparable or successor rate that is approved by the Administrative Agent in consultation with the Parent.

(c) If at any time the Administrative Agent determines (which determination shall be conclusive absent manifest error) that the supervisor for the administrator of the LIBOR Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which the LIBOR Rate shall no longer be used for determining interest rates for loans, then the Administrative Agent and the Parent shall endeavor to establish an alternate rate of interest to the LIBOR Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable, including adjustments to the Applicable Margin, Applicable Commitment Fee Percentage and Applicable Letter of Credit Fee Percentage as may be necessary to maintain the relative margin on the applicable Obligations as in effect prior to the implementation of such alternate rate of interest and such other related changes after giving effect thereto. Notwithstanding anything to the contrary in **Section 10.01**, such amendment shall become effective without any further action or consent of any other party to this Agreement so long as the Administrative Agent shall not have received, within five Business Days of the date notice of such alternate rate of interest (including any adjustments to the marginal rates) is provided to the Banks, a written notice from the Required Banks stating that such Required Banks object to such amendment. Until an alternate rate of interest (including any adjustments to the marginal rates) shall be determined in accordance with this clause (c) (but only to the extent the LIBOR Rate for such Interest Period is not available or published at such time on a current basis), (x) any Notice of Conversion that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a LIBOR Loan shall be ineffective and any such LIBOR Loan shall be repaid on the last day of the then current Interest Period applicable thereto and (y) if any Notice of Borrowing requests a LIBOR Loan, such Borrowing shall be made as a Base Rate Loan; provided that, if such alternate rate of interest shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

Each calculation by the Administrative Agent of LIBOR shall be conclusive and binding for all purposes, absent manifest error. To the extent a comparable or successor rate is approved by the Administrative Agent in connection herewith, the approved rate shall be applied to the then applicable Interest Period in a manner consistent with market practice as reasonably determined by the Administrative Agent; provided that if such market practice is reasonably determined by the Administrative Agent to not be administratively feasible, such approved rate shall be applied in a manner reasonably determined by the Administrative Agent.

Notwithstanding the foregoing, in no event shall the LIBOR Rate be less than 0%.

“Lien” means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

“Loan Documents” means this Agreement, the Notes, the Letter of Credit Documents, any Fee Letter and any additional agreement, instrument or document delivered in connection

with this Agreement that the Parent and the Administrative Agent agree shall constitute a “Loan Document” hereunder.

“Loans” means any or all of the Revolving Loans and the Swingline Loans.

“Mandatorily Convertible Preferred Securities” means units comprised of (i) Preferred Securities or preferred shares of Parent and (ii) a contract for the sale of ordinary shares of the Parent.

“Margin Stock” has the meaning specified in Regulation U.

“Material Adverse Change” means any material adverse change in the business, condition, operations or properties of the Parent and its Subsidiaries, taken as a whole.

“Material Adverse Effect” means a material adverse effect on (a) the business, condition, operations or properties of the Parent and its Subsidiaries, taken as a whole, (b) the rights and remedies of the Administrative Agent, any Issuing Bank or any Bank under any Loan Document or (c) the ability of the Borrowers, taken as a whole, to perform their obligations under the Loan Documents.

“Material Financial Obligation” means a principal amount of Debt and/or payment obligations in respect of any Hedge Agreement of the Parent and/or one or more of its Subsidiaries arising in one or more related or unrelated transactions exceeding in the aggregate \$200,000,000.

“Material Subsidiary” means (i) any Subsidiary of the Parent that has more than \$20,000,000 in assets or that had more than \$20,000,000 of revenue during the most recent period of four fiscal quarters for which financial statements are available, and (ii) any Subsidiary that is the direct or indirect parent company of any Subsidiary that qualified as a “Material Subsidiary” under clause (i) above.

“Maturity Date” shall mean October 25, 2022 or such earlier date of termination of the Commitments pursuant to **Section 2.05** or **Section 7.01**.

“Moody’s” means Moody’s Investors Service, Inc.

“Multiemployer Plan” means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which any Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“NAIC” means the National Association of Insurance Commissioners.

“NAIC Bank” means a Bank that (i) is listed on the List of Qualified U.S. Financial Institutions established by the Securities Valuation Officer of the NAIC as issuers of letters of credit as collateral in reinsurance arrangements and (ii) is acting through the branch so listed.

“Nonconsenting Bank” means any Bank that does not approve a consent, waiver or amendment to any Loan Document requested by any Borrower or the Administrative Agent and that requires the approval of all Banks under **Section 10.01** (or all Banks directly affected thereby) when the Required Banks have agreed to such consent, waiver or amendment.

“Non-NAIC Bank” means a Bank that is not an NAIC Bank.

“Non-NAIC Fronting Bank” means (i) Wells Fargo or (ii) a Bank (which is an NAIC Bank) reasonably acceptable to the Administrative Agent which is requested by the applicable Borrower, and which agrees in its sole discretion in writing, to be a fronting bank on behalf of a Non-NAIC Bank pursuant to **Section 2.21** .

“Non-Pro Rata Issuance Election” has the meaning given to such term in in **Section 2.21(d)** .

“Non-Qualifying Bank” means a Person that is not a Qualifying Bank.

“Notes” means any or all of the Revolving Notes and the Swingline Note.

“Notice of Borrowing” has the meaning given to such term in **Section 2.02(a)** .

“Notice of Conversion/Continuation” has the meaning given to such term in **Section 2.10(b)** .

“Notice of Swingline Borrowing” has the meaning given to such term in **Section 2.02(c)** .

“Obligations” means all principal of and interest on the Loans and Reimbursement Obligations and all fees, expenses, indemnities and other obligations owing, due or payable at any time by any Borrower to the Administrative Agent, any Bank, the L/C Agent, any Issuing Bank, the Swingline Bank or any other Person entitled thereto (including interest or fees accruing after the filing of a petition or commencement of a case by or with respect to any Borrower seeking relief under any Bankruptcy Law, whether or not the claim for such interest or fees is allowed in such proceeding), under this Agreement or any of the other Loan Documents, in each case whether direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, and whether existing by contract, operation of law or otherwise.

“OFAC” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“Other Connection Taxes” means, with respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Obligation or Loan Document).

“Other Taxes” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution,

delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement or any other Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to **Section 2.18**).

“Parent” has the meaning specified in the recital of parties to this Agreement.

“Participant Register” has the meaning given to such term in **Section 10.07(g)**.

“Participated L/C Honor Date” has the meaning given to such term in **Section 3.02(f)**.

“Participated Letter of Credit Cash Collateral” has the meaning given to such term in **Section 2.21(b)(i)**.

“Participated Letter of Credit Collateral Account” has the meaning given to such term in **Section 2.21(b)(i)**.

“Participated Letter of Credit Exposure” means, at any time for each Bank, such Bank’s Letter of Credit Exposure in respect of Participated Letters of Credit.

“Participated Letter of Credit Notice” has the meaning given to such term in **Section 3.02(b)**.

“Participated Letters of Credit” means (a) Letters of Credit Issued by any Fronting Bank (other than any Non-NAIC Fronting Bank) under **Section 3.02(a)** and (b) any Existing Letter of Credit designated as a Participated Letter of Credit on **Schedule II**.

“Participating Member State” means any member state of the European Community that adopts or has adopted the Euro as its Currency in accordance with the legislation of the European Community relating to the Economic and Monetary Union.

“Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

“PBGC” means the Pension Benefit Guaranty Corporation (or any successor).

“Pension Plan” means a “pension plan”, as such term is defined in section 3(2) of ERISA, which is subject to title IV of ERISA (other than any “multiemployer plan” as such term is defined in section 4001(a)(3) of ERISA), and to which any Borrower or any ERISA Affiliate may have any liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

“Permitted Liens” means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced or which are being contested in good faith by appropriate proceedings: (a) Liens for taxes, assessments and governmental charges or levies not yet due and payable; (b) Liens imposed by law, such as

materialmen's, mechanics', carriers', workmen's and repairmen's Liens and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 90 days; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

“ Person ” means an individual, partnership, corporation (including a business trust), limited liability company, joint stock company, trust, unincorporated association, joint venture or other entity, or a government or any political subdivision or agency thereof.

“ Platform ” means Debt Domain, Intralinks, SyndTrak or a substantially similar electronic transmission system.

“ Pounds Sterling ” means the Currency of the United Kingdom of Great Britain and Northern Ireland.

“ Preferred Interests ” means, with respect to any Person, Equity Interests issued by such Person that are entitled to a preference or priority over any other Equity Interests issued by such Person upon any distribution of such Person's property and assets, whether by dividend or upon liquidation.

“ Preferred Securities ” means (i) preferred securities issued by a Special Purpose Trust which shall provide, among other things, that dividends shall be payable only out of proceeds of interest payments on the Debentures, or (ii) other instruments that are treated in whole or in part as equity by one or more of S&P and Moody's (or any successor to any of the foregoing) while being treated as debt for tax purposes.

“ Pro Rata Share ” of any amount means, as adjusted pursuant to **Section 2.20(a)(iv)** , at any time for each Bank, a percentage obtained by dividing such Bank's Commitment at such time by the aggregate Commitments then in effect, provided that, if the Maturity Date has occurred, the Pro Rata Share of each Bank shall be determined by dividing such Bank's Credit Exposure by the aggregate Credit Exposure of all Banks then outstanding.

“ Public Debt Rating ” means, as of any date, the higher rating that has been most recently announced by either S&P or Moody's, as the case may be, as the Parent's long-term foreign issuer credit rating (or its equivalent); provided that if at any time the difference between the ratings of such type most recently announced by S&P and Moody's is more than one rating grade, the Public Debt Rating shall be the rating that is one grade below the higher of such two ratings. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a long-term foreign issuer credit rating (or its equivalent) for the Parent, the Public Debt Rating shall be the available rating; (b) if any rating established by S&P or Moody's shall be changed, such change shall be effective for purposes of this Agreement as of ten Business Days following the date on which such change is first announced publicly by the rating agency making such change; and (c) if S&P or Moody's shall change the basis on which ratings are established, each

reference herein to ratings announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

“Qualifying Bank” means a Person that conducts effectively banking activities, with its own infrastructure and staff, as its principal business purpose and that has a banking license in full force and effect issued in accordance with the banking laws of its jurisdiction of organization or, if acting through a branch, issued in accordance with the banking laws in the jurisdiction of such branch.

“Redeemable” means, with respect to any Equity Interest, any Debt or any other right or obligation, any such Equity Interest, Debt, right or obligation that (a) the issuer has undertaken to redeem at a fixed or determinable date or dates, whether by operation of a sinking fund or otherwise, or upon the occurrence of a condition not solely within the control of the issuer or (b) is redeemable at the option of the holder.

“Refunded Swingline Loans” has the meaning given to such term in **Section 2.02(d)**.

“Register” has the meaning specified in **Section 10.07(d)**.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

“Reimbursement Obligations” means the obligation of the applicable Borrower to reimburse the applicable Issuing Banks for any payment actually made by such Issuing Banks under any Letter of Credit, together with interest thereon payable as provided herein.

“Related Parties” means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

“Required Banks” means, at any time, (i) Banks having Commitments constituting at least a majority in interest of the aggregate of the Commitments or, (ii) if the Commitments have been terminated, Banks owed or holding at least a majority in interest of the aggregate Credit Exposure outstanding at such time. The Commitment of, and the portion of the outstanding Credit Exposure held or deemed held by, any Defaulting Bank shall be excluded for purposes of making a determination of Required Banks; provided that, the amount of any participation in any Swingline Loan and Participated Letter of Credit that such Defaulting Bank has failed to fund that has not been reallocated to and funded by another Bank shall be deemed to be held by the Bank that is the Swingline Bank or applicable Issuing Bank, as the case may be, in making such determination.

“Responsible Officer” means the Chairman, Chief Executive Officer, President, Chief Financial Officer, Chief Accounting Officer, Treasurer or General Counsel of the Parent.

“Revaluation Date” means each of the following: (i) each date on which a Letter of Credit is Issued in a Foreign Currency, (ii) each date of a decrease in the Stated Amount of a

Letter of Credit Issued in a Foreign Currency, (iii) each date on which an L/C Disbursement is made in a Foreign Currency, (iv) the last Business Day of each calendar month, (v) the Maturity Date, (vi) each day on which the Commitments are to be reduced pursuant to **Section 2.05** (it being understood that no requested reduction shall be permitted to the extent that such reduction would be greater than the unused portion of the Commitments), and (vii) such additional dates as the Administrative Agent shall reasonably specify in writing to each of the parties hereto.

“Revolver Sublimit” means (i) until such time as the Borrowers have delivered to the Administrative Agent certified copies of the resolutions of their respective boards of directors authorizing each Borrower to borrow Revolving Loans up to \$1,000,000,000, \$300,000,000 or, if less, the aggregate Commitments and (ii) thereafter, \$1,000,000,000 or, if less, the aggregate Commitments. The Revolver Sublimit is part of, and not in addition to, the aggregate Commitments.

“Revolving Loans” has the meaning given to such term in **Section 2.01** .

“Revolving Notes” means with respect to any Bank requesting the same, the promissory note of each Borrower in favor of such Bank evidencing the Revolving Loans made by such Bank to such Borrower pursuant to **Section 2.01** , in substantially the form of **Exhibit A-1** .

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.

“Sanctions” means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, Her Majesty’s Treasury, the Hong Kong Monetary Authority, or other relevant sanctions authority with jurisdiction over any Bank or over any Borrower, its respective Subsidiaries or any Affiliate thereof.

“Sanctioned Country” means at any time, a country, territory or region which is itself or whose government is the subject or target of any Sanctions (including, as of the Effective Date, Cuba, Iran, North Korea, Sudan, Syria and Crimea).

“Sanctioned Person” means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including, without limitation, OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty’s Treasury, or other relevant sanctions authority, (b) any Person located, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s).

“Securitization Transaction” means any sale, assignment or other transfer by Parent or any Subsidiary of any accounts receivable, premium finance loan receivables, lease receivables

or other payment obligations owing to Parent or such Subsidiary or any interest in any of the foregoing, together in each case with any collections and other proceeds thereof, any collection or deposit accounts related thereto, and any collateral, guaranties or other property or claims in favor of Parent or such Subsidiary supporting or securing payment by the obligor thereon of, or otherwise related to, any such receivables.

“Significant Subsidiary” means a Subsidiary of Parent that is a “significant subsidiary” of the Parent under Regulation S-X promulgated by the Securities and Exchange Commission.

“Solvent” and “Solvency” mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“South African Rand” means the Currency of South Africa.

“Special Purpose Trust” means a special purpose business trust established by the Parent or Chubb INA of which the Parent or Chubb INA will hold all the common securities, which will be the issuer of the Preferred Securities, and which will loan to the Parent or Chubb INA (such loan being evidenced by the Debentures) the net proceeds of the issuance and sale of the Preferred Securities and common securities of such Special Purpose Trust.

“Spot Rate” means (i) with respect to any Foreign Currency, the rate quoted by the Administrative Agent as the spot rate for the purchase by the Administrative Agent of such Foreign Currency with Dollars through its principal foreign exchange trading office at approximately 11:00 a.m. London time on the date two Business Days prior to the date as of which the foreign exchange computation is made, and (ii) with respect to Dollar Amounts, the rate quoted by the Administrative Agent as the spot rate for the purchase by the Administrative Agent of such Dollar Amount with such applicable Foreign Currency through its principal foreign exchange trading office at approximately 11:00 a.m. London time on the date two Business Days prior to the date as of which the foreign exchange computation is made; provided, that in each case of clause (i) and (ii), if no such rate is available through the Administrative Agent’s principal foreign exchange trading office, then the “Spot Rate” shall be the spot rate reasonably determined by the Administrative Agent in accordance with its customary foreign exchange practices.

“Stated Amount” means, with respect to any Letter of Credit at any time, the aggregate Dollar Amount available to be drawn thereunder at such time (regardless of whether any conditions for drawing could then be met).

“Subsequent Borrowings” has the meaning given to such term in **Section 2.19(d)** .

“Subsidiary” of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such partnership, joint venture or limited liability company or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person’s other Subsidiaries.

“Swingline Bank” means Wells Fargo in its capacity as maker of Swingline Loans, and its successors in such capacity.

“Swingline Commitment” means \$50,000,000 or, if less, the Revolver Sublimit. The Swingline Commitment is part of, and not in addition to, the aggregate Commitments and the Revolver Sublimit.

“Swingline Exposure” means, with respect to any Bank at any time, its maximum aggregate liability to make Refunded Swingline Loans pursuant to **Section 2.02(d)** to refund, or to purchase participations pursuant to **Section 2.02(e)** in, Swingline Loans that are outstanding at such time.

“Swingline Loans” has the meaning given to such term in **Section 2.02(e)** .

“Swingline Maturity Date” means the fifth Business Day prior to the Maturity Date.

“Swingline Note” means, if requested by the Swingline Bank, the promissory note of each Borrower in favor of the Swingline Bank evidencing the Swingline Loans made by the Swingline Bank pursuant to **Section 2.02(c)** , in substantially the form of **Exhibit A-2** .

“Swiss Withholding Tax” means Swiss anticipatory tax (*Verrechnungssteuer*).

“Syndicated L/C Honor Date” has the meaning given to such term in **Section 3.01(g)** .

“Syndicated L/C Participant” has the meaning given to such term in **Section 3.03(b)** .

“Syndicated Letter of Credit Cash Collateral” has the meaning given to such term in **Section 2.21(b)(ii)** .

“Syndicated Letter of Credit Collateral Account” has the meaning given to such term in **Section 2.21(b)(ii)** .

“ Syndicated Letter of Credit Exposure ” means, at any time for each Bank, such Bank’s Letter of Credit Exposure in respect of Syndicated Letters of Credit.

“ Syndicated Letter of Credit Notice ” has the meaning given to such term in **Section 3.01(b)** .

“ Syndicated Letters of Credit ” means (i) Letters of Credit Issued severally by the Banks under **Section 3.01(a)** and (ii) any Existing Letter of Credit designated as a Syndicated Letter of Credit on **Schedule II**.

“ Syndication Agents ” has the meaning specified in the recital of parties to this Agreement.

“ Taxes ” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“ Tempest ” has the meaning specified in the recital of parties to this Agreement.

“ Tempest Life ” has the meaning specified in the recital of parties to this Agreement.

“ Ten Non-Bank Rule ” means the rule that not more than ten creditors (within the meaning of the Guidelines) under this Agreement may be Non-Qualifying Banks without triggering Swiss Withholding Tax, all in accordance with the Guidelines.

“ Total Capitalization ” means, at any time, an amount (without duplication) equal to (i) the then outstanding Consolidated Debt of the Parent and its Subsidiaries plus (ii) Consolidated stockholders equity of the Parent and its Subsidiaries (without duplication), plus (iii) the then issued and outstanding amount of Preferred Securities (including Mandatorily Convertible Preferred Securities) and (without duplication) Debentures.

“ Transfer ” has the meaning given to such term in **Section 10.07(j)(ii)** .

“ Transferee ” has the meaning given to such term in **Section 10.07(j)(ii)** .

“ Transferor ” has the meaning given to such term in **Section 10.07(j)(ii)** .

“ Twenty Non-Bank Rule ” means the rule that (without duplication) the aggregate number of creditors (including the Banks), which are Non-Qualifying Banks, of the Parent under all its outstanding debts relevant for classification as debenture (*Kassenobligation*) (including Debt arising under this Agreement and intra-group loans (if and to the extent intra-group loans are not exempt in accordance with art. 14a of the Swiss Federal Ordinance on Withholding Tax), loans, facilities and/or private placements (including under the Loan Documents)) must not at any time exceed 20, in each case in accordance within the meaning of the Guidelines.

“ Type ” has the meaning given to such term in **Section 2.02(a)** .

“ United States ” and “ U.S. ” mean the United States of America.

“Unreimbursed Amount” has the meaning given to such term in **Section 3.01(g)** .

“Unused Commitment” means, with respect to any Bank at any time, such Bank’s Commitment at such time minus the sum at such time of (i) the outstanding principal amount of such Bank’s Revolving Loans, (ii) such Bank’s Letter of Credit Exposure and (iii) such Bank’s Swingline Exposure.

“Unused Swingline Commitment” means, with respect to the Swingline Bank at any time, the Swingline Commitment at such time less the aggregate principal amount of all Swingline Loans that are outstanding at such time.

“U.S. Person” means any Person (i) organized under the laws of the United States or any jurisdiction within the United States (including foreign branches thereof) or (ii) located in the United States.

“Voting Interests” means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

“Welfare Plan” means a welfare plan, as defined in Section 3(1) of ERISA, that is maintained for employees of any Borrower or in respect of which any Borrower could have liability.

“Wells Fargo” means Wells Fargo Bank, National Association.

“Wholly Owned Subsidiary” means a Subsidiary of the Parent of which all outstanding Equity Interests (excluding in the case of a foreign Subsidiary only, any directors’ qualifying shares and shares required to be held by foreign nationals) are owned by the Parent and/or another Wholly Owned Subsidiary.

“Withdrawal Liability” has the meaning specified in Part I of Subtitle E of Title IV of ERISA.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

“Yen” means the Currency of Japan.

1.02 Computation of Time Periods; Other Definitional Provisions . In this Agreement and the other Loan Documents in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”. References in the Loan Documents to (a) any agreement or contract shall mean such agreement or contract as amended, amended and restated, supplemented

or otherwise modified from time to time; and (b) any law shall mean such law as amended, supplemented or otherwise modified from time to time (including any successor thereto) and all rules, regulations, guidelines and decisions interpreting or implementing such law. The term “including” means “including without limitation” and derivatives of such term have a corresponding meaning.

1.03 Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time in the United States (“GAAP”), applied on a basis consistent (except for changes concurred in by the Parent’s independent public accountants) with the most recent audited consolidated financial statements of the Parent and its Subsidiaries delivered to the Banks; provided that, if the Parent notifies the Administrative Agent that the Parent wishes to amend any covenant in **Article VI** to eliminate the effect of any change in generally accepted accounting principles on the operation of such covenant (or if the Administrative Agent notifies the Parent that the Required Banks wish to amend **Article VI** for such purpose), then the Parent’s compliance with such covenant shall be determined on the basis of generally accepted accounting principles in effect immediately before the relevant change in generally accepted accounting principles became effective (and, concurrently with the delivery of any financial statements required to be delivered hereunder, the Parent shall provide a statement of reconciliation conforming such financial information to such generally accepted accounting principles as previously in effect), until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Parent and the Required Banks. Notwithstanding the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant) contained herein, Debt shall be deemed to be carried at 100% of the outstanding principal amount thereof, and the effects of FASB ASC 825 and FASB ASC 470-20 on financial liabilities shall be disregarded.

1.04 Exchange Rates; Currency Equivalents.

(a) The Administrative Agent shall determine the Spot Rates as of each Revaluation Date to be used for calculating the Dollar Amounts of Letters of Credit denominated in a Foreign Currency and other amounts outstanding under this Agreement denominated in a Foreign Currency. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the Applicable Currencies until the next Revaluation Date to occur. Except as otherwise provided herein or in any other Loan Document, the applicable amount of any Currency for purposes of this Agreement and the other Loan Documents shall be such Dollar Amount as so determined by the Administrative Agent.

(b) Wherever in this Agreement, in connection with any Letter of Credit denominated in a Foreign Currency, an amount, such as a required minimum Stated Amount, is expressed in Dollars, such amount shall be the relevant Foreign Currency Equivalent of such Dollar Amount (rounded as nearly as practicable to the nearest number of whole units of such Foreign Currency), as determined by the Administrative Agent.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in Currency of any other country and any relevant market conventions or practices relating to the change in Currency to put the parties in the same position, so far as possible, that they would have been in if no change in currency had occurred.

(d) Determinations by the Administrative Agent pursuant to this Section shall be conclusive absent manifest error.

1.05 Redenomination of Certain Foreign Currencies and Computation of Dollar Amounts.

(a) If the United Kingdom becomes a participating member state with respect to the Euro, then, in addition to any method of conversion or rounding prescribed by any EMU Legislation, each reference in this Agreement to a fixed amount in a national currency unit to be paid to or by any Bank or the Administrative Agent shall be replaced by a reference to such comparable and convenient fixed amount in the Euro unit as the Administrative Agent may from time to time reasonably specify.

(b) In the event that any member state of the European Union withdraws its adoption of the Euro and adopts another Currency, the adopted Currency shall not be a Foreign Currency unless it is an existing Foreign Currency.

(c) This Agreement will, to the extent the Administrative Agent reasonably determines to be necessary, be amended to comply with any other generally accepted conventions and market practices and otherwise to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency, subject to the Parent's consent (which consent shall not be unreasonably withheld, conditioned or delayed).

(d) Wherever in this Agreement an amount is expressed in Dollars, it shall be deemed to refer to the Dollar Amount thereof.

1.06 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Charlotte, North Carolina time (daylight or standard, as applicable).

ARTICLE II

AMOUNTS AND TERMS OF THE CREDIT

2.01 Commitments. Upon and subject to the terms and conditions hereof, (i) each Bank (other than a Non-NAIC Bank) agrees from time to time on any Business Day during the Availability Period to Issue Syndicated Letters of Credit for the account of any Borrower or any Wholly Owned Subsidiary; (ii) each Fronting Bank (other than a Non-NAIC Fronting Bank) agrees from time to time on any Business Day during the Availability Period to Issue Participated

Letters of Credit for the account of any Borrower or any Wholly Owned Subsidiary, and each Bank hereby agrees to purchase participations in the obligations of such Fronting Bank under such Participated Letters of Credit (provided that the aggregate Stated Amount of Participated Letters of Credit Issued by, and Reimbursement Obligations thereunder owed to, any Fronting Bank shall not exceed any amount separately agreed to by the Parent and such Fronting Bank); (iii) each Bank severally agrees to make loans in Dollars (each, a “ Revolving Loan ” and collectively, the “ Revolving Loans ”) to any Borrower from time to time on any Business Day during the Availability Period; and (iv) the Swingline Bank agrees to make loans in Dollars (each, a “ Swingline Loan ” and collectively, the “ Swingline Loans ”) to any Borrower, from time to time on any Business Day during the period from the Effective Date to but not including the Swingline Maturity Date, in an aggregate principal amount at any time outstanding not exceeding the Swingline Commitment; provided that no Bank shall be obligated to make or participate in any Credit Extension if, immediately after giving effect thereto, (w) the Credit Exposure of such Bank would exceed its Commitment (provided that Swingline Loans may be made even if the aggregate principal amount of Swingline Loans outstanding at any time, when added to the aggregate principal amount of the Revolving Loans made by the Swingline Bank in its capacity as a Bank outstanding at such time and its Letter of Credit Exposure at such time, would exceed the Swingline Bank’s own Commitment at such time), (x) the aggregate Credit Exposure would exceed the aggregate Commitments at such time, (y) the applicable conditions in **Section 3.04** or **Section 4.02** are not met, or (z) with respect to any Borrowing of Loans, the aggregate outstanding principal amount of Loans would exceed the Revolver Sublimit; provided further that the Swingline Bank shall not make any Swingline Loan if any Bank is at that time a Defaulting Bank, unless the Swingline Bank has entered into arrangements, including the delivery of Cash Collateral by such Defaulting Bank, satisfactory to the Swingline Bank (in its sole discretion) to eliminate the Swingline Bank’s actual or potential Fronting Exposure (after giving effect to **Section 2.20(a)(iv)**) with respect to such Defaulting Bank arising from either the Swingline Loan then proposed to be made or all other Swingline Loans as to which the Swingline Bank has actual or potential Fronting Exposure to such Bank, as it may elect in its sole discretion. Within the foregoing limits, and subject to and on the terms and conditions hereof, the Borrowers may borrow Loans and obtain Letters of Credit on a revolving basis.

2.02 Borrowings.

(a) The Loans shall be denominated in Dollars and, at the option of the applicable Borrower, the Revolving Loans shall be either Base Rate Loans or LIBOR Loans (each, a “ Type ” of Loan), provided that all Revolving Loans comprising the same Borrowing shall, unless otherwise specifically provided herein, be of the same Type. In order to make a Borrowing (other than (x) Borrowings of Swingline Loans, which shall be made pursuant to **Section 2.02(c)**), (y) Borrowings for the purpose of paying Refunded Swingline Loans, which shall be made pursuant to **Section 2.02(d)** , and (z) continuations or conversions of outstanding Revolving Loans, which shall be made pursuant to **Section 2.10**), the applicable Borrower shall deliver to the Administrative Agent a fully executed, irrevocable notice of borrowing in the form of **Exhibit B-1** (the “ Notice of Borrowing ”) no later than 11:00 a.m., three Business Days prior to each Borrowing of LIBOR Loans and not later than 10:00 a.m., on the same Business Day of a Borrowing of Base Rate Loans. Upon its receipt of the Notice of Borrowing, the Administrative

Agent shall promptly notify each Bank of the proposed borrowing. Notwithstanding anything to the contrary contained herein:

(i) each Borrowing shall be in a principal amount of \$10,000,000 or a higher integral multiple of \$1,000,000 (or, if less, in the amount of the aggregate Unused Commitments);

(ii) if the applicable Borrower shall have failed to designate the Type of Revolving Loans in a Notice of Borrowing, then the Revolving Loans shall be made as Base Rate Loans; and

(iii) if the applicable Borrower shall have failed to specify an Interest Period to be applicable to any Borrowing of LIBOR Loans, then such Borrower shall be deemed to have selected an Interest Period of one month.

(b) Not later than 1:00 p.m. on the requested Borrowing Date, each Bank will make available to the Administrative Agent at the Administrative Agent's Account an amount, in Dollars and in immediately available funds, equal to its Pro Rata Share of such requested Borrowing as its Revolving Loan or Revolving Loans. As promptly as practicable, upon satisfaction of the applicable conditions set forth in **Section 4.02** (and, if such Borrowing is the initial Credit Extension, **Section 4.01**), the Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Administrative Agent in accordance with **Section 2.03(a)**.

(c) In order to make a Borrowing of a Swingline Loan, the applicable Borrower will give the Administrative Agent (and the Swingline Bank, if the Swingline Bank is not also the Administrative Agent) written notice not later than 1:00 p.m., on the requested Borrowing Date. Each such notice (each, a "Notice of Swingline Borrowing") shall be given in the form of **Exhibit B-2**, shall be irrevocable and shall specify (i) the principal amount of the Swingline Loan to be made pursuant to such Borrowing (which shall be \$5,000,000 or a higher integral multiple of \$500,000 (or, if less, in the amount of the Unused Swingline Commitment)) and (ii) the requested Borrowing Date, which shall be a Business Day. Not later than 3:00 p.m., on the requested Borrowing Date, the Swingline Bank will make available to the Administrative Agent at the Administrative Agent's Account an amount, in Dollars and in immediately available funds, equal to the amount of the requested Swingline Loan. To the extent the Swingline Bank has made such amount available to the Administrative Agent as provided hereinabove, the Administrative Agent will make such amount available to the applicable Borrower in accordance with **Section 2.03(a)** and in like funds as received by the Administrative Agent. No Swingline Loan may be used to refinance an outstanding Swingline Loan.

(d) With respect to any outstanding Swingline Loans, the Swingline Bank may at any time (whether or not a Default has occurred and is continuing) in its sole and absolute discretion, and is hereby authorized and empowered by the applicable Borrower to, cause a Borrowing of Revolving Loans to be made for the purpose of repaying such Swingline Loans by delivering to the Administrative Agent (if the Administrative Agent is not also the Swingline Bank) and each other Bank (on behalf of, and with a copy to, the applicable Borrower), not later than 11:00 a.m.,

one Business Day prior to the proposed Borrowing Date therefor, a notice (which shall be deemed to be a Notice of Borrowing given by the applicable Borrower) requesting the Banks to make Revolving Loans (which shall be made initially as Base Rate Loans) on such Borrowing Date in an aggregate amount equal to the amount of such Swingline Loans (the “Refunded Swingline Loans”) outstanding on the date such notice is given that the Swingline Bank requests to be repaid. Not later than 1:00 p.m., on the requested Borrowing Date, each Bank (other than the Swingline Bank) will make available to the Administrative Agent at the Administrative Agent’s Account an amount, in Dollars and in immediately available funds, equal to its Pro Rata Share of the requested Refunded Swingline Loans. To the extent the Banks have made such amounts available to the Administrative Agent as provided hereinabove, the Administrative Agent will make the aggregate of such amounts available to the Swingline Bank in like funds as received by the Administrative Agent, which shall apply such amounts in repayment of the Refunded Swingline Loans. Notwithstanding any provision of this Agreement to the contrary, on the relevant Borrowing Date, the Refunded Swingline Loans (including the Swingline Bank’s ratable share thereof, in its capacity as a Bank) shall be deemed to be repaid with the proceeds of the Revolving Loans made as provided above (including a Revolving Loan deemed to have been made by the Swingline Bank), and such Refunded Swingline Loans deemed to be so repaid shall no longer be outstanding as Swingline Loans but shall be outstanding as Revolving Loans. If any portion of any such amount repaid (or deemed to be repaid) to the Swingline Bank shall be recovered by or on behalf of the applicable Borrower from the Swingline Bank in any bankruptcy, insolvency or similar proceeding or otherwise, the loss of the amount so recovered shall be shared ratably among all the Banks in the manner contemplated by **Section 2.14(c)** .

(e) If, as a result of any bankruptcy, insolvency or similar proceeding with respect to any Borrower, Revolving Loans are not made pursuant to **Section 2.02(d)** in an amount sufficient to repay any amounts owed to the Swingline Bank in respect of any outstanding Swingline Loans, or if the Swingline Bank is otherwise precluded for any reason from giving a notice on behalf of the applicable Borrower as provided for hereinabove, the Swingline Bank shall be deemed to have sold without recourse, representation or warranty (except for the absence of Liens thereon created, incurred or suffered to exist by, through or under the Swingline Bank), and each Bank shall be deemed to have purchased and hereby agrees to purchase, a participation in such outstanding Swingline Loans in an amount equal to its Pro Rata Share of the unpaid amount thereof together with accrued interest thereon. Upon one Business Day’s prior notice from the Swingline Bank, each Bank (other than the Swingline Bank) will make available to the Administrative Agent at the Administrative Agent’s Account an amount, in Dollars and in immediately available funds, equal to its respective participation. To the extent the Banks have made such amounts available to the Administrative Agent as provided hereinabove, the Administrative Agent will make the aggregate of such amounts available to the Swingline Bank in like funds as received by the Administrative Agent. In the event any such Bank fails to make available to the Administrative Agent the amount of such Bank’s participation as provided in this **Section 2.02(e)** , the Swingline Bank shall be entitled to recover such amount on demand from such Bank, together with interest thereon for each day from the date such amount is required to be made available for the account of the Swingline Bank until the date such amount is made available to the Swingline Bank at a rate per annum equal to the applicable Federal Funds Rate, plus any administrative, processing or similar fees customarily charged by the Swingline Bank in

connection with the foregoing. Promptly following its receipt of any payment by or on behalf of the applicable Borrower in respect of a Swingline Loan, the Swingline Bank will pay to each Bank that has acquired a participation therein such Bank's ratable share of such payment.

(f) Notwithstanding any provision of this Agreement to the contrary, the obligation of each Bank (other than the Swingline Bank) to make Revolving Loans for the purpose of repaying any Refunded Swingline Loans pursuant to **Section 2.02(d)** and each such Bank's obligation to purchase a participation in any unpaid Swingline Loans pursuant to **Section 2.02(e)** shall be absolute and unconditional and shall not be affected by any circumstance or event whatsoever, including (i) any set-off, counterclaim, recoupment, defense or other right that such Bank may have against the Swingline Bank, the Administrative Agent, any Borrower or any other Person for any reason whatsoever, (ii) the existence of any Default or Event of Default, (iii) the failure of the amount of such Borrowing of Revolving Loans to meet the minimum Borrowing amount specified in **Section 2.02(a)**, or (iv) the failure of any conditions set forth in **Section 4.02** or elsewhere herein to be satisfied.

2.03 Disbursements; Funding Reliance; Domicile of Loans.

(a) Each Borrower hereby authorizes the Administrative Agent to disburse the proceeds of each Borrowing it makes in accordance with the terms of any written instructions from any Authorized Officer of such Borrower; provided that the Administrative Agent shall not be obligated under any circumstances to forward amounts to any account not listed in an Account Designation Letter. Any Borrower may at any time deliver to the Administrative Agent an Account Designation Letter listing any additional accounts or deleting any accounts listed in a previous Account Designation Letter.

(b) Unless the Administrative Agent shall have received notice from a Bank prior to the proposed date of any Borrowing that such Bank will not make available to the Administrative Agent such Bank's Pro Rata Share of such Borrowing, the Administrative Agent may assume that such Bank has made such share available on such date in accordance with **Section 2.02** or **3.02(f)**, as applicable, and may (but shall not be so required to), in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Bank has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Bank and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from the date such amount is made available to such Borrower to the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Bank, the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by such Borrower, the Adjusted Base Rate. If such Borrower and such Bank shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Bank pays its Pro Rata Share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Bank's Loan included in such Borrowing. Any payment by any Borrower shall be without prejudice to

any claim such Borrower may have against a Bank that shall have failed to make such payment to the Administrative Agent.

(c) The obligations of the Banks hereunder to make Loans, to fund participations in Letters of Credit and Swingline Loans and to make payments pursuant to **Section 10.04** are several and not joint. The failure of any Bank to make any such Loan, to fund any such participation or to make any such payment on any date shall not relieve any other Bank of its corresponding obligation, if any, hereunder to do so on such date, but no Bank shall be responsible for the failure of any other Bank to so make its Loan, purchase its participation or to make any such payment required hereunder.

(d) Each Bank may, at its option, make and maintain any Loan at, to or for the account of any of its Applicable Lending Offices; provided that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan to or for the account of such Bank or otherwise to make payment in accordance with the terms of this Agreement.

(e) In the event that the Parent has made a Non-Pro Rata Issuance Election and thereafter any Borrower requests a Revolving Loan, such Revolving Loan shall, subject to the other terms and provisions hereof, be advanced, first, by those Non-NAIC Banks that do not participate in the issuance, renewal, extension or amendment of one or more Syndicated Letters of Credit as the result of such Non-Pro Rata Issuance Election until, after giving effect thereto, the Credit Exposure owing to the Banks are held by the Banks in accordance with their Pro Rata Shares, and, second, by the Banks (including such Non-NAIC Banks) in accordance with their Pro Rata Shares, provided that, for the avoidance of doubt, the aggregate outstanding amount of the Credit Exposure of such Bank shall not exceed the Commitment of such Bank notwithstanding the provisions of this **Section 2.03(e)**.

2.04 Evidence of Debt; Notes.

(a) Each Bank shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to the Applicable Lending Office of such Bank resulting from the Credit Extensions made by such Applicable Lending Office of such Bank from time to time, including the amounts of principal and interest payable and paid to such Applicable Lending Office of such Bank from time to time under this Agreement.

(b) The Administrative Agent shall maintain the Register pursuant to **Section 10.07(d)**, and a subaccount for each Bank, in which Register and subaccounts (taken together) shall be recorded (i) the amount (and stated interest) of each Loan, the Type of each such Loan and the Interest Period applicable thereto, (ii) the date and amount (and stated interest) of each applicable Reimbursement Obligation, (iii) the amount of any principal or interest due and payable or to become due and payable from the applicable Borrower to each Bank hereunder in respect of each such Loan or Reimbursement Obligation, and (iv) the amount of any sum received by the Administrative Agent hereunder from the applicable Borrower and each Bank's Pro Rata Share thereof.

(c) The entries made in the Register and subaccounts maintained pursuant to **Section 2.04(b)** (and, if consistent with the entries of the Administrative Agent, the accounts maintained pursuant to **Section 2.04(a)**) shall, to the extent permitted by applicable law, be conclusive evidence of the existence and amounts of the obligations of the applicable Borrower therein recorded absent manifest error; provided, however, that the failure of any Bank or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of each Borrower to repay (with applicable interest) the Obligations of such Borrower under this Agreement.

(d) The Loans made by each Bank shall, if requested by the applicable Bank (which request shall be made to the Administrative Agent), be evidenced by (i) in the case of Revolving Loans, a Revolving Note and (ii) in the case of the Swingline Loans, a Swingline Note, in each case executed by each Borrower and payable to such Bank. Each Note shall be entitled to all of the benefits of this Agreement and the other Loan Documents and shall be subject to the provisions hereof and thereof.

2.05 Termination or Reduction of the Commitments.

(a) The Commitments shall automatically and permanently terminate on the Maturity Date. The Swingline Commitment shall automatically and permanently terminate on the Swingline Maturity Date.

(b) The Parent may, upon at least two Business Days' notice to the Administrative Agent, which notice may state that such notice is conditioned upon the effectiveness of alternative financing, in which case such notice may be revoked without penalty prior to the specified time if such condition is not satisfied, terminate in whole or reduce in part the Unused Commitments; provided, however, that each partial reduction (i) shall be in an aggregate amount of \$10,000,000 or a higher integral multiple of \$1,000,000 and (ii) shall be applied ratably among the Banks in accordance with their respective Commitments. Any termination of LIBOR Loans on a day other than the last day of the Interest Period applicable thereto shall be subject to **Section 2.17**. The amount of any termination or reduction made under this **Section 2.05(b)** may not thereafter be reinstated.

2.06 Mandatory Payments.

(a) Except to the extent due or paid sooner pursuant to the provisions hereof, each Borrower shall repay (i) the aggregate outstanding principal amount of all Revolving Loans made to such Borrower on the Maturity Date and (ii) each Swingline Loan made to such Borrower on the earlier of (A) ten Business Days after such Swingline Loan is made and (B) the Swingline Maturity Date.

(b) In the event that at any time on or prior to the Maturity Date (i) if all Credit Exposure is denominated solely in Dollars, the aggregate Credit Exposure shall exceed 100% of the aggregate Commitments at such time (in each case, after giving effect to any concurrent termination or reduction thereof), or (ii) if any Credit Exposure is denominated in a Foreign Currency, (x) the aggregate Credit Exposure shall exceed 105% of the aggregate Commitments

at such time and (y) such imbalance continues for a period of 2 Business Days, then the Borrowers will immediately prepay the outstanding principal amount of the Swingline Loans and, to the extent of any excess remaining after prepayment in full of outstanding Swingline Loans, the outstanding principal amount of the Revolving Loans in the amount of such excess; provided that, to the extent such excess amount is greater than the aggregate principal amount of Swingline Loans and Revolving Loans outstanding immediately prior to the application of such prepayment, the amount so prepaid shall be retained by the Administrative Agent and held in the Cash Collateral Account as cover for Letter of Credit Exposure, as more particularly described in **Section 3.07**, and thereupon such cash shall be deemed to reduce the aggregate Letter of Credit Exposure by an equivalent amount.

2.07 Voluntary Prepayments. At any time and from time to time, each Borrower may prepay its Loans, in whole or in part, together with accrued interest to the date of prepayment, without premium or penalty (except as provided in clause (iii) below), upon written notice given to the Administrative Agent not later than 11:00 a.m. three Business Days prior to each intended prepayment of LIBOR Loans, 11:00 a.m. on the day of each intended payment of Base Rate Loans and 2:00 p.m. on the day of each intended payment of Swingline Loans; provided that (i) each partial prepayment shall be in a principal amount of \$10,000,000 or a higher integral multiple of \$1,000,000 (\$1,000,000 and \$100,000, respectively, in the case of Swingline Loans) or, in the case of Base Rate Loans, any other amount that will cause the aggregate principal amount of all Base Rate Loans of the applicable Borrower to be \$10,000,000 or a higher integral multiple of \$1,000,000, (ii) no partial prepayment of LIBOR Loans made pursuant to any single Borrowing shall reduce the aggregate outstanding principal amount of the remaining LIBOR Loans under such Borrowing to less than \$10,000,000, and (iii) any prepayment of LIBOR Loans on a day other than the last day of the Interest Period applicable thereto shall be subject to **Section 2.17**. Each such notice shall specify the proposed date of such prepayment and the aggregate principal amount and Type of the Loans to be prepaid (and, in the case of LIBOR Loans, the Interest Period of the Borrowing pursuant to which made), shall be irrevocable and shall bind such Borrower to make such prepayment on the terms specified therein. Loans prepaid pursuant to this **Section 2.07** may be reborrowed, subject to the terms and conditions of this Agreement. In the event the Administrative Agent receives a notice of prepayment under this Section, the Administrative Agent will give prompt notice thereof to the Banks; provided that if such notice has also been furnished to the Banks, the Administrative Agent shall have no obligation to notify the Banks with respect thereto.

2.08 Interest.

(a) Subject to **Section 2.08(b)**, (i) each Revolving Loan shall bear interest on the outstanding principal amount thereof, from the date of Borrowing thereof until such principal amount shall be paid in full, (A) at the Adjusted Base Rate, during such periods as such Revolving Loan is a Base Rate Loan, and (B) at the Adjusted LIBOR Rate, as in effect from time to time during such periods as such Revolving Loan is a LIBOR Loan and (ii) each Swingline Loan shall bear interest on the outstanding principal amount thereof, from the date of Borrowing thereof until such principal amount shall be paid in full, at (x) the Adjusted Base Rate or (y) the LIBOR Market Index Rate plus the Applicable Margin for LIBOR Loans; provided, that at any

time any Swingline Loan is required to be participated hereunder, such Swingline Loan shall bear interest from the date such Swingline Loan is participated until paid in full at the Adjusted Base Rate.

(b) During the existence of any Event of Default under **Section 7.01(a)** or **7.01(g)**, and (at the request of the Required Banks) during the existence of any other Event of Default, all outstanding principal amounts of the Loans, all Reimbursement Obligations (to the extent not already bearing an additional 2% per annum pursuant to **Section 3.06**) and, to the greatest extent permitted by law, all interest accrued on the Loans, all fees that are not paid when due and all unpaid costs, expenses and indemnity obligations shall bear interest at a rate per annum equal to the rate otherwise applicable thereto from time to time plus 2% (or, in the case of interest on interest, costs, expenses and indemnity obligations, at the Adjusted Base Rate plus 2%), and, in each case, such interest shall be payable on demand. To the greatest extent permitted by law, interest shall continue to accrue after the filing by or against any Borrower of any petition seeking any relief in bankruptcy or under any Bankruptcy Law.

(c) Accrued (and theretofore unpaid) interest shall be payable as follows (other than with respect to any L/C Disbursement under **Section 3.06**):

(i) in respect of each Base Rate Loan (including any Base Rate Loan or portion thereof paid or prepaid pursuant to the provisions of **Section 2.06** or **2.07**, except as provided below), in arrears on the last Business Day of each calendar quarter; provided, that in the event the Loans are repaid or prepaid in full and the Commitments have been terminated, then accrued interest in respect of all Base Rate Loans shall be payable together with such repayment or prepayment on the date thereof;

(ii) in respect of each LIBOR Loan (including any LIBOR Loan or portion thereof paid or prepaid pursuant to the provisions of **Section 2.06** or **2.07**, except as provided below), in arrears (A) on the last Business Day of the Interest Period applicable thereto and (B) in addition, in the case of an Interest Period of six months or longer, on each date that falls every three months after the beginning of such Interest Period; provided, that in the event all LIBOR Loans made pursuant to a single Borrowing are repaid or prepaid in full, then accrued interest in respect of such LIBOR Loans shall be payable together with such repayment or prepayment on the date thereof;

(iii) in respect of each Swingline Loan, in arrears at the earlier of (A) the maturity of such Swingline Loan, and (B) on the date of payment of such Swingline Loan (including any prepayment of such Swingline Loan or any payment of such Swingline Loan made pursuant to **Section 2.02(d)**); and

(iv) in respect of any Loan, at maturity (whether pursuant to acceleration or otherwise) and, after maturity, on demand.

(d) Nothing contained in this Agreement or in any other Loan Document shall be deemed to establish or require the payment of interest to any Bank at a rate in excess of the maximum rate permitted by applicable law. If the amount of interest payable for the account of any Bank on any interest payment date would exceed the maximum amount permitted by applicable law to be charged by such Bank, the amount of interest payable for its account on such interest payment date shall be automatically reduced to such maximum permissible amount and the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the applicable Borrower.

(e) The Administrative Agent shall promptly notify the applicable Borrower and the Banks upon determining the interest rate for each Borrowing of LIBOR Loans after its receipt of the relevant Notice of Borrowing or Notice of Conversion/Continuation, and upon each change in the Base Rate; provided, however, that the failure of the Administrative Agent to provide the applicable Borrower or the Banks with any such notice shall neither affect any obligations of such Borrower or the Banks hereunder nor result in any liability on the part of the Administrative Agent to any Borrower or any Bank. Each such determination shall, absent manifest error, be conclusive and binding on all parties hereto.

(f) The various rates of interest provided for in this Agreement are minimum interest rates. The parties hereto have assumed that interest at such rates is not and will not become subject to Swiss Withholding Tax. Notwithstanding that the parties hereto do not anticipate that any payment of interest will be subject to Swiss Withholding Tax, each Bank, the Parent and the Administrative Agent agree that if Swiss Withholding Tax is imposed on any interest payment by the Parent to any Bank and it is unlawful for any reason for the Parent to comply with **Section 2.16** when it would otherwise be required to make any payment under such Section, then any payment of interest to be made by the Parent to such Bank shall be increased to an amount which (after making any deduction of the Non-refundable Portion of Swiss Withholding Tax (as defined below)) results in a payment to such Bank of an amount equal to the payment which would have been due had no deduction of Swiss Withholding Tax been required. In calculating the amount due pursuant to the foregoing sentence, Swiss Withholding Tax shall be calculated on the full grossed-up interest amount. For purposes of the foregoing, “Non-refundable Portion of Swiss Withholding Tax” means Swiss Withholding Tax at the standard rate (which, as of the date of this Agreement, is 35%) unless according to an applicable double tax treaty, the Non-refundable Portion of Swiss Withholding Tax for any Bank is a specified lower rate, in which case such lower rate shall be applied in relation to such Bank. No payment pursuant to this **Section 2.08(f)** shall be in duplication of any payment pursuant to **Section 2.16**. Notwithstanding the foregoing, the Parent is not required to make an increased payment to a Bank under this **Section 2.08(f)** by reason of a Swiss Withholding Tax deduction due to a breach of the Ten Non-Bank Rules and Twenty Non-Bank Rules if such Bank has (i) made an incorrect declaration of its status as to whether or not it is a Qualifying Bank, (ii) breached the assignment, transfer or exposure transfer restrictions pursuant to **Section 10.07(j)**, or (iii) ceased to be a Qualifying Bank other than as a result of any change after the date it became a Bank under this Agreement in (or in the interpretation, administration or application of) any law or double taxation treaty, or any published practice or published concession of any relevant taxing authority.

(g) If a Bank shall become aware that it is entitled to claim a refund from a Governmental Authority in respect of increased interest paid pursuant to **Section 2.08(f)**, such Bank shall promptly notify the Parent of the availability of such refund claim and shall, within 30 days after receipt of a request by the Parent, make a claim to such Governmental Authority for such refund at the Parent's expense, if obtaining such refund would not, in the good faith judgment of such Bank, be materially disadvantageous to such Bank; provided that nothing in this **Section 2.08(g)** shall be construed to require any Bank to institute any administrative proceeding (other than the filing of a claim for any such refund) or judicial proceeding to obtain any such refund. If a Bank determines, in its sole discretion, that it has received a refund in respect of any increased interest paid pursuant to **Section 2.08(f)**, such Bank shall, within 60 days from the date of such receipt, pay over such refund to the Parent (but only to the extent of the increased interest paid by the Parent under **Section 2.08(f)** giving rise to such refund), net of all out-of-pocket expenses of such Bank in obtaining such refund and without interest (other than interest paid by the relevant Governmental Authority with respect to the relevant portion of such refund); provided that the Parent, upon request of such Bank, agrees to repay the amount paid over to the Parent (plus penalties, interest or other charges) to such Bank in the event such Bank is required to repay such refund to such Governmental Authority. Nothing in this **Section 2.08(g)** shall be construed to require any Bank to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Parent or any other Person.

2.09 Fees.

(a) Commitment Fee. The Parent agrees to pay to the Administrative Agent for the account of the Banks a commitment fee, from the Effective Date in the case of each Initial Bank and from the effective date specified in the Assignment and Assumption pursuant to which it became a Bank in the case of each other Bank until the Maturity Date, payable in arrears quarterly on the last Business Day of each March, June, September and December, commencing December 31, 2017, and on the Maturity Date, at the rate equal to the Applicable Commitment Fee Percentage in effect from time to time on the daily Unused Commitment (excluding clause (iii) of the definition thereof for purposes of this **Section 2.09(a)** only) during such quarter (or shorter period); provided, however, that no commitment fee shall accrue on the Commitment of a Defaulting Bank so long as such Bank shall be a Defaulting Bank.

(b) Agent's and Arranger's Fees. The Parent agrees to pay to the Administrative Agent and each Joint Lead Arranger for its own account such fees as may from time to time be agreed between the Parent and the Administrative Agent or such Joint Lead Arranger.

(c) Letter of Credit Fees, Etc.

(i) Each Borrower agrees to pay to the Administrative Agent for the account of each Bank a letter of credit fee (the "Letter of Credit Fee"), payable in arrears quarterly on the last Business Day of each March, June, September and December, commencing December 31, 2017, and ending on the later of the L/C Maturity Date and the date of termination of the last Letter of Credit outstanding after the Maturity Date, on such Bank's Pro Rata Share of the actual daily aggregate Stated Amount during such quarter (or shorter period) of all Letters of

Credit Issued on account of such Borrower outstanding from time to time at the rate equal to the Applicable Letter of Credit Fee Percentage in effect from time to time. Notwithstanding anything to the contrary contained herein, during the existence of any Event of Default under **Section 7.01(a)** or **7.01(g)**, and at the request of the Required Banks during the existence of any other Event of Default, all Letter of Credit Fees shall accrue at the Applicable Letter of Credit Fee Percentage in effect from time to time plus 2% per annum.

(ii) Each Borrower agrees to pay (A) to each Fronting Bank (other than a Non-NAIC Fronting Bank) for its own account, a fronting fee in an amount separately agreed by such Borrower (or the Parent on behalf of such Borrower) and such Fronting Bank with respect to each Participated Letter of Credit Issued for the account of such Borrower; (B) to each Non-NAIC Fronting Bank, a fronting fee as mutually agreed upon between such Borrower (or the Parent on behalf of such Borrower), such Non-NAIC Bank and such Non-NAIC Fronting Bank with respect to each Syndicated Letter of Credit Issued for the account of such Borrower (it being understood that unless otherwise agreed between the applicable Non-NAIC Bank, such Non-NAIC Fronting Bank, the Administrative Agent and the Parent, such fronting fee shall be paid by reducing the applicable Letter of Credit Fee otherwise payable to such Non-NAIC Bank by an amount equal to such fronting fee and paying the same to such Non-NAIC Fronting Bank) and (C) to each of the L/C Agent and each Fronting Bank (other than a Non-NAIC Fronting Bank), each for its own account, its customary Issuance, presentation, amendment and other processing fees, and other standard costs and charges, relating to Letters of Credit as are from time to time in effect.

2.10 Conversions and Continuations.

(a) Each Borrower may elect (i) to convert all or a portion of the outstanding principal amount of any of its Base Rate Loans into LIBOR Loans, or to convert any of its LIBOR Loans the Interest Periods for which end on the same day into Base Rate Loans, or (ii) upon the expiration of any Interest Period, to continue all or a portion of the outstanding principal amount of any of its LIBOR Loans the Interest Periods for which end on the same day for an additional Interest Period, provided that (x) after giving effect to any conversion or continuation, each Borrowing of LIBOR Loans shall be in a principal amount of \$10,000,000 or a higher integral multiple of \$1,000,000 and the aggregate principal amount of all Base Rate Loans shall be in a principal amount of \$10,000,000 or a higher integral multiple of \$1,000,000, (y) except as otherwise provided in **Section 2.15(d)**, LIBOR Loans may be converted into Base Rate Loans only on the last day of the Interest Period applicable thereto (and, in any event, any conversion of a LIBOR Loan into a Base Rate Loan on any day other than the last day of the Interest Period applicable thereto shall be subject to **Section 2.17**) and (z) no conversion of Base Rate Loans into LIBOR Loans or continuation of LIBOR Loans shall be permitted during the existence of a Default or Event of Default.

(b) Each Borrower must give the Administrative Agent written notice not later than 11:00 a.m. three (3) Business Days prior to the intended effective date of any conversion of Base Rate Loans into, or continuation of, LIBOR Loans and one (1) Business Day prior to the intended effective date of any conversion of LIBOR Loans into Base Rate Loans. Each such notice (each, a "Notice of Conversion/Continuation") shall be irrevocable, shall be given in the form of **Exhibit B-3** and shall specify (x) the date of such conversion or continuation (which shall be a Business Day), (y) in the case of a conversion into, or a continuation of, LIBOR Loans, the Interest Period to be applicable thereto, and (z) the aggregate amount and Type of the Loans being converted or continued. Upon the receipt of a Notice of Conversion/Continuation, the Administrative Agent will promptly notify each Bank of the proposed conversion or continuation. In the event that any Borrower shall fail to deliver a Notice of Conversion/Continuation as provided herein with respect to any of its outstanding LIBOR Loans, such LIBOR Loans shall automatically be converted to Base Rate Loans upon the expiration of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof). In the event that any Borrower shall have failed to specify an Interest Period to be applicable to any conversion into, or continuation of, its LIBOR Loans, then such Borrower shall be deemed to have selected an Interest Period of one month.

2.11 Payments and Computations; Apportionment of Payments.

(a) The Borrowers shall make each payment hereunder irrespective of any right of counterclaim, set-off or other defense (except as otherwise provided in **Section 2.19**), not later than 11:00 a.m. on the day when due, in Dollars, to the Administrative Agent (except as otherwise expressly provided herein as to payments required to be made directly to the Issuing Banks or the Banks) at the Administrative Agent's Account in same day funds, with payments being received by the Administrative Agent after such time being deemed to have been received on the next succeeding Business Day. The Administrative Agent will promptly thereafter cause like funds to be distributed (i) if such payment by such Borrower is in respect of principal, interest, commitment fees or any other amount then payable hereunder to more than one Bank, to such Banks for the account of their respective Applicable Lending Offices ratably in accordance with the amounts of such respective amount then payable to such Banks and (ii) if such payment by such Borrower is in respect of any amount then payable hereunder to one Bank (including the Swingline Bank), to such Bank for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon its acceptance of an Assignment and Assumption and recording of the information contained therein in the Register pursuant to **Section 10.07(d)**, from and after the effective date of such Assignment and Assumption, the Administrative Agent shall make all payments hereunder in respect of the interest assigned thereby to the Bank assignee thereunder, and the parties to such Assignment and Assumption shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest and fees hereunder shall be made on the basis of a year consisting of (i) in the case of interest on Base Rate Loans based on the prime commercial lending rate of the Administrative Agent, 365/366 days, as the case may be, or (ii) in all other instances, 360 days; and in each case under clauses (i) and (ii) above, with regard to the actual

number of days (including the first day, but excluding the last day) elapsed. Each determination by the Administrative Agent of an interest rate, fee or commission hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day (unless, in the case of a payment with respect to a LIBOR Loan, such next succeeding Business Day falls in another calendar month, in which case such payment shall be made on the next preceding Business Day), and any such extension of time shall in such case be included in the computation of payment of interest or fee, as the case may be.

(d) Unless the Administrative Agent shall have received notice from the applicable Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the relevant Banks, the Swingline Bank or the relevant Issuing Bank hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the relevant Banks, the Swingline Bank or the relevant Issuing Bank, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the relevant Banks, the Swingline Bank or the relevant Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Bank, such Swingline Bank or such Issuing Bank, with interest thereon, for each day from the date such amount is distributed to it to the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) Notwithstanding any other provision of this Agreement or any other Loan Document to the contrary, all amounts collected or received by the Administrative Agent or any Bank after acceleration of the Loans pursuant to **Section 7.01** shall be applied by the Administrative Agent as follows:

(i) first, to the payment of all reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' and consultants' fees irrespective of whether such fees are allowed as a claim after the occurrence of an Event of Default under **Section 7.01(g)**) of the Administrative Agent in connection with enforcing the rights of the Banks under the Loan Documents;

(ii) second, to the payment of any fees, indemnities, expenses and other amounts owed to the Administrative Agent hereunder or under any other Loan Document;

(iii) third, to the payment of all reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' and consultants' fees irrespective of whether such fees are allowed as a claim after the occurrence of an Event of Default under **Section 7.01(g)**) of the Issuing Banks, the Swingline Bank, the L/C Agent and each of the Banks in connection with enforcing their rights under the Loan Documents;

(iv) fourth, to the payment of all of the Obligations consisting of accrued fees, interest, indemnities, expenses and other amounts (including fees incurred and interest accruing at the then applicable rate after the occurrence of an Event of Default under **Section 7.01(g)**) irrespective of whether a claim for such fees incurred and interest accruing is allowed in such proceeding);

(v) fifth, to the payment of the outstanding principal amount of the Obligations (including the payment of any outstanding Reimbursement Obligations and the obligation to Cash Collateralize Letter of Credit Exposure);

(vi) sixth, to the payment of all other Obligations and other obligations that shall have become due and payable under the Loan Documents or otherwise and not repaid; and

(vii) seventh, to the payment of the surplus (if any) to whomever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (x) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category, (y) all amounts shall be apportioned ratably among the Banks in proportion to the amounts of such principal, interest, fees or other Obligations owed to them respectively pursuant to clauses (iii) through (vii) above, and (z) to the extent that any amounts available for distribution pursuant to clause (v) above are attributable to the Issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by the Administrative Agent to Cash Collateralize Letter of Credit Exposure pursuant to **Section 3.07**.

2.12 Recovery of Payments.

(a) Each Borrower agrees that to the extent it makes a payment or payments to or for the account of the Administrative Agent, any Bank, the Swingline Bank or any Issuing Bank, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any Bankruptcy Law (whether as a result of any demand, settlement, litigation or otherwise), then, to the extent of such payment or repayment, the Obligation intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been received.

(b) If any amounts distributed by the Administrative Agent to any Bank, the Swingline Bank or any Issuing Bank are subsequently returned or repaid by the Administrative Agent to the applicable Borrower, its representative or successor in interest, or any other Person, whether by court order, by settlement approved by such Bank, the Swingline Bank or such Issuing Bank, or pursuant to applicable law, such Bank, Swingline Bank or such Issuing Bank will, promptly upon receipt of notice thereof from the Administrative Agent, pay the Administrative Agent such amount. If any such amounts are recovered by the Administrative Agent from such Borrower, its representative or successor in interest or such other Person, the

Administrative Agent will redistribute such amounts to the Banks, Swingline Bank or the Issuing Banks on the same basis as such amounts were originally distributed.

2.13 Use of Proceeds. The proceeds of the Loans shall be available (and each Borrower agrees that it shall use such proceeds) to provide working capital, and for other general corporate purposes of the Borrowers (including for the Reimbursement Obligations of the Borrowers hereunder) and their respective Subsidiaries, not in contravention of any law or of the Loan Documents.

2.14 Pro Rata Treatment.

(a) Except in the case of Swingline Loans, all fundings, continuations and conversions of Loans shall be made by the Banks pro rata on the basis of their respective Pro Rata Shares or on the basis of their respective outstanding Revolving Loans (in the case of continuations and conversions of Revolving Loans pursuant to **Section 2.10**), as the case may be from time to time.

(b) Subject to the provisions of **Section 2.20(a)(ii)**, all payments from or on behalf of each Borrower on account of any Obligations of such Borrower shall be apportioned ratably among the Banks based upon their respective share, if any, of the Obligations with respect to which such payment was made.

(c) If any Bank shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal or interest on any of its Loans or other Obligations hereunder resulting in such Bank receiving payment of a proportion of the aggregate amount of its Loans and accrued interest thereon or other such Obligations greater than its applicable share thereof as provided herein, then the Bank receiving such greater proportion shall (a) notify the Administrative Agent of such fact and (b) purchase (for cash at face value) participations in the Loans and such other Obligations of the other Banks, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Banks ratably in accordance with their respective applicable shares; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this **Section 2.14(c)** shall not be construed to apply to (x) any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Bank) or (y) any payment obtained by a Bank as consideration for the assignment of or sale of a participation in any of its Loans or participations in Reimbursement Obligations or Swingline Loans to any assignee or participant. Each Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Bank acquiring a participation pursuant to the foregoing arrangements may exercise against such Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Bank were a direct creditor of such Borrower in the amount of such participation. If under any applicable Bankruptcy Laws, any Bank receives a secured claim in lieu of a setoff to which this **Section 2.14(c)** applies, such Bank shall, to the extent practicable, exercise its rights in respect of such secured claim in a

manner consistent with the rights of the Banks entitled under this **Section 2.14(c)** to share in the benefits of any recovery on such secured claim.

2.15 Increased Costs, Etc.

(a) If, due to any Change in Law, there shall be any increase in the cost to any Bank of agreeing to make or of making, funding or maintaining Loans or of agreeing to issue or of issuing or maintaining or participating in Letters of Credit or the making of any payment on any Letter of Credit (excluding, for purposes of this **Section 2.15**, any such increased costs resulting from Indemnified Taxes or Excluded Taxes), and such Bank reasonably determines it is generally charging such amounts to its customers that are similarly situated to the Borrowers and to the extent relevant, with a similar credit facility (it being understood that (x) such determination shall be made by such Bank in good faith and binding on the Borrowers once made and (y) such Bank shall not be obligated to disclose any information it deems confidential to the Borrowers in connection with the exercise of its rights for reimbursement under this **Section 2.15(a)**), then the applicable Borrower severally agrees to pay, from time to time, within five days after demand by such Bank (with a copy of such demand to the Administrative Agent), which demand shall include a statement of the basis for such demand and a calculation in reasonable detail of the amount demanded, to the Administrative Agent for the account of such Bank additional amounts sufficient to compensate such Bank for such increased cost. A certificate as to the amount of such increased cost, submitted to the applicable Borrower by such Bank, shall be conclusive and binding for all purposes, absent manifest error.

(b) If, due to any Change in Law, there shall be any increase in the amount of capital or liquidity required or expected to be maintained by any Bank or any corporation controlling such Bank as a result of or based upon the existence of such Bank's commitment to lend hereunder and other commitments of such type, and such Bank reasonably determines it is generally charging such amounts to its customers that are similarly situated to the Borrowers and to the extent relevant, with a similar credit facility (it being understood that (x) such determination shall be made by such Bank in good faith and binding on the Borrowers once made and (y) such Bank shall not be obligated to disclose any information it deems confidential to the Borrowers in connection with the exercise of its rights for reimbursement under this **Section 2.15(b)**), then, within five days after demand by such Bank or such corporation (with a copy of such demand to the Administrative Agent), which demand shall include a statement of the basis for such demand and a calculation in reasonable detail of the amount demanded, the applicable Borrower severally agrees to pay to the Administrative Agent for the account of such Bank, from time to time as specified by such Bank, additional amounts sufficient to compensate such Bank in the light of such circumstances, to the extent that such Bank reasonably determines such increase in capital or liquidity to be allocable to the existence of such Bank's commitment to lend or to Issue or participate in Letters of Credit hereunder or to making, funding or maintaining any Loan or to the issuance or maintenance of or participation in any Letters of Credit. A certificate as to such amounts submitted to the applicable Borrower by such Bank shall be conclusive and binding for all purposes, absent manifest error.

(c) If, prior to the first day of any Interest Period with respect to any LIBOR Loan, (x) the Required Banks notify the Administrative Agent that the LIBOR Rate for such Interest Period for such LIBOR Loans will not adequately reflect the cost to such Banks of making, funding or maintaining their LIBOR Loans for such Interest Period, or (y) the Administrative Agent reasonably determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBOR Rate for such Interest Period, the Administrative Agent shall forthwith so notify the applicable Borrower and the Banks, whereupon each such LIBOR Loan will (i) in the case of requested new LIBOR Loans, be made as or remain Base Rate Loans or as a LIBOR Loan with a different Interest Period as to which the Required Banks have not given such a notice and (ii) in the case of existing LIBOR Loans, automatically, on the last day of the then existing Interest Period therefor, convert into Base Rate Loans or be continued as a LIBOR Loan with a different Interest Period as to which the Required Banks have not given such notice.

(d) Notwithstanding any other provision of this Agreement, if any Change in Law shall assert that it is unlawful, for any Bank or its Applicable Lending Office to perform its obligations hereunder to make LIBOR Loans or to continue to fund or maintain LIBOR Loans hereunder, then, on notice thereof and demand therefor by such Bank to the Borrowers through the Administrative Agent, (i) each LIBOR Loan of such Bank will automatically, upon such demand, convert into a Base Rate Loan, and (ii) the obligation of such Bank to make LIBOR Loans or to convert Loans into LIBOR Loans shall be suspended until the Administrative Agent shall notify the Borrowers that such Bank has determined that the circumstances causing such suspension no longer exist (it being understood that such Bank shall make and maintain Base Rate Loans in the amount that would otherwise be made and maintained by such Bank as LIBOR Loans absent the circumstances described above).

(e) Each Bank shall promptly notify the Borrowers and the Administrative Agent of any event of which it has actual knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Bank's good faith judgment, otherwise disadvantageous to such Bank) to mitigate or avoid (i) any obligation by the Borrowers to pay any amount pursuant to **Section 2.15(a)** or **2.15(b)** above or pursuant to **Section 2.16** or (ii) the occurrence of any circumstances of the nature described in **Section 2.15(c)** or **2.15(d)** (and, if any Bank has given notice of any such event and thereafter such event ceases to exist, such Bank shall promptly so notify the Borrowers and the Administrative Agent). Without limiting the foregoing, each Bank will designate a different Applicable Lending Office if such designation will avoid (or reduce the cost to the Borrowers of) any event described in the preceding sentence and such designation will not, in such Bank's good faith judgment, be otherwise disadvantageous to such Bank.

(f) Notwithstanding the provisions of **Section 2.15(a)**, **2.15(b)** or **2.16** (and without limiting **Section 2.15(e)** above), if any Bank fails to notify the Borrowers of any event or circumstance that will entitle such Bank to compensation pursuant to **Section 2.15(a)**, **2.15(b)** or **2.16** within 120 days after such Bank obtains actual knowledge of such event or circumstance, then such Bank shall not be entitled to compensation from the Borrowers for any amount arising prior to the date which is 120 days before the date on which such Bank notifies the Borrowers of

such event or circumstance (except that, if the Change in Law giving rise to compensation is retroactive, then the 120-day shall be extended to include the period of retroactive effect thereof).

(g) The applicable Borrower shall pay to each Bank, (i) as long as such Bank shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as “Eurocurrency liabilities”), additional interest on the unpaid principal amount of each LIBOR Loan equal to the actual costs of such reserves allocated to such Loan by such Bank (as determined by such Bank in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided such Borrower shall have received at least 10 days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Bank. If a Bank fails to give notice 10 days prior to the relevant interest payment date, such additional interest or costs shall be due and payable 10 days from receipt of such notice.

2.16 Taxes.

(a) Any and all payments hereunder shall be made, in accordance with **Section 2.11**, free and clear of and without deduction or withholding for Taxes, except as required by applicable law. If any Borrower or the Administrative Agent shall be required by law (as determined in its good faith discretion) to deduct or withhold any Taxes from or in respect of any sum payable hereunder to any Bank or any Agent, such Borrower or the Administrative Agent shall timely pay the full amount deducted or withheld to the relevant taxation authority or other authority in accordance with applicable law, and if such Tax is an Indemnified Tax, (i) the sum payable by such Borrower or the Administrative Agent shall be increased as may be necessary so that after such Borrower and the Administrative Agent have made all required deductions or withholding (including such deductions or withholdings applicable to additional sums payable under this **Section 2.16**) such Bank or such Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholding been made and (ii) such Borrower or the Administrative Agent shall make all such deductions or withholding.

(b) In addition, without duplication of any amounts payable under **Section 2.16(a)**, each Borrower shall pay to the relevant Governmental Authority in accordance with applicable law, or timely reimburse the Administrative Agent for the payment of, any Other Taxes.

(c) Without duplication of any amounts payable under **Section 2.16(a)** or **2.16(b)**, each Borrower shall indemnify each Bank and each Agent for and hold them harmless against the full amount of Indemnified Taxes, and for the full amount of Indemnified Taxes of any kind imposed by any jurisdiction on amounts payable under this **Section 2.16**, imposed on or paid by such Bank or such Agent (as the case may be) and any reasonable expenses arising therefrom or with respect thereto. This indemnification payment shall be made within 30 days from the date such Bank or such Agent (as the case may be) makes written demand therefor.

(d) Each Bank shall severally indemnify the Administrative Agent, within ten days after demand therefor, for (i) any Taxes attributable to such Bank (but only to the extent that the Borrowers have not already indemnified the Administrative Agent for such Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Bank's

failure to comply with the last sentence of **Section 10.07(g)** relating to the maintenance of a record and (iii) any Excluded Taxes attributable to such Bank, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Excluded Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Bank by the Administrative Agent shall be conclusive absent manifest error. Each Bank hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Bank under any Loan Document or otherwise payable by the Administrative Agent to the Bank from any other source against any amount due to the Administrative Agent under this **Section 2.16(d)** .

(e) Within 30 days after the date of any payment of Taxes by a Borrower pursuant to this **Section 2.16** , such Borrower shall furnish to the Administrative Agent, at its address referred to in **Section 10.02** , the original or a certified copy of a receipt evidencing such payment. For purposes of this **Section 2.16(e)** and **Section 2.16(f)** , the terms “United States” and “United States person” shall have the meanings specified in Section 7701(a)(9) and 7701(a)(30) of the Internal Revenue Code, respectively.

(f) (1) Each Bank, that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Bank or each Issuing Bank, as the case may be, and on the date of the Assignment and Assumption pursuant to which it becomes a Bank in the case of each other Bank, and from time to time thereafter as requested in writing by the Administrative Agent or the Parent (but only so long thereafter as such Bank remains lawfully able to do so), shall deliver to each of the Administrative Agent and the Borrower, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Bank, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Bank is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Section 2.16(f)(ii)** below) shall not be required if in the Bank’s reasonable judgment such completion, execution or submission would subject such Bank to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Bank.

(i) Without limiting the generality of the foregoing, in the event that any Borrower is a resident for tax purposes in the United States,

(A) Each Bank that is a United States person, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Bank or each Issuing Bank, as the case may be, and on the date of the Assignment and Assumption pursuant to which it becomes a Bank in

the case of each other Bank, and from time to time thereafter as requested in writing by the Administrative Agent or the Borrower (but only so long thereafter as such Bank remains lawfully able to do so), shall deliver to the Borrower and the Administrative Agent, two executed originals of Internal Revenue Service (“IRS”) Form W-9 certifying that such Bank is exempt from U.S. federal backup withholding tax;

(B) Any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Bank claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, United States federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Foreign Bank claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate substantially in the form of **Exhibit E-1** to the effect that such Foreign Bank is not a “bank” within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a “10 percent shareholder” of the Borrower within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Internal Revenue Code (a “U.S. Tax Compliance Certificate”) and (y) executed copies of IRS Form W-8BEN or IRS Form W-8BEN-E; or

(4) to the extent a Foreign Bank is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E, a U.S. Tax Compliance Certificate substantially in the form of **Exhibit E-2** or **Exhibit E-3**, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Bank is a partnership and one or more direct or indirect partners of such Foreign Bank are claiming the

portfolio interest exemption, such Foreign Bank may provide a U.S. Tax Compliance Certificate substantially in the form of **Exhibit E-4** on behalf of each such direct and indirect partner;

(C) any Foreign Bank shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Bank becomes a Bank under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by Applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(g) Each Bank agrees that if any form or certification it previously delivered pursuant to **Section 2.16(f)** expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) [Reserved].

(i) If a payment made to a Bank under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Bank were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Bank shall deliver to the Parent and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Parent or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Parent or the Administrative Agent as may be necessary for the Parent and the Administrative Agent to comply with their obligations under FATCA and to determine that such Bank has complied with such Bank's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (i), "FATCA" shall include any amendments made to FATCA after the date of this Agreement. For purposes of determining withholding Taxes imposed under FATCA, from and after the Effective Date, the Borrowers and the Administrative Agent shall treat (and the Banks hereby authorize the Administrative Agent to treat) this Agreement as not qualifying as a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

(j) If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 2.16** (including by the payment of additional amounts pursuant to this **Section 2.16**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all

out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this paragraph (h) (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this paragraph (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this paragraph (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

2.17 Compensation. Each Borrower will compensate each Bank upon demand for all losses, expenses and liabilities (including any loss, expense or liability incurred by reason of the liquidation or redeployment of deposits or other funds required by such Bank to fund or maintain such Borrower's LIBOR Loans, but excluding lost profits) that such Bank may incur or sustain (i) if for any reason (other than a default by such Bank) a Borrowing or continuation of, or conversion into, a LIBOR Loan of such Borrower does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation, (ii) if any repayment, prepayment or conversion of any LIBOR Loan of such Borrower occurs on a date other than the last day of an Interest Period applicable thereto (including as a consequence of any assignment made pursuant to **Section 2.18** or any acceleration of the maturity of the Loans pursuant to **Section 7.01**), (iii) if any prepayment of any LIBOR Loan of such Borrower is not made on any date specified in a notice of prepayment given by such Borrower or (iv) as a consequence of any other failure by such Borrower to make any payments with respect to any LIBOR Loan of such Borrower when due hereunder. Calculation of all amounts payable to a Bank under this **Section 2.17** shall be made as though such Bank had actually funded its relevant LIBOR Loan through the purchase of a Eurodollar deposit bearing interest at the LIBOR Rate in an amount equal to the amount of such LIBOR Loan, having a maturity comparable to the relevant Interest Period; provided, however, that each Bank may fund its LIBOR Loans in any manner it sees fit and the foregoing assumption shall be utilized only for the calculation of amounts payable under this **Section 2.17** . A certificate (which shall be in reasonable detail) showing the bases for the determinations set forth in this **Section 2.17** by any Bank as to any additional amounts payable pursuant to this **Section 2.17** shall be submitted by such Bank to the applicable Borrower either directly or through the Administrative Agent. Determinations set forth in any such certificate made in good faith for purposes of this **Section 2.17** of any such losses, expenses or liabilities shall be conclusive absent manifest error.

2.18 Replacement of Affected Bank, Defaulting Bank or Nonconsenting Bank . At any time any Bank is an Affected Bank, a Defaulting Bank or a Nonconsenting Bank, the Borrowers may, at their sole expense (including the assignment fee specified in **Section 10.07(a)**) and effort,

replace such Affected Bank, Defaulting Bank or Nonconsenting Bank as a party to this Agreement with one or more other Banks and/or Eligible Assignees, and upon notice from the Borrowers such Affected Bank, Defaulting Bank or Nonconsenting Bank shall assign pursuant to an Assignment and Assumption, and without recourse or warranty, its Commitment, its Loans, the Reimbursement Obligations owing to it, its obligations to fund Letter of Credit payments, its participation in, and its rights and obligations with respect to, Swingline Loans and Letters of Credit, and all of its other rights and obligations hereunder to such other Banks and/or Eligible Assignees for a purchase price equal to the sum of the principal amount of the Loans and Reimbursement Obligations so assigned, all accrued and unpaid interest thereon, such Affected Bank's, Defaulting Bank's or Nonconsenting Bank's Pro Rata Share of all accrued and unpaid fees payable pursuant to **Section 2.09**, any amounts payable pursuant to **Section 2.16(j)** as a result of such Bank receiving payment of any LIBOR Loan prior to the end of an Interest Period therefor (assuming for such purpose that receipt of payment pursuant to such Assignment and Assumption constitutes payment of such LIBOR Loan) and all other obligations owed to such Bank hereunder. Notwithstanding the foregoing, (i) no Affected Bank, Defaulting Bank or Nonconsenting Bank shall be required to make any such assignment if, prior to its receipt of the notice from the Borrowers referred to in the foregoing sentence, as a result of a waiver or otherwise, the circumstances entitling the Borrowers to require such assignment cease to apply, and (ii) no Nonconsenting Bank shall be required to make any such assignment if at the time of any such proposed assignment, any Default under this Agreement has occurred and is continuing.

2.19 Increase in Commitments.

(a) The Parent shall have the right, at any time and from time to time after the Effective Date by written notice to and in consultation with the Administrative Agent, to request an increase in the aggregate Commitments (each such requested increase, a "Commitment Increase"), by having one or more existing Banks increase their respective Commitments then in effect (each, an "Increasing Bank"), by adding as a Bank with a new Commitment hereunder one or more Persons that are not already Banks (each, an "Additional Bank"), or a combination thereof; provided that (i) any such request for a Commitment Increase shall be in a minimum amount of \$25,000,000 or, unless the Administrative Agent otherwise consents, a higher integral multiple of \$5,000,000, (ii) immediately after giving effect to any Commitment Increase, the aggregate of all Commitment Increases effected after the Effective Date shall not exceed \$1,000,000,000, and (iii) no existing Bank shall be obligated to increase its Commitment as a result of any request for a Commitment Increase by the Parent unless it agrees in its sole discretion to do so.

(b) Each Additional Bank must be an NAIC Bank and otherwise qualify as an Eligible Assignee (the approval of which by the Administrative Agent, each Fronting Bank that has Issued an outstanding Letter of Credit and the Swingline Bank shall not be unreasonably withheld, conditioned or delayed) and the Parent and each Additional Bank shall execute a joinder agreement together with all such other documentation as the Administrative Agent may reasonably require, all in form and substance reasonably satisfactory to the Administrative Agent, to evidence the Commitment of such Additional Bank and its status as a Bank hereunder.

(c) If the aggregate Commitments are increased in accordance with this Section, (i) the Parent shall determine the final amount and allocation of such increase and (ii) the Administrative Agent and the Parent shall determine the effective date (the “Commitment Increase Date,” which shall be a Business Day not less than 30 days prior to the Maturity Date) of such increase. The Administrative Agent shall promptly notify the Parent and the Banks of the final amount and allocation of such increase and the Commitment Increase Date. The Administrative Agent is hereby authorized, on behalf of the Banks, to enter into any amendments to this Agreement and the other Loan Documents as the Administrative Agent shall reasonably deem appropriate to effect such Commitment Increase.

(d) Notwithstanding anything set forth in this **Section 2.19** to the contrary, no increase in the aggregate Commitments pursuant to this **Section 2.19** shall be effective unless:

(i) The Administrative Agent shall have received the following, each dated the Commitment Increase Date and in form and substance reasonably satisfactory to the Administrative Agent:

(A) as to each Increasing Bank, evidence of its agreement to provide a portion of the Commitment Increase, and as to each Additional Bank, a duly executed joinder agreement together with all other documentation required by the Administrative Agent pursuant to **Section 2.19(b)** ;

(B) an instrument, duly executed by each Borrower, acknowledging and reaffirming its obligations under this Agreement and the other Loan Documents;

(C) unless covered by resolutions previously delivered hereunder, a certificate of the secretary or an assistant secretary or other appropriate officer of each Borrower, certifying to and attaching the resolutions adopted by the board of directors (or similar governing body) of such Borrower approving or consenting to such Commitment Increase;

(D) a certificate of a Responsible Officer, certifying that (y) as of the Commitment Increase Date, all representations and warranties of the Borrowers contained in this Agreement and the other Loan Documents qualified as to materiality are true and correct and those not so qualified are true and correct in all material respects, both immediately before and after giving effect to the Commitment Increase (except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty is true and correct (if qualified as to materiality) or true and correct in all material respects (if not so qualified), in each case as of such date), and (z) no Default or Event of Default has occurred and is continuing, both immediately before and immediately after giving effect to such Commitment Increase; and

(ii) If there is a non-ratable increase in the aggregate Commitments, each outstanding Syndicated Letter of Credit shall have been amended giving effect to the reallocation of the Commitments or, if required, returned by each respective beneficiary to the Administrative Agent and cancelled and/or exchanged for a new or amended Syndicated Letter of Credit giving effect to the reallocated Commitments; and

(iii) In the case of any Credit Extension in connection with such Commitment Increase, the conditions precedent set forth in **Section 4.02** shall have been satisfied.

To the extent necessary to keep the outstanding Loans ratable in the event of any non-ratable increase in the aggregate Commitments, on the Commitment Increase Date, (i) all then outstanding LIBOR Loans (the “Initial Loans”) shall automatically be converted into Base Rate Loans, (ii) immediately after the effectiveness of the Commitment Increase, the applicable Borrowers shall, if they so request, convert such Base Rate Loans into LIBOR Loans (the “Subsequent Borrowings”) in an aggregate principal amount equal to the aggregate principal amount of the Initial Loans and of the Types and for the Interest Periods specified in a Notice of Conversion/Continuation delivered to the Administrative Agent in accordance with **Section 2.10**, (iii) each Bank shall pay to the Administrative Agent in immediately available funds an amount equal to the difference, if positive, between (y) such Bank’s Pro Rata Share (calculated after giving effect to the Commitment Increase) of the Subsequent Borrowings and (z) such Bank’s Pro Rata Share (calculated without giving effect to the Commitment Increase) of the Initial Loans, (iv) after the Administrative Agent receives the funds specified in clause (iii) above, the Administrative Agent shall pay to each Bank the portion of such funds equal to the difference, if positive, between (y) such Bank’s Pro Rata Share (calculated without giving effect to the Commitment Increase) of the Initial Loans and (z) such Bank’s Pro Rata Share (calculated after giving effect to the Commitment Increase) of the amount of the Subsequent Borrowings, (v) the Banks shall be deemed to hold the Subsequent Borrowings ratably in accordance with their respective Commitment (calculated after giving effect to the Commitment Increase), (vi) each applicable Borrower shall pay all accrued but unpaid interest on the Initial Loans to the Banks entitled thereto, and (vii) **Schedule I** shall automatically be amended to reflect the Commitments of all Banks after giving effect to the Commitment Increase. The conversion of the Initial Loans pursuant to clause (i) above shall be subject to indemnification by the applicable Borrowers pursuant to the provisions of **Section 2.17** if the Commitment Increase Date occurs other than on the last day of the Interest Period relating thereto. Notwithstanding the foregoing, the Parent and the Administrative Agent may agree upon other methods of implementing a Commitment Increase (including a phase-in of a Commitment Increase with certain Banks having temporary risk participations in outstanding Revolving Loans pending the end of Interest Periods for LIBOR Loans) so long as the applicable method is not materially disadvantageous to any Bank.

2.20 Defaulting Banks .

(a) Notwithstanding anything to the contrary contained in this Agreement, if any Bank becomes a Defaulting Bank, then, until such time as such Bank is no longer a Defaulting Bank, to the extent permitted by applicable law:

(i) Such Defaulting Bank's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Banks" and in **Section 10.01** .

(ii) Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Bank (whether voluntary or mandatory, at maturity, pursuant to **Article VII** or otherwise) or received by the Administrative Agent from a Defaulting Bank pursuant to **Section 10.05** shall be applied at such time or times as may be determined by the Administrative Agent as follows:

(A) first, to the payment of any amounts owing by such Defaulting Bank to the Administrative Agent hereunder;

(B) second, to the payment on a pro rata basis of any amounts owing by such Defaulting Bank to the Fronting Banks or the Swingline Bank hereunder;

(C) third, if so determined by the Administrative Agent or requested by a Fronting Bank, to Cash Collateralize the Letter of Credit Exposure with respect to such Defaulting Bank in accordance with **Section 2.20(c)** ;

(D) fourth, as the applicable Borrower may request (so long as no Default or Event of Default has occurred and is continuing), to the funding of any Loan in respect of which such Defaulting Bank has failed to fund its Pro Rata Share as required by this Agreement, as determined by the Administrative Agent;

(E) fifth, if so requested by the Parent or the Administrative Agent, to be held in a non-interest bearing deposit account and released in order to (x) satisfy such Defaulting Bank's present (to the extent not applied pursuant to the foregoing clauses (A) through (D)) or potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Fronting Banks' future Fronting Exposure with respect to such Defaulting Bank with respect to future Letters of Credit Issued under this Agreement, in accordance with **Section 2.20(c)** ;

(F) sixth, to the payment of any amounts owing to the Banks, the Swingline Bank or any Fronting Bank as a result of any judgment of a court of competent jurisdiction obtained by any Bank, the Swingline Bank or any Fronting Bank against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement;

(G) seventh, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Bank as a result of such Defaulting Bank's breach of its obligations under this Agreement; and

(H) eighth, to such Defaulting Bank or as otherwise directed by a court of competent jurisdiction;

provided that if (x) such payment is a payment of the principal amount of any Loans or any L/C Disbursement in respect of which such Defaulting Bank has not fully funded its Pro Rata Share, and (y) such Loans were made or the related Letters of Credit were Issued at a time when the conditions set forth in **Section 4.02** were satisfied or waived, such payment shall be applied solely to pay the Loans of, and obligations in respect of Letters of Credit owed to, all non-Defaulting Banks on a pro rata basis prior to being applied to the payment of any Loans of, or obligations in respect of Letters of Credit owed to, such Defaulting Bank. Any payments, prepayments or other amounts paid or payable to a Defaulting Bank that are applied (or held) to pay amounts owed by such Defaulting Bank or to post Cash Collateral pursuant to this **Section 2.20(a)(ii)** shall be deemed paid to and redirected by such Defaulting Bank, and each Bank irrevocably consents thereto.

(iii) No Defaulting Bank shall be entitled to receive any commitment fee under **Section 2.09(a)** for any period during which that Bank is a Defaulting Bank (and the Borrowers shall not be required to pay any such commitment fee that otherwise would have been required to have been paid to that Defaulting Bank). Each Defaulting Bank shall be entitled to receive Letter of Credit Fees for any period during which that Bank is a Defaulting Bank (and the Borrowers shall be required to pay such Letter of Credit Fees to such Defaulting Bank) only to the extent allocable to its Pro Rata Share of the Stated Amount of Letters of Credit for which such Defaulting Bank has provided Cash Collateral pursuant to this **Section 2.20**. With respect to any Letter of Credit Fee not required to be paid to any Defaulting Bank pursuant to the previous sentence, the Borrowers shall (x) pay to each non-Defaulting Bank that portion of any such fee otherwise payable to such Defaulting Bank with respect to such Defaulting Bank's participation in Participated Letters of Credit that have been reallocated to such non-Defaulting Bank pursuant to clause (iv) below, (y) pay to each Fronting Bank the amount of any such fee otherwise payable to such Defaulting Bank to the extent allocable to such Fronting Bank's Fronting Exposure to such Defaulting Bank, and (z) not be required to pay the remaining amount of any such fee.

(iv) All of such Defaulting Bank's Swingline Exposure and Letter of Credit Exposure in respect of Participated Letters of Credit (and such Defaulting Bank's Letter of Credit Exposure in respect of Existing Syndicated Letters of Credit that have not at such time been amended in accordance with **Section 3.03(b)**) shall automatically (effective on the day such Bank becomes a Defaulting Bank) be reallocated among the

non-Defaulting Banks (or, with respect to any such Existing Syndicated Letters of Credit, among the Syndicated L/C Participants that are not Defaulting Lenders) in accordance with their respective Pro Rata Shares of the aggregate Commitments (calculated without regard to such Defaulting Bank's Commitment), but in each case only to the extent that such reallocation does not cause the Credit Exposure of any non-Defaulting Bank to exceed such non-Defaulting Bank's Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Bank arising from that Bank having become a Defaulting Bank, including any claim of a non-Defaulting Bank as a result of such non-Defaulting Bank's increased exposure following such reallocation.

(v) If the reallocation described in **Section 2.20(a)(iv)** cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to them hereunder or under law, (i) first, prepay Swingline Loans in an amount equal to the Swingline Bank's Swingline Exposure and (ii) second, within two Business Days following notice by the Administrative Agent, deliver to the Administrative Agent Cash Collateral in an amount sufficient to cover all Letter of Credit Exposure (after giving effect to any partial reallocation pursuant to **Section 2.20(a)(iv)**) with respect to such Defaulting Bank in accordance with the procedures set forth in **Section 2.20(c)**. Any Cash Collateral delivered by the Borrowers pursuant to this Section shall be deposited in an interest bearing account with the Administrative Agent and shall bear interest at a rate applicable for such account.

(b) If the Parent, the Administrative Agent, the Swingline Bank and each Fronting Bank that has Fronting Exposure agree in writing in their sole discretion that a Defaulting Bank should no longer be deemed to be a Defaulting Bank, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), such Defaulting Bank will, to the extent applicable, purchase that portion of outstanding Loans of the other Banks or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans, Syndicated Letters of Credit and funded and unfunded participations in Participated Letters of Credit and Swingline Loans to be held on a pro rata basis by the Banks in accordance with their respective Credit Exposures (without giving effect to **Section 2.20(a)(iv)**), whereupon such Defaulting Bank will cease to be a Defaulting Bank; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of any Borrower while that Bank was a Defaulting Bank; provided further that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Bank to non-Defaulting Bank will constitute a waiver or release of any claim of any party hereunder arising from that Bank's having been a Defaulting Bank.

(c) (1) At any time that there shall exist a Defaulting Bank, within one Business Day following the written request of the Administrative Agent or any Fronting Bank (with a copy to the Administrative Agent) the applicable Borrower shall Cash Collateralize all Letter of Credit Exposure with respect to such Defaulting Bank at the product of (i) the Cash Collateral

Percentage multiplied by (ii) all Letter of Credit Exposure with respect to such Defaulting Bank (determined after giving effect to **Section 2.20(a)(iv)**) and any Cash Collateral provided by such Defaulting Bank).

(i) The Borrowers, and to the extent provided by any Defaulting Bank, such Defaulting Bank, hereby grant to the Administrative Agent, for the benefit of the Fronting Banks, and agrees to maintain, a first priority security interest in all Cash Collateral provided by a Borrower pursuant to **Section 2.20(c)(i)** as security for the Defaulting Banks' obligation to fund participations in respect of Letters of Credit, to be applied pursuant to clause (iii) below. If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent and the Fronting Banks as herein provided, or that the total amount of such Cash Collateral is less than the Letter of Credit Exposure with respect to such Defaulting Bank at such time, the Borrowers will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Bank).

(ii) Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this **Section 2.20** shall be held and applied to the satisfaction of the Defaulting Bank's obligation to fund participations in respect of Letters of Credit (including, as to Cash Collateral provided by a Defaulting Bank, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may be provided for herein.

Cash Collateral (or the appropriate portion thereof) provided to reduce Letter of Credit Exposure or other obligations shall be released promptly following (i) the elimination of the applicable Letter of Credit Exposure or other obligations giving rise thereto (including by the termination of Defaulting Bank status of the applicable Defaulting Bank (or, as appropriate, its assignee)) or (ii) the Administrative Agent's good faith determination that there exists excess Cash Collateral; provided, however, that (x) Cash Collateral furnished by or on behalf of a Borrower shall not be released during the existence of a Default or Event of Default and (y) the Person providing Cash Collateral and each applicable Fronting Bank may agree that Cash Collateral shall not be released but instead held to support future anticipated Letter of Credit Exposure or other obligations.

2.21 Provisions Relating to Non-NAIC Banks.

(a) Each Bank represents that on the date of this Agreement (or, if later, the date such Bank becomes a party to this Agreement), it is an NAIC Bank or has entered into a Fronting Agreement with a NAIC Bank in accordance with the requirements of this **Section 2.21**. Each Bank agrees to use commercially reasonable efforts in order to at all times (i) be a NAIC Bank or (ii) maintain in effect a Fronting Agreement with a NAIC Bank to act as a Fronting Bank for such Bank in respect of its obligations under the Syndicated Letters of Credit (which NAIC Bank, prior to entering in such Fronting Agreement, shall be subject to the prior written consent of each of the Parent and the Administrative Agent, such consent, in each case, shall not be

unreasonably withheld). If any Bank shall enter into a Fronting Agreement hereunder at any time, it shall promptly furnish a copy thereof to the Parent and the Administrative Agent. If at any time any Bank shall cease to be a NAIC Bank, such Bank shall promptly notify the Parent and the Administrative Agent and forthwith comply with its obligations under this **Section 2.21**. In connection with the execution or termination of any Fronting Agreement, the L/C Agent is authorized to amend or replace each outstanding Syndicated Letter Credit to add or remove the applicable Non-NAIC Bank and Non-NAIC Fronting Bank, as the case may be. Each Bank shall promptly provide evidence to the Administrative Agent or the Parent of such Bank's compliance with the requirements of this **Section 2.21** upon request by the Administrative Agent or the Parent.

(b) If at any time any Bank is a Non-NAIC Bank and does not have a Fronting Agreement in effect with a NAIC Bank, such Non-NAIC Bank shall be obligated to provide cash collateral for its Letter of Credit Exposure on the following terms:

(i) With respect to any then existing Participated Letter of Credit Exposure of such Non-NAIC Bank, at the option of the applicable Fronting Bank or the Parent, such Non-NAIC Bank shall forthwith deliver to the Administrative Agent an amount in cash equal to the product of (i) the Cash Collateral Percentage multiplied by (ii) the maximum amount of such Non-NAIC Bank's Participated Letter of Credit Exposure (such amount provided in respect of such Participated Letter of Credit Exposure being herein called "Participated Letter of Credit Cash Collateral"). Upon receipt of any Participated Letter of Credit Cash Collateral (including any additional cash collateral provided under clause (iii) below that constitutes Participated Letter of Credit Cash Collateral), the Administrative Agent or the applicable Fronting Bank will establish one or more cash collateral accounts in the name and under the sole dominion and control of the Administrative Agent or the applicable Fronting Bank (each such cash collateral account, a "Participated Letter of Credit Collateral Account") and deposit therein the relevant portion of such Participated Letter of Credit Cash Collateral (including the relevant portion of any additional cash collateral provided by such Non-NAIC Bank in respect of its additional Participated Letter of Credit Exposure pursuant to clause (iii) below) as collateral solely for the benefit of the applicable Fronting Bank to secure such Non-NAIC Bank's obligations in respect of the Participated Letter of Credit Exposure with respect to Participated Letters of Credit issued by such Fronting Bank and such Non-NAIC Bank hereby pledges and grants to the Administrative Agent or the applicable Fronting Bank, for the benefit of the applicable Fronting Bank, a security interest in all of its right, title and interest in and to each Participated Letter of Credit Collateral Account and the balances from time to time therein. The balances from time to time in the Participated Letter of Credit Collateral Account shall not constitute payment of any such obligations until applied by the Administrative Agent as provided herein.

(ii) With respect to any then existing Syndicated Letter of Credit Exposure of such Non-NAIC Bank, such Non-NAIC Bank and/or the Parent may request that another Bank act as a Non-NAIC Fronting Bank for (and to enter into a Fronting Agreement with) such Non-NAIC Bank with respect to such Non-NAIC Bank's then existing

Syndicated Letter of Credit Exposure (and such additional Syndicated Letter of Credit Exposure of such Non-NAIC Bank, to the extent provided in clause (iii) below); provided that (A) no Bank shall be obligated to so act as a Non-NAIC Fronting Bank and (B) any agreement of any Bank to so act as a Non-NAIC Fronting Bank shall be on such terms and conditions and subject to payment of such fees as shall be agreed among such Non-NAIC Fronting Bank, the Non-NAIC Bank, the Administrative Agent and the Parent (including, to the extent required by the Non-NAIC Fronting Bank or the Parent, the requirement that such Non-NAIC Bank shall forthwith deliver to the Administrative Agent an amount in cash equal to the product of (i) the Cash Collateral Percentage multiplied by (ii) the maximum amount of such Non-NAIC Bank's Syndicated Letter of Credit Exposure (such amount provided in respect of such Syndicated Letter of Credit Exposure being herein called the "Syndicated Letter of Credit Cash Collateral"). Upon receipt of any Syndicated Letter of Credit Cash Collateral (including any additional cash collateral provided under clause (iii) below that constitutes Syndicated Letter of Credit Cash Collateral) by the Administrative Agent from such Bank, the Administrative Agent will establish a cash collateral account (of the type described in clause (i) above) (the "Syndicated Letter of Credit Collateral Account" and, together with each Participated Letter of Credit Collateral Account, each a "Letter of Credit Collateral Account") and deposit therein such Syndicated Letter of Credit Cash Collateral (including any additional cash collateral provided by such Bank in respect of its additional Syndicated Letter of Credit Exposure pursuant to clause (iii) below) as collateral solely for the benefit of the Non-NAIC Fronting Bank to secure such Non-NAIC Bank's obligations to the Non-NAIC Fronting Bank under such Fronting Agreement in respect of such Non-NAIC Bank's Syndicated Letter of Credit Exposure and such Non-NAIC Bank hereby pledges and grants to the Administrative Agent, for the benefit of such Non-NAIC Fronting Bank, a security interest in all of its right, title and interest in and to the Syndicated Letter of Credit Collateral Account and the balances from time to time therein. The balances from time to time in the Syndicated Letter of Credit Collateral Account shall not constitute payment of any such obligations until applied by the Administrative Agent as provided herein.

(iii) If at any time thereafter any Borrower shall request the Issuance of additional Letters of Credit and at such time such Bank remains a Non-NAIC Bank, upon the request of any applicable Fronting Bank, applicable Non-NAIC Fronting Bank or the Parent, as applicable, such Non-NAIC Bank shall provide additional cash collateral in respect of its Pro Rata Share (or, if the Parent has made a Non-Pro Rata Issuance Election with respect to a Syndicated Letter of Credit, any other applicable share of such Syndicated Letter of Credit) of the stated amount under such Letter of Credit in accordance with clause (i) or (ii) above, as applicable (provided that, with respect to any Participated Letter of Credit Exposure, such collateral shall be provided only at the option of the applicable Fronting Bank or the Parent and with respect to any Syndicated Letter of Credit Exposure, such collateral shall be provided only at the option of the applicable Non-NAIC Fronting Bank or the Parent) and, upon receipt of such collateral, the applicable Fronting Bank, Administrative Agent or such other party shall hold and apply

such collateral as Participated Letter of Credit Cash Collateral or Syndicated Letter of Credit Cash Collateral, as applicable, in accordance with this subsection (b).

(iv) Anything in this Agreement to the contrary notwithstanding, funds held in any Letter of Credit Collateral Account established under this subsection (b) shall be subject to withdrawal only as provided herein. Amounts on deposit in each Letter of Credit Collateral Account shall be invested and reinvested by the Administrative Agent in such short-term investments as the Administrative Agent shall determine in its sole discretion or, in the case of any Participated Letter of Credit Collateral Account, as the applicable Fronting Bank for whose benefits the funds therein have been pledged may direct the Administrative Agent or, in the case of the Syndicated Letter of Credit Collateral Account, as the applicable Non-NAIC Fronting Bank(s) may direct the Administrative Agent. All such investments and reinvestments shall be held in the name and be under the sole dominion and control of the Administrative Agent and shall be credited to the relevant Letter of Credit Collateral Account for the benefit of the Person for which such funds are being held. At any time, and from time to time, the Administrative Agent shall, if instructed by (in the case of any Participated Letter of Credit Collateral Account) the applicable Fronting Bank in its sole discretion or (in the case of the Syndicated Letter of Credit Collateral Account) the applicable Non-NAIC Fronting Bank (or the Parent if that Non-NAIC Bank does not have in effect a Fronting Agreement) in its sole discretion, as the case may be, liquidate any such investments and reinvestments and credit the proceeds thereof to such Letter of Credit Collateral Account and apply or cause to be applied the balances therein to the payment of such Bank's obligations then due and payable which are secured by such balances.

(v) If at any time the Letters of Credit in respect of any Letter of Credit Exposure for which cash collateral has been provided by such Non-NAIC Bank under this subsection (b) shall no longer exist, the Administrative Agent shall, at the request of such Non-NAIC Bank, deliver to such Non-NAIC Bank (with the concurrence of the applicable Fronting Bank, applicable Non-NAIC Fronting Bank or the Parent, as applicable), against receipt but without any recourse, warranty or representation whatsoever, the remaining balance in the relevant Letter of Credit Collateral Account.

(vi) If at any time such Non-NAIC Bank shall become a NAIC Bank, subject, in the case of any Syndicated Letter of Credit Exposure of such Bank, to (x) the termination of the Fronting Agreement entered into between the applicable Non-NAIC Fronting Bank and such Bank releasing the Non-NAIC Fronting Bank's obligation thereunder to act as a Non-NAIC Fronting Bank for such Bank and (y) with the consent of the beneficiary under each Syndicated Letter of Credit to the extent required by the terms thereof or under applicable law, the amendment of each such Syndicated Letter of Credit by the Administrative Agent to reinstate such Bank's liability thereunder (and terminate the applicable Non-NAIC Fronting Bank's liability thereunder), the Administrative Agent shall, at the request of such Bank, deliver to such Bank (with the concurrence of the applicable Fronting Bank (with respect to any Participated Letter of Credit Exposure), the applicable Non-NAIC Fronting Bank (with respect to any

Syndicated Letter of Credit Exposure) or the Parent (with respect to any Syndicated Letter of Credit Exposure for which the Non-NAIC Bank does not have in effect a Fronting Agreement)), against receipt but without any recourse, warranty or representation whatsoever, the remaining balance in the relevant Letter of Credit Collateral Account.

(c) Notwithstanding anything herein to the contrary, so long as any Bank shall be a Non-NAIC Bank, the Parent may, upon notice to such Non-NAIC Bank and the Administrative Agent, require such Non-NAIC Bank, at the expense of such Non-NAIC Bank, to assign, without recourse (in accordance with and subject to the restrictions contained in **Section 10.07**), all its interests, rights and obligations under this Agreement and the Letters of Credit issued, or participated in, by such Non-NAIC Bank to any Eligible Assignee and shall assume such obligations (which assignee may be another Bank, if it, in its sole discretion, accepts such assignment) with (and subject to) the consent of the Administrative Agent (which consent shall not unreasonably be withheld); provided that such Non-NAIC Bank shall have received payment of an amount equal to the outstanding amount of its L/C Disbursements (including participations therein), principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding L/C Disbursements, Loans and accrued interest and fees) or the Borrowers (in the case of all other amounts).

(d) During the period that such Non-NAIC Bank (i) does not have a Non-NAIC Fronting Bank and (ii) continues to be a Bank hereunder, the Borrowers may, subject to the terms and conditions set forth in this clause (d), elect that all Syndicated Letters of Credit that are requested to be issued or that are outstanding, be issued or renewed, extended or amended, as applicable, by the Banks on an adjusted pro rata basis that excludes the Commitment of such Non-NAIC Bank (such election, a “Non-Pro Rata Issuance Election”), provided that, if the Borrowers make a Non-Pro Rata Issuance Election, (i) such issuance, renewal, extension or adjustment shall be made only to the extent that it would not cause the Credit Exposure owing to any Bank to exceed such Bank’s Commitment and (ii) thereafter, if the Parent elects to request a Loan, such Loan shall be advanced as provided in **Section 2.03(e)**.

ARTICLE III

LETTERS OF CREDIT

3.01 Syndicated Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, at the request of any Borrower at any time and from time to time during the Availability Period, each Issuing Bank agrees to Issue Letters of Credit as Syndicated Letters of Credit for the account of such Borrower or for the account of any Wholly Owned Subsidiary; provided, that the Parent shall be a joint applicant and account party with respect to any such Syndicated Letter of Credit Issued for the account of a Person that is not a Borrower, and the Parent shall be deemed the “Borrower” hereunder with respect to any such Syndicated Letter of Credit. Such Syndicated Letters of Credit shall be substantially in the form of **Exhibit D** with such changes therein as the L/C Agent (in consultation with the Borrower) determines are acceptable to it and not adverse to the

interests of the Banks, taken as whole. If at the time that any Borrower requests the Issuance of a Syndicated Letter of Credit by any Bank that is a Non-NAIC Bank, any Non-NAIC Fronting Bank may Issue such Non-NAIC Bank's Pro Rata Share of such Syndicated Letter of Credit pursuant to terms set forth in **Section 2.21** . Absent the prior written consent of each Issuing Bank, no Syndicated Letter of Credit may be Issued that would vary the several and not joint nature of the obligations of the Issuing Banks thereunder as provided in the next succeeding sentence. Each Syndicated Letter of Credit shall be Issued by all of the Issuing Banks acting through the L/C Agent, at the time of Issuance as a single multi-bank letter of credit, but the obligation of each Issuing Bank thereunder shall be several and not joint, in the amount of its Pro Rata Share (or other applicable share if the Parent has made a Non-Pro Rata Issuance Election with respect to such Syndicated Letters of Credit or in respect of an Issuing Bank acting as a Non-NAIC Fronting Bank) of the Stated Amount of such Syndicated Letter of Credit.

(b) Notice of Issuance . To request the Issuance of a Syndicated Letter of Credit, the applicable Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the L/C Agent) to the L/C Agent at least three Business Days in advance of the requested date of Issuance (or such shorter period as is acceptable to the L/C Agent, including with respect to any request for the issuance of a Syndicated Letter of Credit on the Effective Date) a notice in a form reasonably acceptable to the L/C Agent (a "Syndicated Letter of Credit Notice") requesting the Issuance of a Syndicated Letter of Credit, or identifying the Syndicated Letter of Credit to be amended, renewed, extended or increased, as the case may be, and specifying the date of Issuance (which shall be a Business Day), the date on which such Syndicated Letter of Credit is to expire (which shall comply with **Section 3.01(c)**), the amount of such Syndicated Letter of Credit, the Applicable Currency of such Syndicated Letter of Credit, the name and address of the beneficiary thereof and the terms and conditions of (and such other information as shall be necessary to prepare, amend, renew, extend or increase, as the case may be) such Syndicated Letter of Credit, it being understood and agreed that Syndicated Letters of Credit may be extended and renewed in accordance with **Section 3.01(c)** . If requested by the L/C Agent, the applicable Borrower shall submit a letter of credit application on the L/C Agent's standard form (with such changes as the L/C Agent shall reasonably deem appropriate) in connection with any request for a Syndicated Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application submitted by any Borrower to the L/C Agent relating to any Syndicated Letter of Credit, the terms and conditions of this Agreement shall control.

(c) Expiration of Syndicated Letters of Credit . Each Syndicated Letter of Credit shall expire at or prior to the earlier of (i) the close of business on the date one year after the date of the Issuance of such Syndicated Letter of Credit, or (ii) the L/C Maturity Date; provided, however , that at the applicable Borrower's request a Syndicated Letter of Credit shall provide by its terms, and on terms acceptable to the L/C Agent, for renewal for successive periods of one year or less (but not beyond the L/C Maturity Date) unless and until the L/C Agent shall have delivered prior written notice of nonrenewal to the beneficiary of such Syndicated Letter of Credit no later than the time specified in such Syndicated Letter of Credit (which the L/C Agent shall do only if one or more of the applicable conditions under **Section 4.02** (other than the

delivery of a Letter of Credit Notice) is not then satisfied); provided that no Syndicated Letter of Credit shall be renewed after the Maturity Date. The L/C Agent shall promptly provide a copy of any such notice to the applicable Borrower.

(d) Obligation of Banks. The obligation of any Issuing Bank under any Syndicated Letter of Credit shall be several and not joint and shall be in an amount equal to such Issuing Bank's Pro Rata Share (or other applicable share if the Parent has made a Non-Pro Rata Issuance Election with respect to such Syndicated Letter of Credit or in respect of an Issuing Bank acting as a Non-NAIC Fronting Bank) of the aggregate Stated Amount of such Syndicated Letter of Credit at the time such Syndicated Letter of Credit is Issued, and each Syndicated Letter of Credit shall expressly so provide. The failure of any Issuing Bank to make any L/C Disbursement in respect of any Syndicated Letter of Credit on any date shall not relieve any other Issuing Bank of its corresponding obligation, if any, hereunder to do so on such date, but no Issuing Bank shall be responsible for the failure of any other Issuing Bank to make its L/C Disbursement in respect of any Syndicated Letter of Credit. No increase of Commitments under **Section 2.19** or assignment of Commitments under **Section 2.18** or **Section 10.07** shall change or affect the liability of any Issuing Bank under any outstanding Syndicated Letter of Credit until such Syndicated Letter of Credit is amended giving effect to such increase, assignment or reallocation, as the case may be. However, it is acknowledged by the Administrative Agent and the Banks that amendments of outstanding Syndicated Letters of Credit may not be immediately effected. Accordingly, whether or not Syndicated Letters of Credit are amended as contemplated hereby, the Banks agree that they shall purchase and sell participations or otherwise make or effect such payments among themselves (but through the Administrative Agent) so that payments by the Banks of drawings under Syndicated Letters of Credit and payments by the applicable Borrower of L/C Disbursements and interest thereon are, except as otherwise expressly set forth herein, in each case shared by the Banks in accordance with the respective Pro Rata Shares (or other applicable shares if the Parent has made a Non-Pro Rata Issuance Election with respect to such Syndicated Letters of Credit) of the Banks from time to time in effect.

(e) Issuance Administration. Each Syndicated Letter of Credit shall be executed and delivered by the L/C Agent in the name and on behalf of, and as attorney-in-fact for, each Issuing Bank party to such Syndicated Letter of Credit, and the L/C Agent shall act under each Syndicated Letter of Credit, and each Syndicated Letter of Credit shall expressly provide that the L/C Agent shall act, as the agent of each such Issuing Bank to (i) execute and deliver such Syndicated Letter of Credit, (ii) receive drafts, other demands for payment and other documents presented by the beneficiary under such Syndicated Letter of Credit, (iii) determine whether such drafts, demands and documents are in compliance with the terms and conditions of such Syndicated Letter of Credit, (iv) notify such Issuing Bank and the applicable Borrower that a valid drawing has been made and the date that the related L/C Disbursement is to be made and (v) exercise all rights held by the issuer of a letter of credit under the documents for which such Syndicated Letter of Credit shall provide credit enhancement (or designate any Person as its representative for all such purposes under such documents); provided that the L/C Agent shall have no obligation or liability for any L/C Disbursement under such Syndicated Letter of Credit, and each Syndicated Letter of Credit shall expressly so provide. Each Issuing Bank hereby irrevocably appoints and designates the L/C Agent as its attorney-in-fact, acting through any duly

authorized officer, to execute and deliver in the name and on behalf of such Issuing Bank each Syndicated Letter of Credit to be Issued by such Issuing Bank hereunder and to take such other actions contemplated by this **Section 3.01(e)** . Promptly upon the request of the L/C Agent, each Issuing Bank will furnish to the L/C Agent such additional powers of attorney or other evidence as any beneficiary of any Syndicated Letter of Credit may reasonably request in order to demonstrate that the L/C Agent has the power to act as attorney-in-fact for such Issuing Bank to execute and deliver such Syndicated Letter of Credit.

(f) Disbursement Procedures. The L/C Agent shall, within a reasonable time following its receipt thereof (and, in any event, within any specific time specified in the text of the relevant Syndicated Letter of Credit), examine all documents purporting to represent a demand for payment under any Syndicated Letter of Credit. The L/C Agent shall promptly after such examination and before such L/C Disbursement notify each applicable Issuing Bank and the applicable Borrower by telephone (confirmed by telecopy or email) of such demand for payment. With respect to any demand for payment made under a Syndicated Letter of Credit which the L/C Agent has informed the applicable Issuing Banks is valid, each such Issuing Bank will promptly make an L/C Disbursement in respect of such Syndicated Letter of Credit and in the Applicable Currency, such L/C Disbursement to be made to the account of the L/C Agent most recently designated by it for such purpose by notice to the Issuing Banks. The L/C Agent will make such L/C Disbursement available to the beneficiary of such Syndicated Letter of Credit by promptly crediting the amounts so received, in the funds so received, to the account identified by such beneficiary in connection with such demand for such L/C Disbursement. Promptly following any L/C Disbursement by any Issuing Bank in respect of any Syndicated Letter of Credit, the L/C Agent will notify the applicable Borrower of such L/C Disbursement.

(g) Reimbursement. Each Borrower agrees that it shall reimburse the applicable Issuing Banks in respect of L/C Disbursements made under such Borrower's Syndicated Letter of Credit by paying to the Administrative Agent an amount in Dollars equal to the aggregate of the Dollar Amount (calculated as of the L/C Disbursement Date) of each L/C Disbursement no later than 2:00 p.m. on the Business Day following the L/C Disbursement Date (the "Syndicated L/C Honor Date") with respect to such Syndicated Letter of Credit together with interest thereon payable as provided in **Section 3.06** . If the applicable Borrower fails to so reimburse the Issuing Banks by such time of the amount of the unreimbursed drawing (the "Unreimbursed Amount"), so long as the conditions set forth in **Section 4.02** (other than the delivery of a Notice of Borrowing) are satisfied and subject to the amount of the Unused Commitments, such Borrower shall be deemed to have requested a Borrowing of Base Rate Loans to be disbursed on the Syndicated L/C Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in **Section 2.02(a)(i)** for the principal amount of Borrowings, and the L/C Disbursements of each of the Issuing Banks shall be deemed to have satisfied their obligation to fund their Pro Rata Share of such Borrowing. Without limiting any other obligations of each Borrower hereunder, each Borrower hereby agrees to indemnify each applicable Issuing Bank in respect of each Syndicated Letter of Credit denominated in a Foreign Currency for any and all costs, expenses and losses incurred by such Issuing Bank as a result of receiving payment or reimbursement for any L/C Disbursement thereunder from any Person in a Currency other than Dollars. Any such amount payable to any Issuing Bank shall be payable

within ten Business Days after demand and submission by such Issuing Bank of satisfactory evidence reflecting the calculation of such amount, which shall be conclusive absent manifest error.

3.02 Participated Letters of Credit.

(a) General. Subject to the terms and conditions set forth herein, any Borrower may request any Fronting Bank (other than a Non-NAIC Fronting Bank) to Issue, at any time and from time to time during the Availability Period, and such Fronting Bank hereby agrees to Issue, Participated Letters of Credit for the account of such Borrower or for the account of any Wholly Owned Subsidiary; provided, that the Parent shall be a joint applicant and account party with respect to any such Participated Letter of Credit Issued for the account of a Person that is not a Borrower, and the Parent shall be deemed the “Borrower” hereunder with respect to any such Participated Letter of Credit. Each Participated Letter of Credit shall be in a form customarily used or otherwise approved by the applicable Borrower and the applicable Fronting Bank.

(b) Notice of Issuance. To request the Issuance of a Participated Letter of Credit, the applicable Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Fronting Bank and Administrative Agent) to the applicable Fronting Bank and the Administrative Agent (which will promptly notify the Banks) at least three Business Days in advance of the requested date of Issuance (or such shorter period as is acceptable to the applicable Fronting Bank, including with respect to any request for the Issuance of a Participated Letter of Credit on the Effective Date, subject to approval by the applicable Fronting Bank) a notice in a form reasonably acceptable to the applicable Fronting Bank (a “Participated Letter of Credit Notice”) requesting the Issuance of a Participated Letter of Credit, or identifying the Participated Letter of Credit to be amended, renewed, extended or increased, as the case may be, and specifying the date of Issuance (which shall be a Business Day), the date on which such Participated Letter of Credit is to expire (which shall comply with **Section 3.02(c)**), the amount of such Participated Letter of Credit, the Applicable Currency of such Participated Letter of Credit, the name and address of the beneficiary thereof and the terms and conditions of (and such other information as shall be necessary to prepare, amend, renew, extend or increase, as the case may be) such Participated Letter of Credit, it being understood and agreed that Participated Letters of Credit may be extended and renewed in accordance with **Section 3.02(c)**. If requested by any applicable Fronting Bank, the applicable Borrower shall submit a letter of credit application on such Fronting Bank’s standard form (with such changes as such Fronting Bank shall reasonably deem appropriate) in connection with any request for a Participated Letter of Credit. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application submitted by any Borrower to such Fronting Bank relating to any Participated Letter of Credit, the terms and conditions of this Agreement shall control.

(c) Expiration of Participated Letters of Credit. Each Participated Letter of Credit shall expire at or prior to the earlier of (i) the close of business on the date one year after the date of the Issuance of such Participated Letter of Credit, or (ii) the L/C Maturity Date; provided,

however, that at the applicable Borrower's request a Participated Letter of Credit shall provide by its terms, and on terms acceptable to the applicable Fronting Bank, for renewal for successive periods of one year or less (but not beyond the L/C Maturity Date) unless and until the applicable Fronting Bank shall have delivered prior written notice of nonrenewal to the beneficiary of such Participated Letter of Credit no later than the time specified in such Participated Letter of Credit (which the applicable Fronting Bank shall do only if one or more of the applicable conditions under **Section 4.02** (other than the delivery of a Letter of Credit Notice) is not then satisfied); provided that no Participated Letter of Credit shall be renewed after the Maturity Date. The applicable Fronting Bank shall promptly provide a copy of any such notice to the applicable Borrower and the Administrative Agent.

(d) Participations. By the Issuance of a Participated Letter of Credit (or the fronting for a Non-NAIC Bank in respect of a Syndicated Letter of Credit pursuant to **Section 2.21**) by the applicable Fronting Bank and without any further action on the part of the applicable Fronting Bank or the Banks, the applicable Fronting Bank hereby grants to each applicable Bank in respect of such Participated Letter of Credit (or to the Non-NAIC Bank in respect of such Syndicated Letter of Credit), and each such Bank (or such Non-NAIC Bank) hereby acquires from the applicable Fronting Bank, a participation in such Participated Letter of Credit (or such Syndicated Letter of Credit) in an amount equal to the Dollar Amount of such Bank's Pro Rata Share of the Stated Amount of such Participated Letter of Credit (or such Syndicated Letter of Credit) and the applicable Borrower's reimbursement obligations with respect thereto. Each Bank (or Non-NAIC Bank) acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Participated Letters of Credit (or, with respect to any Non-NAIC Bank, Syndicated Letters of Credit) is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any such Letter of Credit or the existence of a Default or Event of Default or reduction or termination of the aggregate Commitments. In consideration and in furtherance of the foregoing, each Bank (or Non-NAIC Bank) hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Fronting Bank, the Dollar Amount of such Bank's Pro Rata Share of each L/C Disbursement made by the applicable Fronting Bank in respect of any Participated Letter of Credit (or, with respect to any Non-NAIC Bank, Syndicated Letter of Credit) promptly upon the request of the applicable Fronting Bank at any time from the time such L/C Disbursement is made until such L/C Disbursement is reimbursed by the applicable Borrower or at any time after any reimbursement payment is required to be disgorged or refunded to any Borrower for any reason. Such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Promptly following receipt by the Administrative Agent of any payment from any Borrower pursuant to **Section 3.02(f)** , the Administrative Agent shall distribute such payment to the applicable Fronting Bank or, to the extent that any Bank or Non-NAIC Bank have made payments pursuant to this paragraph to reimburse the applicable Fronting Bank, then to such Banks or Non-NAIC Bank and the applicable Fronting Bank as their interests may appear. Any payment made by a Bank or Non-NAIC Bank pursuant to this paragraph to reimburse any Fronting Bank for any L/C Disbursement made by it shall not relieve the applicable Borrower of its obligation to reimburse such L/C Disbursement. Notwithstanding anything herein to the contrary, effective upon the increase of the Commitments pursuant to **Section 2.19** , each Bank's participation in any

Participated Letter of Credit (and each Non-NAIC Bank's participation in any Syndicated Letter of Credit) outstanding on such date shall be adjusted to reflect its Pro Rata Share after giving effect to such increase.

(e) Disbursement Procedures: Funding of Participations.

(i) The applicable Fronting Bank shall, within a reasonable time following its receipt thereof (and, in any event, within any time specified in the text of the relevant Participated Letters of Credit Issued by it), examine all documents purporting to represent a demand for payment under a Participated Letter of Credit. The applicable Fronting Bank shall promptly after such examination notify the Administrative Agent and the applicable Borrower by telephone (confirmed by telecopy or email) of such demand for payment and whether such Fronting Bank has made or will make a L/C Disbursement thereunder. If such Borrower shall fail to reimburse the applicable Fronting Bank for such L/C Disbursement on the date and time specified in **Section 3.02(f)**, the Administrative Agent shall notify each applicable Bank of the applicable L/C Disbursement, the payment then due from such Borrower in respect thereof and the Dollar Amount of such Bank's Pro Rata Share thereof. Each applicable Bank (including any applicable Non-NAIC Bank) shall upon such notice make funds available to the Administrative Agent in Dollars for the account of the applicable Fronting Bank at the Administrative Agent's Account in an amount equal to (i) in the case of a Participated Letter of Credit, the Dollar Amount of its Pro Rata Share of the unpaid L/C Disbursement and (ii) in the case of a Non-NAIC Bank with respect to Syndicated Letters of Credit, the Dollar Amount of its Pro Rata Share (or other applicable share if the Parent has made a Non-Pro Rata Issuance Election with respect to such Syndicated Letters of Credit) of such Syndicated Letters of Credit being fronted by such Fronting Bank pursuant to **Section 2.21** (such amount, its "L/C Advance") not later than 2:00 p.m. on the Business Day specified in such notice by the Administrative Agent. No such making of an L/C Advance shall relieve or otherwise impair the obligation of the applicable Borrower to reimburse the applicable Fronting Bank for the amount of any payment made by such Fronting Bank under such Participated Letter of Credit (or such Syndicated Letter of Credit in the case of a Non-NAIC Bank), together with interest as provided herein.

(ii) If any Bank fails to make available to the Administrative Agent for the account of the applicable Fronting Bank any amount required to be paid by such Bank pursuant to the foregoing provisions of this **Section 3.02(e)** by the time specified in **Section 3.02(e)(i)**, the applicable Fronting Bank shall be entitled to recover from such Bank (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the applicable Fronting Bank at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the applicable Fronting Bank submitted to any Bank (through the Administrative Agent) with respect to any amounts owing under this clause (ii) shall be conclusive absent manifest error. Until a Bank funds its L/C Advance pursuant to this **Section 3.02(e)** to reimburse

the applicable Fronting Bank for any L/C Disbursement made by it, interest in respect of such Bank's L/C Advance shall be solely for the account of the applicable Fronting Bank.

(f) Reimbursement. Each Borrower agrees that it shall reimburse the applicable Fronting Bank in respect of any L/C Disbursement made under such Borrower's Participated Letter of Credit by paying to the Administrative Agent an amount in Dollars equal to the Dollar Amount (calculated as of the L/C Disbursement Date) of such L/C Disbursement no later than 2:00 p.m. on the Business Day following the L/C Disbursement Date (the "Participated L/C Honor Date") with respect to such Participated Letter of Credit together with interest thereon payable as provided in **Section 3.06**. If the applicable Borrower fails to so reimburse the Banks by such time, the Administrative Agent shall promptly notify each Bank of the amount of the Unreimbursed Amount, and the amount of such Bank's Pro Rata Share thereof. In such event, the Borrower shall be deemed to have requested a Borrowing of Base Rate Loans to be disbursed on the Participated L/C Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in **Section 2.02(a)(i)** for the principal amount of Borrowings, but subject to the amount of the Unused Commitments, and subject to the conditions set forth in **Section 4.02** (other than the delivery of a Notice of Borrowing), and each Bank shall fund its Pro Rata Share of such Borrowing as set forth in **Section 2.02(b)**. If the Borrower is unable to request a Borrowing of Base Rate Loans because it cannot satisfy each of the conditions set forth in **Section 4.02** (other than the delivery of a Notice of Borrowing) or for any other reason, each Bank shall fund its L/C Advances as set forth in **Section 3.02(e)**. Without limiting any other obligations of each Borrower hereunder, each Borrower hereby agrees to indemnify the applicable Fronting Bank in respect of any Participated Letters of Credit denominated in a Foreign Currency for any and all costs, expenses and losses incurred by it as a result of receiving payment or reimbursement for any L/C Disbursement thereunder from any Person in a Currency other than Dollars. Any such amount payable to any Fronting Bank shall be payable within ten Business Days after demand and submission by such Fronting Bank of satisfactory evidence reflecting the calculation of such amount, which shall be conclusive absent manifest error.

(g) Repayment of Participations.

(i) At any time after the applicable Fronting Bank has made a payment under any Participated Letter of Credit (or Syndicated Letter of Credit in the case of a Non-NAIC Bank) and has received from any Bank such Bank's L/C Advance in respect of such payment in accordance with **Section 3.02(e)**, if the Administrative Agent receives for the account of the applicable Fronting Bank any payment in respect of the related unpaid L/C Disbursement or interest thereon (whether directly from the applicable Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Bank its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Bank's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the applicable Fronting Bank pursuant to **Section 3.02(e)(i)** is required to be returned under any of the circumstances described in **Section 2.12** (including pursuant to any settlement entered into by the applicable Fronting Bank in its discretion), each Bank shall pay to the Administrative Agent for the account of the applicable Fronting Bank its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Bank, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(h) Failure to Make L/C Advances. The failure of any Bank to make the L/C Advance to be made by it on the date specified in **Section 3.02(e)** shall not relieve any other Bank of its obligation hereunder to make its L/C Advance on such date, but no Bank shall be responsible for the failure of any other Bank to make the L/C Advance to be made by such other Bank on such date.

3.03 Existing Letters of Credit. The Borrowers, the Administrative Agent, the Fronting Banks and the Banks agree that, as of the Effective Date:

(a) Each Existing Letter of Credit described on **Schedule II** Issued for the account of a Borrower and which remains outstanding as of the Effective Date shall be deemed Issued as of the Effective Date under this Agreement as a “Syndicated Letter of Credit” or “Participated Letter of Credit” as set forth on such schedule.

(b) As soon as possible following the Effective Date, each Existing Letter of Credit that is a Syndicated Letter of Credit (an “Existing Syndicated Letter of Credit”) shall be amended to replace each Existing Bank under the Existing Credit Agreement with each Bank under this Agreement at the time of such amendment in accordance with each such Bank’s Pro Rata Share (or other applicable share if the Parent has made a Non-Pro Rata Issuance Election with respect to such Syndicated Letters of Credit or in respect of an Issuing Bank acting as a Non-NAIC Fronting Bank), it being understood for the avoidance of doubt that such amendment shall not be deemed a Credit Extension hereunder. Until an Existing Syndicated Letter of Credit has been amended in accordance with this **Section 3.03(b)**, each Existing Bank shall be deemed to have sold and transferred to each Bank, as the case may be, and each such Bank (each, a “Syndicated L/C Participant”) shall be deemed irrevocably and unconditionally to have purchased and received from such Existing Bank, without recourse or warranty, an undivided interest and participation, to the extent of such Pro Rata Share (or other applicable share in respect of an Issuing Bank acting as a Non-NAIC Fronting Bank) in such Existing Syndicated Letter of Credit, each drawing made thereunder, the obligations of any account party under this Agreement with respect thereto and any security therefor or guaranty pertaining thereto. Upon any change in the Commitments of the Banks hereunder, it is hereby agreed that, with respect to all outstanding Existing Syndicated Letters of Credit and unpaid drawings with respect thereto, there shall be an automatic adjustment to the participations pursuant to this **Section 3.03(b)** to reflect the new Pro Rata Share of each Bank. No Borrower shall be obligated to pay any fees or increase in fees as a result of any of the actions taken pursuant to this **Section 3.03(b)** other than the customary fees Wells Fargo requires in connection with the amendment of letters of credit.

(c) In the event that a drawing occurs under an Existing Syndicated Letter of Credit prior to its amendment as contemplated by this Section, each Syndicated L/C Participant shall immediately pay to the Administrative Agent for the account of each Existing Bank under such Existing Syndicated Letter of Credit such Syndicated L/C Participant's pro rata share of such Existing Syndicated Letter of Credit, in accordance with the provisions of **Section 3.03(b)**, plus, to the extent any Existing Bank (in its capacity as such) has made a payment to the beneficiary in respect of such drawing, interest on such amount at a rate per annum equal to the Federal Funds Rate from the time of such payment by the Existing Bank to the date such Syndicated L/C Participant makes such payment to the Administrative Agent. The obligation of each Syndicated L/C Participant to make payments to the Administrative Agent for the account of the Existing Banks with respect to Existing Syndicated Letters of Credit issued by it shall be irrevocable and not subject to counterclaim, setoff or other defense or any other qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including any of the circumstances set forth in **Section 3.05**.

3.04 Conditions Precedent to the Issuance of Letters of Credit. Each Issuing Bank shall not be under any obligation to, and in the case of clauses (i), (ii), (iv), (v) and (vi) below shall not, Issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall purport by its terms to enjoin or restrain the Issuance of such Letter of Credit or any law applicable to such Issuing Bank or any Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over it shall prohibit, or request that it refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon it with respect to such Letter of Credit any restriction or reserve or capital requirement (for which such Issuing Bank or any Bank is not otherwise compensated) not in effect on the Effective Date, or any unreimbursed loss, cost or expense which was not applicable, in effect or known to it as of the Effective Date;

(ii) the limitation on amounts set forth under **Section 2.01** will be exceeded, immediately after giving effect thereto;

(iii) the L/C Agent or the applicable Fronting Bank, as the case may be, shall have delivered the written notice of nonrenewal described in **Section 3.01(c)** and **Section 3.02(c)** with respect to such Letter of Credit;

(iv) the Administrative Agent has received written notice from the applicable Fronting Bank or the Required Banks, as the case may be, or any Borrower, on or prior to the Business Day prior to the requested date of the issuance of such Letter of Credit, that one or more of the applicable conditions under **Section 4.02** is not then satisfied;

(v) the expiry date of such Letter of Credit would occur more than twelve months after the date of issuance or last extension unless the Required Banks have approved such expiry date;

(vi) the expiry date of such Letter of Credit is after the L/C Maturity Date, unless all of the Banks have approved such expiry date in writing;

(vii) such Letter of Credit is not in a form reasonably acceptable to, the applicable Borrowers, the Administrative Agent and the L/C Agent or applicable Fronting Bank, as the case may be;

(viii) such Letter of Credit is denominated in a currency other than Dollars or a Foreign Currency; or

(ix) with respect to the issuance of a Participated Letter of Credit or the fronting by a Non-NAIC Bank in respect of a Syndicated Letter of Credit, any Bank is at that time a Defaulting Bank, unless the applicable Fronting Bank (x) has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such Fronting Bank (in its sole discretion) with such Defaulting Bank and/or the applicable Borrower, or (y) has received Cash Collateral from (or entered into other arrangements satisfactory to such Fronting Bank in its sole discretion with) the Borrowers to eliminate such Fronting Bank's actual or potential Fronting Exposure (after giving effect to **Section 2.20(a)(iv)**) with respect to such Defaulting Bank as it may elect in its sole discretion; or

(x) with respect to the issuance of a Syndicated Letter of Credit, any Bank has advised the L/C Agent that it is a Non-NAIC Bank, unless either (A) such Bank has (1) entered into a Fronting Agreement with a Fronting Bank with respect to such Syndicated Letter of Credit or (2) complied with its obligations under **Section 2.21(b)** or (B) the applicable Borrower has made a Non-Pro Rata Issuance Election pursuant to **Section 2.21(d)**.

3.05 Obligations Absolute. The Reimbursement Obligations of each Borrower with respect to an L/C Disbursement under any Letter of Credit Issued for its account and of any Bank (or any Non-NAIC Bank) to reimburse the applicable Fronting Bank with respect to any L/C Disbursement made by such Fronting Bank under any Participated Letter of Credit (or Syndicated Letter of Credit) shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and any Letter of Credit Document under all circumstances, including the following circumstances:

(i) any lack of validity or enforceability of this Agreement, any other Loan Document, any Letter of Credit Document or any other agreement or instrument relating thereto;

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of any Borrower in respect of any Letter of Credit Document or any other amendment or waiver of or any consent to departure from all or any of the Letter of Credit Documents;

(iii) the existence of any claim, set-off, defense or other right that any Borrower may have at any time against any beneficiary or any transferee of a Letter of

Credit (or any Persons for which any such beneficiary or any such transferee may be acting), any Issuing Bank, the Administrative Agent, the L/C Agent, any Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any other Letter of Credit Document or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; provided, however, that such draft or certificate substantially complies with the terms of such Letter of Credit;

(vi) any payment made by any Issuing Bank under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Bankruptcy Law;

(vii) any adverse change in the relevant exchange rates or in the availability of the relevant Currency in the relevant currency markets generally;

(viii) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the Obligations of any Borrower; or

(ix) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Borrower or any guarantor, other than as may be expressly set forth in this Agreement.

None of the Administrative Agent, the L/C Agent, any Issuing Bank or any Bank or any of their Related Parties shall have any liability or responsibility to any Borrower by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder, or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond their control; provided that the foregoing shall not be construed to excuse the Administrative Agent, the L/C Agent, any Issuing Bank or any Bank from liability to any Borrower to the extent of any direct damages (as opposed to consequential or exemplary damages, claims in respect of which are hereby waived by each Borrower to the extent permitted by applicable law) suffered by any Borrower that are caused by the gross negligence or willful misconduct of the Administrative Agent, the L/C Agent, such Issuing Bank or such Bank, as determined by a court of competent jurisdiction by final and

nonappealable judgment, when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof.

3.06 Interest. Each L/C Disbursement made in respect of a Letter of Credit shall bear interest at a rate per annum equal to the Adjusted Base Rate until the date that is one Business Day following the L/C Disbursement Date, provided that if such L/C Disbursement is not reimbursed in full by 2:00 p.m. on the date that is one Business Day following the L/C Disbursement Date, the unpaid amount of the Reimbursement Obligation thereof shall bear interest from such date until such amount is paid in full at a rate per annum equal to the Adjusted Base Rate plus an additional 2% per annum, payable on demand. The Administrative Agent shall give prompt notice to the applicable Borrower and the applicable Banks of the applicable interest rate determined by the Administrative Agent for purposes of this Section.

3.07 Collateralization of Letters of Credit.

(a) (i) Upon (A) the Administrative Agent's request given in accordance with **Section 7.02** during the existence of an Event of Default, and (B) the L/C Maturity Date, each Borrower shall deliver to the Administrative Agent Cash Collateral in an amount equal to the product of the (i) the Cash Collateral Percentage multiplied by (ii) the aggregate Stated Amount of all Letters of Credit Issued for the account of such Borrower outstanding at such time (whether or not any beneficiary under any Letter of Credit shall have drawn or be entitled at such time to draw thereunder) and (ii) in the event of a payment under **Section 2.06(b)**, the Administrative Agent will retain such amount as may then be required to be retained, and the Administrative Agent shall deposit such amounts in each case under clauses (i) and (ii) in a special collateral account of such Borrower pursuant to arrangements satisfactory to the Administrative Agent (such account, the "Cash Collateral Account") for the benefit of the Administrative Agent, the Issuing Banks, and the Banks, which Cash Collateral Account shall be established and maintained in the United States.

(b) Each Borrower hereby grants to the Administrative Agent, for the benefit of the Issuing Banks and the Banks, a Lien upon and security interest in its Cash Collateral Account and all amounts held therein from time to time as security for the Letter of Credit Exposure relating to such Borrower, and for application to its aggregate Reimbursement Obligations as and when the same shall arise. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account for the benefit of the Issuing Banks and the Banks and such Borrower shall have no interest therein except as set forth in **Section 3.07(c)**. Amounts held in the Cash Collateral Account pursuant to this **Section 3.07** shall not bear interest during the existence of an Event of Default.

(c) In the event of a drawing, and subsequent payment by any Issuing Bank, under any Letter of Credit at any time during which any amounts are held in the applicable Cash Collateral Account, the Administrative Agent will deliver to such Issuing Bank a Dollar Amount equal to the Reimbursement Obligation created as a result of such payment (or, if the amounts so held are less than such Reimbursement Obligation, all of such amounts) to reimburse such Issuing Bank therefor. Notwithstanding anything in this Agreement to the contrary, to the extent any such drawing is made, the applicable Borrower's Reimbursement Obligation shall be

deemed to have been satisfied and discharged to the extent of any such payment from the Cash Collateral Account. Any amounts remaining in any Cash Collateral Account (including interest and profits) after the expiration of the Letters of Credit and reimbursement in full of the Issuing Banks for all of their respective obligations thereunder shall be held by the Administrative Agent, for the benefit of such Borrower, to be applied against the Obligations of such Borrower in such order and manner as the Administrative Agent may direct. If any Borrower is required to provide Cash Collateral pursuant to **Section 3.07(a)**, such amount (including interest and profits), to the extent not applied as aforesaid, shall be returned to such Borrower, provided that after giving effect to such return (i) the aggregate Credit Exposure would not exceed the aggregate Commitments at such time, and (ii) no Default or Event of Default shall have occurred and be continuing at such time. If any Borrower is required to provide Cash Collateral as a result of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to such Borrower within two Business Days after all Events of Default have been cured or waived.

3.08 Use of Letters of Credit. The Letters of Credit shall be available and each Borrower agrees that it shall use Letters of Credit Issued on its account primarily (i) to support obligations under reinsurance liabilities (including intercompany liabilities) of such Borrower or for other general corporate purposes of such Borrower or (ii) with respect to Letters of Credit Issued on the account of the Parent, (a) to support obligations under reinsurance liabilities (including intercompany liabilities) of the Parent or any Wholly Owned Subsidiary and (b) for other general corporate purposes of the Parent or such Wholly Owned Subsidiary.

3.09 Reporting of Letter of Credit Information. At any time that there is a Fronting Bank that is not also the financial institution acting as Administrative Agent, then (a) on the last Business Day of each calendar month, (b) on each date that a Participated Letter of Credit issued by such Fronting Bank is amended, terminated or otherwise expires, (c) on each date that a Participated Letter of Credit is issued or the expiry date of a Participated Letter of Credit is extended by such Fronting Bank, and (d) upon the request of the Administrative Agent, each Fronting Bank (or, in the case of clauses (b), (c) or (d) of this Section, the applicable Fronting Bank) shall deliver to the Administrative Agent a report setting forth in form and detail reasonably satisfactory to the Administrative Agent information (including, without limitation, any reimbursement, Cash Collateral, or termination in respect of Participated Letters of Credit issued by such Fronting Bank) with respect to each Participated Letter of Credit issued by such Fronting Bank that is outstanding hereunder. No failure on the part of any Fronting Bank to provide such information pursuant to this **Section 3.09** shall limit the obligations of any Borrower or any Bank hereunder with respect to its reimbursement and participation obligations hereunder.

ARTICLE IV

CONDITIONS OF LENDING AND ISSUANCES OF LETTERS OF CREDIT

4.01 Conditions Precedent to Effective Date. The occurrence of the Effective Date, and the obligation of each Bank to make Credit Extensions hereunder, is subject to the satisfaction of the following conditions precedent:

(a) The Administrative Agent shall have received the following, each dated the Effective Date (unless otherwise specified), in form and substance reasonably satisfactory to the Administrative Agent (unless otherwise specified) and in sufficient copies for each Bank:

(i) Certified copies of the resolutions of the Board of Directors of each Borrower approving the transactions contemplated by the Loan Documents and each Loan Document to which it is or is to be a party, and of all documents evidencing other necessary corporate action and governmental and other third party approvals and consents, if any, with transactions contemplated by the Loan Documents and each Loan Document to which it is or is to be a party.

(ii) A certificate of each Borrower, signed on behalf of such Borrower by an Authorized Officer (the statements made in which certificate shall be true on and as of the Effective Date), certifying as to (1) the truth of the representations and warranties contained in the Loan Documents as though made on and as of the Effective Date and (2) the absence of any event occurring and continuing, or resulting from the Effective Date, that constitutes a Default.

(iii) A certificate of an Authorized Officer of each Borrower certifying the names and true signatures of the officers of such Borrower authorized to sign each Loan Document to which it is or is to be a party and the other documents to be delivered hereunder and thereunder.

(iv) Favorable opinions of (1) Bär and Karrer Ag, special Swiss counsel for the Parent, (2) Mayer Brown LLP, special New York counsel for the Borrowers, (3) Conyers Dill & Pearman, Limited, special Bermuda counsel for Chubb Bermuda, Tempest Life and Tempest and (4) in-house counsel of Chubb INA, all in form and substance reasonably satisfactory to the Administrative Agent.

(b) The Borrowers shall have paid (i) all accrued fees of the Administrative Agent, the Joint Lead Arrangers and the Banks and all accrued expenses of the Administrative Agent (including the accrued fees and expenses of counsel to the Administrative Agent and local counsel on behalf of all of the Banks), in each case to the extent then due and payable and (ii) all accrued and unpaid principal, interest and fees due under the Existing Credit Agreement as of the Effective Date.

(c) On the Effective Date, (i) the Borrowers, the Administrative Agent and each Bank shall have signed a counterpart of this Agreement and shall have delivered (or transmitted by facsimile or in electronic (i.e., “pdf” or “tif”) format) the same to the Administrative Agent; and (ii) there shall have been delivered to the Administrative Agent for the account of each Bank that has requested the same at least five Business Days prior to the Effective Date, the appropriate Note or Notes, executed by each Borrower, in each case in the amount, maturity and as otherwise provided herein.

(d) The Administrative Agent shall have received an Account Designation Letter from an Authorized Officer of each Borrower.

(e) Each Bank shall have received from the Borrowers at least two Business Days prior to the Effective Date all documentation and other information reasonably requested by such Bank at least five Business Days prior to the Effective Date that is required to satisfy applicable “know your customer” and anti-money laundering rules and regulations, including the Patriot Act.

(f) Each Existing Bank that will not be a Bank under this Agreement shall have executed and delivered to the Administrative Agent an Existing Bank Agreement.

4.02 Conditions Precedent to all Credit Extensions. The obligation of each Bank and each Issuing Bank to make any Credit Extension (including any Credit Extension on the Effective Date, but excluding (x) Revolving Loans made for the purpose of repaying Refunded Swingline Loans pursuant to **Section 2.02(d)**) and (y) Borrowings constituting a Conversion or Continuation of an outstanding Loan) shall be subject to the further conditions precedent that on the date of such Credit Extension:

(a) The following statements shall be true (and each request for a Credit Extension, and the acceptance by the Borrower that requested such Credit Extension shall constitute a representation and warranty by such Borrower that both on the date of such notice and on the date of such Credit Extension such statements are true):

(i) the representations and warranties contained in each Loan Document are correct in all material respects (or, if qualified by materiality or reference to Material Adverse Effect, correct in all respects) on and as of such date, before and after giving effect to such Credit Extension, as though made on and as of such date, other than any such representations or warranties that, by their terms, refer to a specific date other the date of such Credit Extension, in which case as of such specific date (provided, however, that the representations and warranties contained in **Section 5.01(f)(i)** and the last sentence of **Section 5.01(g)** shall be excluded from this clause (i) at all times after (but shall be included on and as of) the Effective Date); and

(ii) no Default has occurred and is continuing, or would result from such Credit Extensions.

(b) The applicable Borrower shall have delivered, as applicable, a Notice of Borrowing in accordance with **Section 2.02(a)** , a Notice of Swingline Borrowing in accordance with **Section 2.02(c)** , or a Letter of Credit Notice in accordance with **Section 3.01(b)** or **Section 3.02(b)**

(c) With respect to the making of any Credit Extension, the limitation on amounts set forth under **Section 2.01** will not be exceeded immediately after giving effect thereto.

(d) With respect to the Issuance of any Letter of Credit, the conditions in **Section 3.04** have been satisfied.

4.03 Determinations Under Section 4.01. For purposes of determining compliance with the conditions specified in **Section 4.01**, each Bank shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Banks unless an officer of the Administrative Agent responsible for the transactions contemplated by the Loan Documents shall have received notice from such Bank prior to the Effective Date specifying its objection thereto, provided that such Bank has been given at least one Business Day's notice that the final form of such document or matter is available for its review.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

5.01 Representations and Warranties of the Borrowers. Each Borrower represents and warrants as follows:

(a) Each Borrower and each of its Material Subsidiaries (i) is duly organized or formed, validly existing and, to the extent such concept applies, in good standing under the laws of the jurisdiction of its incorporation or formation, except, in the case of any Material Subsidiary other than a Borrower, where the failure to do so would not be reasonably likely to have a Material Adverse Effect, (ii) is duly qualified and in good standing as a foreign corporation or other entity in each other jurisdiction in which it owns or leases property or in which the conduct of its business requires it to so qualify or be licensed except where the failure to so qualify or be licensed would not be reasonably likely to have a Material Adverse Effect and (iii) has all requisite power and authority (including all governmental licenses, permits and other approvals) to own or lease and operate its properties and to carry on its business as now conducted and as proposed to be conducted, except where the failure to have any license, permit or other approval would not be reasonably likely to have a Material Adverse Effect. No Borrower is an EEA Financial Institution.

(b) All of the outstanding Equity Interests in each Borrower (other than the Parent) have been validly issued, are fully paid and non-assessable and (except for any Preferred Securities issued after the date of this Agreement) are owned, directly or indirectly, by the Parent free and clear of all Liens.

(c) The execution, delivery and performance by each Borrower of each Loan Document to which it is or is to be a party and the consummation of the transactions contemplated by the Loan Documents, are within such Borrower's corporate powers, have been duly authorized by all necessary corporate action, and do not (i) contravene such Borrower's constitutional documents, (ii) violate any law, rule, regulation (including Regulation X of the Board of Governors of the Federal Reserve System), order, writ, judgment, injunction, decree, determination or award, (iii) conflict with or result in the breach of, or constitute a default under, any contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument

binding on or affecting any Borrower, any of its Subsidiaries or any of their properties or (iv) result in or require the creation or imposition of any Lien upon or with respect to any of the properties of any Borrower or any of its Subsidiaries. No Borrower or any of its Subsidiaries is in violation of any such law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or in breach of any such contract, loan agreement, indenture, mortgage, deed of trust, lease or other instrument, the violation or breach of which would be reasonably likely to have a Material Adverse Effect.

(d) No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required for (i) the due execution, delivery, recordation, filing or performance by any Borrower of any Loan Document to which it is or is to be a party or the other transactions contemplated by the Loan Documents, or (ii) the exercise by the Administrative Agent or any Bank of its rights under the Loan Documents, except for the authorizations, approvals, actions, notices and filings which have been duly obtained, taken, given or made and are in full force and effect, subject to bankruptcy, insolvency and similar laws of general application relating to creditors' rights and to general principles of equity.

(e) This Agreement has been, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Borrower party thereto. This Agreement is, and each other Loan Document when delivered hereunder will be, the legal, valid and binding obligation of each Borrower party thereto, enforceable against such Borrower in accordance with its terms.

(f) There is no action, suit, investigation, litigation or proceeding affecting any Borrower or any of its Subsidiaries, including any Environmental Action, pending or, to such Borrower's knowledge, threatened before any court, governmental agency or arbitrator that (i) would be reasonably likely to have a Material Adverse Effect or (ii) would reasonably be expected to affect the legality, validity or enforceability of any Loan Document or the transactions contemplated by the Loan Documents.

(g) The Consolidated balance sheet of the Parent and its Subsidiaries as at December 31, 2016, and the related Consolidated statements of income and of cash flows of the Parent and its Subsidiaries for the fiscal year then ended, accompanied by an unqualified opinion of PricewaterhouseCoopers LLP, independent public accountants, and the Consolidated balance sheet of the Parent and its Subsidiaries as at June 30, 2017, and the related Consolidated statements of income and cash flows of the Parent and its Subsidiaries for the six months then ended, duly certified by the Chief Financial Officer of the Parent, copies of which have been furnished to each Bank, fairly present, subject, in the case of said balance sheet as at June 30, 2017, and said statements of income and cash flows for the six months then ended, to year-end audit adjustments, the Consolidated financial condition of the Parent and its Subsidiaries as at such dates and the Consolidated results of operations of the Parent and its Subsidiaries for the periods ended on such dates, all in accordance with GAAP applied on a consistent basis (subject, in the case of the June 30, 2017 balance sheet and statements of income and cash flows, to the absence of footnotes). Since December 31, 2016, there has been no Material Adverse Change.

(h) No written information, exhibit or report furnished by or on behalf of any Borrower to any Agent or any Bank in connection with the negotiation and syndication of the Loan Documents or pursuant to the terms of the Loan Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading as at the date it was dated (or if not dated, so delivered) in light of the circumstances under which such statements were made.

(i) Margin Stock constitutes less than 25% of the value of those assets of any Borrower which are subject to any limitation on sale, pledge or other disposition hereunder.

(j) Neither any Borrower nor any of its Subsidiaries is an “investment company”, or an “affiliated person” of, or “promoter” or “principal underwriter” for, an “investment company”, as such terms are defined in the Investment Company Act of 1940. Neither the making of any Loans, nor the Issuance of any Letters of Credit, nor the application of the proceeds or repayment thereof by any Borrower, nor the consummation of the other transactions contemplated by the Loan Documents, will violate any provision of such Act or any rule, regulation or order of the Securities and Exchange Commission thereunder.

(k) Each Borrower is, individually and together with its Subsidiaries, Solvent.

(l) Except to the extent that any and all events and conditions under clauses (i) through (v) below of this **Section 5.01(l)** in the aggregate are not reasonably expected to have a Material Adverse Effect:

(i) Neither any Borrower nor any ERISA Affiliate has incurred or is reasonably expected to incur any Withdrawal Liability to any Multiemployer Plan.

(ii) With respect to each scheme or arrangement mandated by a government other than the United States (a “Foreign Government Scheme or Arrangement”) and with respect to each employee benefit plan that is not subject to United States law maintained or contributed to by any Borrower or with respect to which any Subsidiary of any Borrower may have liability under applicable local law (a “Foreign Plan”):

(A) Any employer and employee contributions required by law or by the terms of any Foreign Government Scheme or Arrangement or any Foreign Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices.

(B) The fair market value of the assets of each funded Foreign Plan, the liability of each insurer for any Foreign Plan funded through insurance or the book reserve established for any Foreign Plan, together with any accrued contributions, is sufficient to procure or provide for the accrued benefit obligations, as of the date hereof, with respect to all current and former participants in such Foreign Plan according to the

actuarial assumptions and valuations most recently used to account for such obligations in accordance with applicable generally accepted accounting principles.

(C) Each Foreign Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities.

(iii) During the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement and prior to the request for any Credit Extension hereunder, no steps have been taken to terminate any Pension Plan, no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a lien under section 302(f) of ERISA and no minimum funding waiver has been applied for or is in effect with respect to any Pension Plan. No condition exists or event or transaction has occurred or is reasonably expected to occur with respect to any Pension Plan which could result in any Borrower or any ERISA Affiliate incurring any material liability, fine or penalty.

(iv) Each Pension Plan is in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state laws.

(v) No assets of any Borrower are or are deemed under applicable law to be “plan assets” within the meaning of Department of Labor Regulation §2510.3-101.

(vi) (i) No Borrower is or will be (A) an “employee benefit plan,” as defined in Section 3(3) of ERISA or (B) a “plan” within the meaning of Section 4975(e) of the Internal Revenue Code; (ii) no Borrower is or will be a “governmental plan” within the meaning of Section 3(32) of ERISA; and (iii) no transactions by or with any Borrower are or will be subject to federal, state or local statutes applicable to such Borrower regulating investments of fiduciaries with respect to governmental plans.

(m) In the ordinary course of its business, each Borrower reviews the effect of Environmental Laws on the operations and properties of such Borrower and its Subsidiaries, in the course of which it identifies and evaluates associated liabilities and costs (including any capital or operating expenditures required for clean-up or closure of properties presently or previously owned, any capital or operating expenditures required to achieve or maintain compliance with environmental protection standards imposed by law or as a condition of any license, permit or contract, any related constraints on operating activities, including any periodic or permanent shutdown of any facility or reduction in the level of or change in the nature of operations conducted thereat, and any actual or potential liabilities to third parties and any related costs and expenses). On the basis of this review, each Borrower has reasonably concluded that such associated liabilities and costs, including the costs of compliance with Environmental Laws, are unlikely to have a Material Adverse Effect. The operations and

properties of each Borrower and each of its Subsidiaries comply in all material respects with all applicable Environmental Laws and Environmental Permits, except for non-compliances which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; Hazardous Materials have not been released, discharged or disposed of on any property currently owned or operated by any Borrower or any of its Subsidiaries that would reasonably be expected to have a Material Adverse Effect; and there are no Environmental Actions pending or, to such Borrower's knowledge, threatened against any Borrower or its Subsidiaries, and to such Borrower's knowledge no circumstances exist that could be reasonably likely to form the basis of any such Environmental Action, which (in either case), individually or in the aggregate with all other such pending or threatened actions and circumstances, would reasonably be expected to have a Material Adverse Effect.

(n) Each Borrower and each of its Subsidiaries has filed, has caused to be filed or has been included in all material federal tax returns and all other material tax returns required to be filed and has paid all taxes shown thereon to be due, together with applicable interest and penalties, except to the extent contested in good faith and by appropriate proceedings (in which case adequate reserves have been established therefor in accordance with GAAP).

(o) Set forth on **Schedule II** hereto is a list of all Existing Letters of Credit.

(p) None of (i) the Parent, any Subsidiary of the Parent, or, to the knowledge of the Parent or such Subsidiary, any of their respective directors, officers, employees or Affiliates, or (ii) to the knowledge of the Parent, any agent or representative of the Parent or any Subsidiary of the Parent that will act in any capacity in connection with or benefit from the Credit Facility, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) is controlled by or is acting on behalf of a Sanctioned Person, (C) has its assets located in a Sanctioned Country or (D) directly derives revenues from unlawful investments in, or transactions with, Sanctioned Persons.

(q) Each of the Borrower and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower and its Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions. Each of the Borrower and its Subsidiaries, and to the knowledge of Borrower, each director, officer, employee, agent and Affiliate of Borrower and each such Subsidiary, is in compliance in all material respects with all Anti-Corruption Laws and Anti-Money Laundering Laws and applicable Sanctions. No proceeds of any Extension of Credit have been used, directly or indirectly, by the Borrower, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of **Section 6.01(j)**. Each Borrower and each of its Subsidiaries is in compliance in all material respects with the Patriot Act.

(r) Ten Non-Bank Rule and Twenty Non-Bank Rule. The Parent is in compliance with the Ten Non-Bank Rule and the Twenty Non-Bank Rule; it being understood that the Parent shall assume for the purpose of this representation that no Bank or Transferee has (i) incorrectly declared its status as a Qualifying Bank, (ii) breached the assignment, participation, sub-

participation or other transfer provisions set forth in **Section 10.07** or (iii) ceased to be a Qualifying Bank after the date it became a Bank under this Agreement or otherwise a Transferee.

5.02 Representations by Banks. Each Bank represents that, as of the date of this Agreement, it is a Qualifying Bank.

ARTICLE VI

COVENANTS OF THE BORROWERS

6.01 Affirmative Covenants. So long as any Loan, Reimbursement Obligation or any other Obligation (other than contingent indemnification obligations for which no claim has been made) of any Borrower under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Bank shall have any Commitment hereunder, each Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply with all applicable laws, rules, regulations and orders, such compliance to include compliance with Environmental Laws, Environmental Permits, ERISA and the Racketeer Influenced and Corrupt Organizations Chapter of the Organized Crime Control Act of 1970, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, all material taxes, assessments and governmental charges or levies imposed upon it or upon its property; provided, however, that neither any Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or levy that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained.

(c) Maintenance of Insurance. Maintain, and cause each of its Material Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Parent or such Material Subsidiary operates (it being understood that the foregoing shall not apply to maintenance of reinsurance or similar matters which shall be solely within the reasonable business judgment of the Parent and its Subsidiaries).

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Material Subsidiaries to preserve and maintain, its existence, legal structure, legal name, rights (charter and statutory), permits, licenses, approvals, privileges and franchises; provided, however, that (i) the Parent and its Subsidiaries may consummate any merger or amalgamation or consolidation permitted under **Section 6.02(c)**, (ii) no Subsidiary (other than a Borrower) shall be required to preserve and maintain its existence, legal structure, legal names or other rights (charter and statutory) if the Board of Directors of a direct or indirect parent of such Subsidiary has determined that such action is not disadvantageous in any material respect to the Parent, such parent or the Banks, and (iii) neither the Parent nor any of its Subsidiaries shall be required to

preserve any right, permit, license, approval, privilege or franchise if the Board of Directors of the Parent or such Subsidiary shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Parent or such Subsidiary, as the case may be, and that the loss thereof is not disadvantageous in any material respect to the Parent, such Subsidiary or the Banks.

(e) Visitation Rights. At any reasonable time and from time to time upon not less than three Business Days prior notice, permit the Administrative Agent (upon request made by any Agent or any Bank), or any agents or representatives thereof, at the expense (so long as no Default has occurred and is continuing) of such Agent or such Bank, as the case may be, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Parent and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Parent and any of its Subsidiaries with any of their officers or directors and with, so long as a representative of the Parent is present, their independent certified public accountants; provided that neither the Parent nor any of its Subsidiaries shall be required to disclose any information that it reasonably determines is entitled to the protection of attorney-client privilege or if such disclosure would violate any applicable law.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Parent and each such Subsidiary sufficient to permit the preparation of financial statements in accordance with GAAP.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted, except where the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

(h) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under the Loan Documents with any of their Affiliates (other than any such transactions between Borrowers or Wholly Owned Subsidiaries) on terms that are fair and reasonable and no less favorable than it would obtain in a comparable arm's-length transaction with a Person not an Affiliate.

(i) Pari Passu Ranking. Ensure that at all times the Obligations and the claims of the Banks, the Swingline Bank, the Issuing Banks and the Agents against it under the Loan Documents will rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for claims which are preferred by any bankruptcy, insolvency, liquidation or other similar laws of general application or are mandatorily preferred by law applying to insurance companies generally.

(j) Sanctions; Anti-Corruption and Anti-Money Laundering Compliance. (i) Shall and shall cause each of its Subsidiaries to have a compliance program that is reasonably designed to comply with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions; (ii) not request or use, and ensure that its and its Subsidiary's respective directors,

officers, employees and agents shall not use, the proceeds of any Credit Extension hereunder, directly or knowingly indirectly, (A) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (B) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, in each case, in violation of applicable Sanctions, or (C) in any manner that would result in the violation of any Sanctions applicable to any party hereto; and (iii) take, and cause each of its Subsidiaries to take, to the extent commercially reasonable, such actions (including providing information) as are reasonably requested by the Administrative Agent or any Bank in order to assist the Administrative Agent and the Banks in maintaining compliance with the Patriot Act.

6.02 Negative Covenants. So long as any Loan, Reimbursement Obligation or any other Obligation (other than contingent indemnification obligations for which no claim has been made) of any Borrower under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Bank shall have any Commitment hereunder, each of the Borrowers will not, at any time:

(a) Liens, Etc. Create, incur, assume or suffer to exist, or permit any of its Subsidiaries to create, incur, assume or suffer to exist, any Lien on or with respect to any of its properties of any character (including accounts) whether now owned or hereafter acquired, or assign or permit any of its Subsidiaries to assign, any accounts or other right to receive income, except:

(i) Permitted Liens;

(ii) Liens described on **Schedule 6.02(a)** hereto;

(iii) purchase money Liens upon any property acquired or held by the Parent or any of its Subsidiaries in the ordinary course of business to secure the purchase price of such property or to secure Debt incurred solely for the purpose of financing the acquisition, construction or improvement of any property to be subject to such Liens, or Liens existing on any property at the time of acquisition or within 180 days following such acquisition (other than any such Liens created in contemplation of such acquisition that do not secure the purchase price), or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount; provided, however, that no such Lien shall extend to or cover any property other than the property being acquired, constructed or improved, and no such extension, renewal or replacement shall extend to or cover any property not theretofore subject to the Lien being extended, renewed or replaced;

(iv) Liens arising in connection with Capitalized Leases; provided that no such Lien shall extend to or cover any assets other than the assets subject to such Capitalized Leases;

(v) (A) any Lien existing on any asset of any Person at the time such Person becomes a Subsidiary and not created in contemplation of such event, (B) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into the Parent or any of its Subsidiaries in accordance with **Section 6.02(c)** and not created in contemplation of such event and (C) any Lien existing on any asset prior to the acquisition thereof by the Parent or any of its Subsidiaries and not created in contemplation of such acquisition;

(vi) [Reserved];

(vii) Liens arising in the ordinary course of its business which (A) do not secure Debt and (B) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

(viii) Liens on cash and Approved Investments securing Hedge Agreements arising in the ordinary course of business;

(ix) other Liens securing Debt or other obligations outstanding in an aggregate principal or face amount not to exceed at any time 10% of Consolidated Net Worth;

(x) Liens consisting of deposits made by the Parent or any insurance Subsidiary with any insurance regulatory authority or other statutory Liens or Liens or claims imposed or required by applicable insurance law or regulation against the assets of the Parent or any insurance Subsidiary, in each case in favor of policyholders of the Parent or such insurance Subsidiary or an insurance regulatory authority and in the ordinary course of the Parent's or such insurance Subsidiary's business;

(xi) Liens on Investments and cash balances of the Parent or any insurance Subsidiary (other than capital stock of any Subsidiary) securing obligations of the Parent or any insurance Subsidiary in respect of (i) letters of credit obtained in the ordinary course of business; and/or (ii) trust arrangements formed in the ordinary course of business, or other security arrangements with any insurance Subsidiary of the Parent, in each case for the benefit of cedents to secure reinsurance recoverables owed to them by the Parent or any insurance Subsidiary;

(xii) the replacement, extension or renewal of any Lien permitted by clause (ii) or (v) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount (other than in respect of fees, expenses and premiums, if any) or change in any direct or contingent obligor) of the Debt secured thereby;

(xiii) Liens securing obligations owed by any Borrower to any other Borrower or owed by any Subsidiary of the Parent (other than a Borrower) to the Parent or any other Subsidiary;

(xiv) Liens incurred in the ordinary course of business in favor of financial intermediaries and clearing agents pending clearance of payments for investment or in the nature of set-off, banker's lien or similar rights as to deposit accounts or other funds;

(xv) judgment or judicial attachment Liens, provided that the enforcement of such Liens is effectively stayed;

(xvi) [Reserved]; and

(xvii) Liens on securities arising out of repurchase agreements with a term of not more than twelve months entered into with Banks or their Affiliates or with securities dealers of recognized standing; provided that the aggregate amount of all assets of the Parent and its Subsidiaries subject to such agreements shall not at any time exceed \$2,000,000,000.

(b) Change in Nature of Business. Make any material change in the nature of the business of the Parent and its Material Subsidiaries, taken as a whole, as carried on at the date hereof.

(c) Mergers, Etc. Merge into or amalgamate or consolidate with any Person or permit any Person to merge into it, or permit any of its Subsidiaries to do so, except that:

(i) any Subsidiary of the Parent may merge into or amalgamate or consolidate with any other Subsidiary of the Parent, provided that, in the case of any such merger, amalgamation or consolidation, the Person formed by such merger, amalgamation or consolidation shall be a Wholly Owned Subsidiary, provided further that, in the case of any such merger, amalgamation or consolidation to which a Borrower is a party, the Person formed by such merger, amalgamation or consolidation shall be a Borrower;

(ii) any Subsidiary of any Borrower may merge into or amalgamate or consolidate with any other Person or permit any other Person to merge into, amalgamate or consolidate with it; provided that the Person surviving such merger, amalgamation or consolidation shall be a Wholly Owned Subsidiary;

(iii) in connection with any sale or other disposition permitted under **Section 6.02(d)**, any Subsidiary of the Parent may merge into or amalgamate or consolidate with any other Person or permit any other Person to merge into or amalgamate or consolidate with it; and

(iv) the Parent or any Borrower may merge into or amalgamate or consolidate with any other Person; provided that, in the case of any such merger, amalgamation or consolidation, the Person formed by such merger, amalgamation or consolidation shall be the Parent or such Borrower, as the case may be;

provided, however, that in each case, immediately after giving effect thereto, no event shall occur and be continuing that constitutes a Default.

(d) Sales, Etc., of Assets. Sell, lease, transfer or otherwise dispose of, or permit any other Borrower to sell, lease, transfer or otherwise dispose of, all or substantially all of its assets (excluding sales of investment securities in the ordinary course of business).

(e) Accounting Changes. Make or permit any change in the accounting policies or reporting practices of the Parent, except as may be required or permitted by GAAP.

6.03 Reporting Requirements. So long as any Loan, Reimbursement Obligation or any other obligation of any Borrower under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Bank shall have any Commitment hereunder, the Parent will furnish to the Agents and the Banks:

(a) Default Notice. As soon as possible and in any event within five days after the occurrence of each Default or any event, development or occurrence reasonably likely to have a Material Adverse Effect continuing on the date of such statement, a statement of a Responsible Officer of the Parent setting forth details of such Default, event, development or occurrence and the action that the Parent or the applicable Subsidiary has taken and proposes to take with respect thereto.

(b) Annual Financials.

(i) As soon as available and in any event within 90 days after the end of each Fiscal Year (or, if earlier, within five Business Days after such date as the Parent is required to file its annual report on Form 10-K for such Fiscal Year with the Securities and Exchange Commission), a copy of the annual Consolidated audit report for such year for the Parent and its Subsidiaries, including therein a Consolidated balance sheet of the Parent and its Subsidiaries as of the end of such Fiscal Year and Consolidated statements of income and cash flows of the Parent and its Subsidiaries for such Fiscal Year, all reported on in a manner reasonably acceptable to the Securities and Exchange Commission in each case and accompanied by an opinion of PricewaterhouseCoopers LLP or other independent public accountants of recognized standing reasonably acceptable to the Required Banks, together with (A) a certificate of the Chief Financial Officer, Chief Accounting Officer or Chief Compliance Officer of the Parent stating that no Default has occurred and is continuing, or if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Parent has taken a proposes to take with respect thereto, and (B) a schedule in form reasonably satisfactory to the Administrative Agent of the computations used by

the Parent in determining, as of the end of such Fiscal Year, compliance with the covenants contained in **Section 6.04** .

(ii) As soon as available and in any event within 120 days after the end of each Fiscal Year, a copy of the annual Consolidated audit report for such year for each Borrower (other than the Parent) and its Subsidiaries, including therein a Consolidated balance sheet of such Borrower and its Subsidiaries as of the end of such Fiscal Year and a Consolidated statement of income and a Consolidated statement of cash flows of such Borrower and its Subsidiaries for such Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, in each case accompanied by an opinion acceptable to the Required Banks of PricewaterhouseCoopers LLP or other independent public accountants of recognized standing acceptable to the Required Banks (it being understood that Chubb INA shall be deemed to have satisfied the requirements of this clause if its financial statements are included in a footnote to the financial statements of the Parent referred to in **Section 6.03(b)(i)** in a manner consistent with past practice).

(iii) As soon as available and in any event within 20 days after submission, each statutory statement of the Borrowers (or any of them) in the form submitted to the Supervisor of Insurance, the Insurance Division of the Bermuda Monetary Authority.

(c) Quarterly Financials. As soon as available and in any event within 45 days after the end of each of the first three quarters of each Fiscal Year (or, if earlier, within five Business Days after such date as the Parent is required to file its quarterly report on Form 10-Q for such fiscal quarter with the Securities and Exchange Commission), Consolidated balance sheets of the Parent and its Subsidiaries as of the end of such quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and Consolidated statements of income and a Consolidated statement of cash flows of the Parent and its Subsidiaries for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter, setting forth in each case in comparative form the corresponding figures for the corresponding date or period of the preceding Fiscal Year, all in reasonable detail and duly certified (subject to the absence of footnotes and normal year-end audit adjustments) by the Chief Financial Officer, Chief Accounting Officer or Chief Compliance Officer of the Parent as fairly presenting the financial condition of the Parent and its Subsidiaries in accordance with GAAP, together with (i) a certificate of said officer stating that no Default has occurred and is continuing or, if a Default has occurred and is continuing, a statement as to the nature thereof and the action that the Parent has taken and proposes to take with respect thereto and (ii) a schedule in form reasonably satisfactory to the Administrative Agent of the computations used by the Parent in determining compliance with the covenants contained in **Section 6.04** .

(d) Litigation. Promptly after the commencement thereof, notice of all actions, suits, investigations, litigation and proceedings before any court or governmental department,

commission, board, bureau, agency or instrumentality, domestic or foreign, affecting any Borrower or any of its Subsidiaries of the type described in **Section 5.01(f)** .

(e) Securities Reports . Promptly after the sending or filing thereof, copies of all proxy statements, financial statements and reports that the Parent sends to its stockholders generally, copies of all regular, periodic and special reports, and all registration statements, that any Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any Governmental Authority that may be substituted therefor, or with any national securities exchange.

(f) ERISA .

(i) ERISA Events . Promptly and in any event within ten days after any Borrower or any ERISA Affiliate institutes any steps to terminate any Pension Plan or becomes aware of the institution of any steps or any written threat by the PBGC to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a lien under section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which could reasonably be expected to result in the requirement that any Borrower or any ERISA Affiliate furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could reasonably be expected to result in any Borrower or any ERISA Affiliate incurring any material liability, fine or penalty, or any material increase in the contingent liability of any Borrower or any ERISA Affiliate with respect to any post-retirement Welfare Plan benefit, notice thereof and copies of all documentation relating thereto.

(ii) Plan Annual Reports . Promptly upon request of any Agent or any Bank, copies of each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) with respect to each Pension Plan.

(iii) Multiemployer Plan Notices . Promptly and in any event within 15 Business Days after receipt thereof by any Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, copies of each notice concerning (A) the imposition of Withdrawal Liability by any such Multiemployer Plan, (B) the termination, within the meaning of Title IV of ERISA, of any such Multiemployer Plan or (C) the amount of liability incurred, or that may be incurred, by such Borrower or any ERISA Affiliate in connection with any event described in clause (A) or (B); provided, however , that such notice and documentation shall not be required to be provided (except at the specific request of any Agent or any Bank, in which case such notice and documentation shall be promptly provided following such request) if such condition or event is not reasonably expected to result in any Borrower or any ERISA Affiliate incurring any material liability, fine, or penalty.

(g) Regulatory Notices, Etc. Promptly after any Responsible Officer of the Parent obtains knowledge thereof, (i) a copy of any notice from the Bermuda Minister of Finance or the Registrar of Companies or any other person of the revocation, the suspension or the placing of any restriction or condition on the registration as an insurer of any Borrower under the Bermuda Insurance Act 1978 (and related regulations) or of the institution of any proceeding or investigation which could result in any such revocation, suspension or placing of such a restriction or condition, (ii) copies of any correspondence by, to or concerning any Borrower relating to an investigation conducted by the Bermuda Minister of Finance, whether pursuant to Section 132 of the Bermuda Companies Act 1981 (and related regulations) or otherwise and (iii) a copy of any notice of or requesting or otherwise relating to the winding-up or any similar proceeding of or with respect to any Borrower.

(h) Other Information. Such other information respecting the business, condition (financial or otherwise), operations, performance, properties or prospects of any Borrower or any of its Subsidiaries as the Administrative Agent, or any Bank through the Administrative Agent, may from time to time reasonably request. Information required to be delivered pursuant to **Sections 6.03(b)**, **6.03(c)**, and **6.03(e)** shall be deemed to have been delivered on the date on which the Parent provides notice to the Administrative Agent that such information has been posted on the Parent's website on the Internet at the website address listed on the signature pages hereof, at sec.gov/ or at another website identified in such notice and accessible by the Banks without charge; provided that (x) such notice may be included in a certificate delivered pursuant to **Section 6.03(b)(i)(A)** or **6.03(c)(i)** and (y) the Parent shall deliver paper copies of the information referred to in **Sections 6.03(b)**, **6.03(c)**, and **6.03(e)** to any Bank which requests such delivery.

6.04 Financial Covenants. So long as any Loan, Reimbursement Obligation or any other obligation of any Borrower under any Loan Document shall remain unpaid, any Letter of Credit shall be outstanding or any Bank shall have any Commitment hereunder, the Parent will:

(a) Adjusted Consolidated Debt to Total Capitalization Ratio. Maintain at all times a ratio of Adjusted Consolidated Debt to Total Capitalization of not more than 0.35 to 1.0.

(b) Consolidated Net Worth. Maintain at all times Consolidated Net Worth in an amount not less than \$34,985,000,000.

ARTICLE VII

EVENTS OF DEFAULT

7.01 Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) (i) any Borrower shall fail to pay any Loan or Reimbursement Obligation when and as the same shall become due and payable, or (ii) any Borrower shall fail to make any payment of interest on any Loan or Reimbursement Obligation, any fee or any other amount

payable by such Borrower under any Loan Document, in each case under this clause (ii) within five Business Days after the same becomes due and payable; or

(b) any representation or warranty made by any Borrower (or any of its officers) under or in connection with any Loan Document (excluding the representation and warranty set forth in **Section 5.01(r)**) shall prove to have been incorrect in any material respect when made; or

(c) any Borrower shall fail to perform or observe any term, covenant or agreement contained in **Section 2.13**, **3.08**, **6.01(d)** (solely with respect to the existence of the Parent), **6.02**, **6.03(a)** or **6.04**; or

(d) any Borrower shall fail to perform or observe any term, covenant or agreement contained in **Section 6.01(e)** if such failure shall remain unremedied for five Business Days after written notice thereof shall have been given to such Borrower by any Agent or any Bank; or

(e) any Borrower shall fail to perform or observe any other term, covenant or agreement contained in any Loan Document on its part to be performed or observed if such failure shall remain unremedied for 30 days after the earlier of the date on which (i) a Responsible Officer becomes aware of such failure or (ii) written notice thereof shall have been given to such Borrower by any Agent or any Bank; or

(f) the Parent or any of its Subsidiaries shall fail to pay any Material Financial Obligation (but excluding Debt outstanding hereunder) of the Parent or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Financial Obligation; or any such Material Financial Obligation shall be declared to be due and payable or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Material Financial Obligation shall be required to be made, in each case prior to the stated maturity thereof; or

(g) any Borrower or any of its Significant Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Borrower or any of its Significant Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it) that is being diligently contested by it in good faith, either such proceeding shall remain undismissed or unstayed for a period of 60 days or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or any substantial part of its property) shall

occur; or any Borrower or any of its Significant Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this **Section 7.01(g)** ; or

(h) any final judgment or order for the payment of money in excess of \$200,000,000 shall be rendered against any Borrower or any of its Subsidiaries and either (i) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(i) any provision in **Article VIII** of this Agreement shall for any reason cease to be valid and binding on or enforceable against any Borrower (other than as a result of a transaction permitted hereunder), or any such Borrower shall so state in writing; or

(j) a Change of Control shall occur; or

(k) any Borrower or any ERISA Affiliate shall incur or shall be reasonably expected to incur liability in excess of \$200,000,000 in the aggregate with respect to any Pension Plan or any Multiemployer Plan in connection with the occurrence of any of the following events or existence of any of the following conditions:

(i) Institution of any steps by any Borrower, any ERISA Affiliate or any other Person, including the PBGC to terminate a Pension Plan if as a result of such termination a Borrower or any ERISA Affiliate would reasonably expect to be required to make a contribution to such Pension Plan, or would reasonably expect to incur a liability or obligation; or

(ii) A contribution failure occurs with respect to any Pension Plan sufficient to give rise to a lien under section 302(f) of ERISA; or

(iii) Any condition shall exist or event shall occur with respect to a Pension Plan that is reasonably expected to result in any Borrower or any ERISA Affiliate being required to furnish a bond or security to the PBGC or such Pension Plan, or incurring a liability or obligation; or

(l) any Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability or a default, within the meaning of Section 4219(c)(5) of ERISA, has occurred with respect to such Multiemployer Plan in each case which could cause any Borrower or any ERISA Affiliate to incur a payment obligation in excess of \$200,000,000;

then, and in any such event, the Administrative Agent (i) shall at the request, or may with the consent, of the Required Banks, by notice to the Borrowers, declare the Commitments and the Swingline Commitment and the obligation of the Issuing Banks to Issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, (ii) shall at the request, or may with the consent, of the Required Banks, by notice to the Borrowers, declare all or any part of the outstanding Loans and other amounts payable under this Agreement and the other Loan

Documents to be forthwith due and payable, whereupon all such amounts shall become and be forthwith due and payable, without presentment, demand, notice of intent to accelerate, protest or further notice of any kind, all of which are hereby expressly waived by the Borrowers; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to any Borrower under any Bankruptcy Law, (x) the Commitments and Swingline Commitment and the obligation of the Issuing Banks to Issue Letters of Credit shall automatically be terminated, (y) all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrowers and (z) the obligation of the Borrowers to provide cash collateral under **Section 7.02** shall automatically become effective, and/or (iii) shall at the request, or may with the consent, of the Required Banks, exercise all rights and remedies available to it under this Agreement, the other Loan Documents and applicable law.

7.02 Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Administrative Agent may, or shall at the request of the Required Banks, after having taken any of the actions described in **Section 7.01(ii)** or otherwise, make demand upon the Borrowers to, and forthwith upon such demand the Borrowers will, pay to the Administrative Agent on behalf of the Banks in same day funds at the Administrative Agent's office designated in such demand, an amount equal to the aggregate Stated Amount of all Letters of Credit then outstanding as Cash Collateral. If at any time during the existence of an Event of Default the Administrative Agent determines that such funds are subject to any right or claim of any Person other than the Administrative Agent and the Banks or that the total amount of such funds is less than the aggregate Stated Amount of all Letters of Credit, the Borrowers will, forthwith upon demand by the Administrative Agent, pay to the Administrative Agent, as additional Cash Collateral, an amount equal to the excess of (a) such aggregate Stated Amount over (b) the total amount of funds, if any, that the Administrative Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit, such funds shall be applied to reimburse the Issuing Banks or Banks, as applicable, to the extent permitted by applicable law.

ARTICLE VIII

THE GUARANTY

8.01 The Guaranty. The Parent hereby unconditionally, absolutely and irrevocably guarantees, as a primary obligor and not merely as surety, the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of all Obligations of the other Borrowers under the Loan Documents including the principal of and interest (including, to the greatest extent permitted by law, post-petition interest) on Loans and Reimbursement Obligations owing by such other Borrowers pursuant to this Agreement with respect to Loans and Letters of Credit and fees, expenses, indemnities or any other obligations, whether now existing or hereafter incurred, created or arising and whether direct or indirect, absolute or contingent, or due or to become due. This Guaranty is a guaranty of payment and not of collection. Upon failure by any Borrower to pay punctually any such amount, the Parent agrees to pay forthwith on demand the amount not so paid at the place and in the manner specified in this Agreement.

8.02 Guaranty Unconditional. The obligations of the Parent under this **Article VIII** shall be unconditional, absolute and irrevocable and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (i) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of any other obligor under any of the Loan Documents, by operation of law or otherwise;
- (ii) any modification or amendment of or supplement to any of the Loan Documents;
- (iii) any release, non-perfection or invalidity of any direct or indirect security for any obligation of any other obligor under any of the Loan Documents;
- (iv) any change in the corporate existence, structure or ownership of any obligor, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any other obligor or its assets or any resulting release or discharge of any obligation of any other obligor contained in any of the Loan Documents;
- (v) the existence of any claim, set-off or other rights which any obligor may have at any time against any other obligor, the Administrative Agent, any Bank or any other corporation or person, whether in connection with any of the Loan Documents or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;
- (vi) any invalidity or unenforceability relating to or against any other obligor for any reason of any of the Loan Documents, or any provision of applicable law or regulation purporting to prohibit the payment by any other obligor of principal interest or any other amount payable under any of the Loan Documents;

(vii) any law, regulation or order of any jurisdiction, or any other event, affecting any term of any obligation of the Banks' rights with respect thereto; or

(viii) any other act or omission to act or delay of any kind by any obligor, the Administrative Agent, any Bank or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to the Parent's obligations under this **Article VIII** .

8.03 Discharge Only upon Payment in Full; Reinstatement in Certain Circumstances . The Parent's obligations under this **Article VIII** shall remain in full force and effect until the Commitments of the Banks and the Swingline Commitment of the Swingline Bank hereunder shall have terminated, no Letters of Credit shall be outstanding and all Obligations payable by the other Borrowers under the Loan Documents shall have been paid in full. If at any time any payment of any Obligation by a Borrower under the Loan Documents is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of such Borrower or otherwise, the Parent's obligations under this **Article VIII** with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

8.04 Waiver by the Parent . The Parent irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any corporation or person against any other obligor or any other corporation or person.

8.05 Subrogation . The Parent hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any other Borrower, or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Parent's obligations under or in respect of this Guaranty or any other Loan Document, including any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Bank against any other Borrower, or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including the right to take or receive from any other Borrower, or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all amounts payable under this Guaranty shall have been paid in full in cash, no Letters of Credit shall be outstanding and the Commitments of the Banks and the Swingline Commitment of the Swingline Bank hereunder shall have expired or been terminated. If any amount shall be paid to the Parent in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of all amounts payable under this Guaranty, and (b) the L/C Maturity Date, such amount shall be received and held in trust for the benefit of the Banks, shall be segregated from other property and funds of the Parent and shall forthwith be paid or delivered to the Administrative Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to all amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Loan Documents, or to be held as collateral for any amounts payable under this Guaranty thereafter

arising. If (i) the Parent shall make payment to any Bank of all or any amounts payable under this Guaranty, (ii) all amounts payable under this Guaranty shall have been paid in full in cash, and (iii) the L/C Maturity Date shall have occurred, the Banks will, at the Parent's request and expense, execute and deliver to the Parent appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to the Parent of an interest in the obligations resulting from such payment made by the Parent pursuant to this Guaranty.

8.06 Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Borrower under any of the Loan Documents is stayed upon the insolvency, bankruptcy or reorganization of such Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless be payable by the Parent under this **Article VIII** forthwith on demand by the Administrative Agent made at the request of the requisite proportion of the Banks.

8.07 Continuing Guaranty; Assignments. This Guaranty is a continuing guaranty and shall (a) remain in full force and effect until the latest of (i) the payment in full in cash of all Obligations payable under this Guaranty and (ii) the L/C Maturity Date, (b) be binding upon the Parent, its successors and assigns and (c) inure to the benefit of and be enforceable by the Administrative Agent, the Issuing Banks, the Swingline Bank, the Banks and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Bank may assign or otherwise transfer all or any portion of its rights and obligations under this Agreement (including all or any portion of its Commitment and the Loans and Reimbursement Obligations owing to it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Bank herein or otherwise, in each case as and to the extent provided in **Section 10.07**.

8.08 Subordination of Other Obligations. Any Debt of any Borrower now or hereafter held by the Parent is hereby subordinated in right of payment to the Obligations of such Borrower, and any such Debt collected or received by the Parent after receipt of notice of an Event of Default (which has occurred and is continuing) by the Administrative Agent shall be held in trust for the Administrative Agent on behalf of the Banks and shall forthwith be paid over to Administrative Agent for the benefit of Banks to be credited and applied against such Obligations but without affecting, impairing or limiting in any manner the liability of the Parent under any other provision hereof.

ARTICLE IX

THE ADMINISTRATIVE AGENT

9.01 Appointment and Authority. Each of the Banks (for purposes of this Article, references to the Banks shall also mean each Issuing Bank and the Swingline Bank) hereby irrevocably appoints Wells Fargo to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

The provisions of this Article are solely for the benefit of the Administrative Agent, the Swingline Bank, the Banks and the Issuing Banks, and no Borrower shall have rights as a third-party beneficiary of any of such provisions. It is understood and agreed that the use of the term “agent” herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

9.02 Rights as a Bank. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Bank as any other Bank and may exercise the same as though it were not the Administrative Agent and the term “Bank” or “Banks” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Banks.

9.03 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Banks (or such other number or percentage of the Banks as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Bankruptcy Law or that may effect a forfeiture, modification or termination of property of a Defaulting Bank in violation of any Bankruptcy Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Borrower or any Affiliate thereof that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Banks (or such other number or percentage of the Banks as shall be necessary, or as the Administrative Agent shall believe in good faith

shall be necessary, under the circumstances as provided in **Section 7.01** , **Section 7.02** and **Section 10.01**) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Administrative Agent in writing by a Borrower, an Issuing Bank or a Bank.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith (including, without limitation, any report provided to it by an Issuing Bank pursuant to **Section 3.09**), (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in **Article IV** or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the Issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Bank or any Issuing Bank, the Administrative Agent may presume that such condition is satisfactory to such Bank or such Issuing Bank unless the Administrative Agent shall have received notice to the contrary from such Bank or such Issuing Bank prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for one or more Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facility provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-

agents except to the extent that a court of competent jurisdiction determines in a final and nonappealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

9.06 Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Banks and the Parent. Upon any such resignation of the Administrative Agent, the Required Banks shall have the right to appoint a successor Administrative Agent, subject (so long as no Event of Default exists) to the consent of the Parent (which consent shall not be unreasonably withheld). If no successor Administrative Agent shall have been so appointed by the Required Banks, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may (but shall not be obligated to), on behalf of the Banks, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States or of any State thereof and having a combined capital and surplus of at least \$250,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent such successor Administrative Agent shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Administrative Agent (other than any rights to indemnity payments owing to the retiring Administrative Agent), and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. If within 45 days after written notice is given of the retiring Administrative Agent's resignation under this **Section 9.06** no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45th day (i) the retiring Administrative Agent's resignation or removal shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Loan Documents and (iii) the Required Banks shall thereafter perform all duties of the retiring Administrative Agent under the Loan Documents until such time, if any, as the Required Banks appoint a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder as Administrative Agent shall have become effective, the provisions of this **Article IX** shall inure to the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

9.07 Non-Reliance on Administrative Agent and Other Banks. Each Bank acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Bank or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Bank or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Joint Lead Arrangers, Syndication Agents, Documentation Agents or other agents listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or

any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent or a Bank hereunder.

9.09 Administrative Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Bankruptcy Law or any other judicial proceeding relative to any Borrower, the Administrative Agent (irrespective of whether the principal of any Loan or Reimbursement Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered (but not obligated) by intervention in such proceeding or otherwise (i) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, Reimbursement Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary advisable in order to have the claims of the Banks, Issuing Banks and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Banks, Issuing Banks and the Administrative Agent and their respective agents, sub-agents and counsel and all other amounts due the Banks, Issuing Banks and the Administrative Agent under **Sections 2.09 and 10.04**) allowed in such judicial proceeding and (ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Bank and Issuing Bank to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments to the Banks or Issuing Banks, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents, sub-agents and counsel, and any other amounts due the Administrative Agent under **Section 2.09 or 10.04** . Notwithstanding anything in this **Section 9.09** to the contrary, nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Bank or any Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Bank or any Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Bank or any Issuing Bank in any such proceeding.

9.10 Issuing Bank and Swingline Bank. The provisions of this **Article IX** (other than **Section 9.06**) shall apply to the Issuing Banks and the Swingline Bank mutatis mutandis to the same extent as such provisions apply to the Administrative Agent.

ARTICLE X

MISCELLANEOUS

10.01 Amendments, Etc.

(a) No amendment or waiver of any provision of this Agreement or any other Loan Document, nor consent to any departure by any Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Banks (or by the Administrative Agent at the direction or with the consent of the Required Banks) (and, in the case of an amendment, the Parent), and then any such waiver or consent shall be effective only in

the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall:

(i) unless in writing and signed by all of the Banks (other than any Bank that is, at such time, a Defaulting Bank), do any of the following at any time: (i) waive any of the conditions specified in **Section 4.01**, in the case of the Effective Date, or **Section 4.02(c)**, (ii) change the number of Banks or the percentage of (x) the Commitments, or (y) the Credit Exposure that, in each case, shall be required for the Banks or any of them to take any action hereunder, (iii) reduce or limit the obligations of the Parent under **Article VIII** or release the Parent or otherwise limit the Parent's liability with respect to the obligations owing to the Agents and the Banks, (iv) amend this **Section 10.01** or any of the definitions herein that would have such effect, (v) extend the Maturity Date or the L/C Maturity Date, (vi) limit the liability of any Borrower under any of the Loan Documents, (vii) change or waive any provision of **Section 2.14** or any other provision of this Agreement requiring the ratable treatment of the Banks or (viii) consent to the assignment or transfer by any Borrower of such Borrower's rights and obligations under any Loan Document to which it is a party;

(ii) unless in writing and signed by each directly affected Bank, do any of the following at any time: (i) increase the Commitments of the Banks or subject the Banks to any additional obligations, (ii) reduce the principal of, or interest on, any Loan or Reimbursement Obligation or any fees or other amounts payable hereunder, or increase any Bank's Commitment other than as contemplated by clause (c) of the definition of LIBOR Rate, or (iii) postpone any date fixed for any payment of principal of, or interest on, any Loan or Reimbursement Obligation or any fees or other amounts payable hereunder;

provided further that no amendment, waiver or consent shall, unless in writing and signed by an Agent or L/C Agent in addition to the Banks required above to take such action, affect the rights or duties of such Agent or L/C Agent, as applicable, under this Agreement or the other Loan Documents and no amendment, waiver or consent shall, unless in writing and signed by an Issuing Bank or the Swingline Bank in addition to the Banks above required to take such action, affect the rights or duties of such Issuing Bank or Swingline Bank, as applicable, under this Agreement or the other Loan Documents;

and provided further that the Fee Letters may only be amended or modified, and any rights thereunder waived, in a writing signed by the parties thereto.

(b) Notwithstanding anything to the contrary herein, (i) no Defaulting Bank shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Banks or each affected Bank may be effected with the consent of the applicable Banks other than Defaulting Banks), except that (x) the Commitment of any Defaulting Bank may not be increased or extended without the consent of such Bank and (y) any waiver, amendment or modification requiring the consent of all Banks or each affected Bank that by its terms affects any Defaulting Bank more adversely than other affected Banks shall require the consent of such Defaulting

Bank and (ii) if the Administrative Agent and the Parent shall have jointly identified (each in its sole discretion) an obvious error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Parent shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Banks within five Business Days following the posting of such amendment to the Banks.

10.02 Notices, Etc.

(a) All notices and other communications provided for hereunder shall be in writing (including telegraphic or telecopy communication) and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, as follows:

if to the Parent:

Bäregasse 32
CH-8001 Zürich
Switzerland
Fax: +41 (0) 43 456 76 01;

if to Chubb Bermuda, Tempest Life or Tempest:

17 Woodbourne Avenue
Hamilton HM08 Bermuda
Fax: (441) 295 5221;

if to Chubb INA:

436 Walnut Street
Philadelphia, Pennsylvania 19106 USA
Fax: (215) 640-5569

if to any Bank, at its Applicable Lending Office;

if to Wells Fargo (in its capacity as Issuing Bank) at its address at 401 Linden Street, Mail Code NC-6034, Winston-Salem, North Carolina 27101, Attn: International Operations -- Standby Letter of Credit Department, Facsimile No. (336) 735-0952, with a copy to Karen Hanke, Director, 301 South College Street, 11th Floor, Charlotte, NC 28288, Facsimile No. (704) 715-1486; and

if to Wells Fargo (in its capacity as Administrative Agent or Swingline Bank), at its address at 1525 West W.T. Harris Blvd., Mail Code D1109-019, Charlotte, North Carolina 28262, Attn: Syndication Agency Services, Facsimile No. (704)

715-0092, with a copy to Karen Hanke, Director, 301 South College Street, 11th Floor, MAC D1053-115, Charlotte, NC 28288, Telecopy No. (704) 715-1486;

or, as to any party, at such other address as shall be designated by such party in a written notice to the other parties.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Banks and the Issuing Banks hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Bank or any Issuing Bank pursuant to **Article II** or **III** if such Bank or such Issuing Bank, as applicable, has notified the Administrative Agent that is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Parent may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or other communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Each Borrower agrees that the Administrative Agent may, but shall not be obligated to, make Confidential Information available to the Issuing Banks and the other Banks by posting Confidential Information on the Platform. The Platform is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the accuracy or completeness of the Confidential Information or the adequacy of the Platform, and expressly disclaim liability for errors or omissions in the Confidential Information. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with any Confidential Information or the Platform. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Borrower, any Bank or any other Person or entity

for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of any Borrower's or the Administrative Agent's transmission of communications through the Internet (including, without limitation, the Platform), except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct or material breach in bad faith of such Agent Party; provided that in no event shall any Agent Party have any liability to any Borrower, any Bank, any Issuing Bank or any other Person for indirect, special, incidental, consequential or punitive damages, losses or expenses (as opposed to actual damages, losses or expenses).

10.03 No Waiver; Remedies. No failure on the part of any Bank, the Swingline Bank, any Issuing Bank or any Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

10.04 Costs and Expenses; Indemnity.

(a) Each of the Borrowers agrees to pay on demand, (i) all reasonable and documented costs and expenses of the Agents, the Joint Lead Arrangers, the L/C Agent, each Issuing Bank and the Swingline Bank, in connection with the preparation, execution, delivery, administration, modification and amendment of the Loan Documents (including (A) all due diligence, collateral review, syndication, transportation, computer, duplication, appraisal, audit, insurance, consultant, search, filing and recording fees and expenses and (B) the reasonable and documented fees and expenses of a (1) single counsel for the Administrative Agent and Wells Fargo in its capacity as an Issuing Bank, with respect to advising the Administrative Agent as to its rights and responsibilities, or the perfection, protection or preservation of rights or interests, under the Loan Documents, (2) to the extent such single counsel does not have regulatory expertise, one additional counsel to advise on regulatory matters, (3) if reasonably necessary, a single local counsel for all Indemnified Parties (taken as a whole) in each relevant jurisdiction and (4) if any such counsel determines that an irreconcilable conflict of interest exists, one additional counsel for all affected Indemnified Parties) it being agreed that the expenses incurred in connection with the preparation, negotiation, execution and delivery of the Commitment Letter, this Agreement and the other Loan Documents on or before the Effective Date shall be subject to the limitations set forth in the Commitment Letter; and (ii) all reasonable and documented costs and expenses of each Agent, the L/C Agent, each Issuing Bank, the Swingline Bank and each Bank in connection with the enforcement of the Loan Documents, whether in any action, suit or litigation, or any bankruptcy, insolvency or other similar proceeding affecting creditors' rights generally (including the reasonable and documented fees and expenses of a (A) a single counsel for the Agents, the L/C Agent, the Issuing Banks, the Swingline Bank and the Banks (taken as a whole), (B) to the extent such single counsel does not have regulatory expertise, one additional counsel to advise on regulatory matters, (C) if reasonably necessary, a single local counsel for all Indemnified Parties (taken as a whole) in each relevant jurisdiction and (D) if any such counsel determines that an irreconcilable conflict of interest exists, one additional counsel for all affected Indemnified Parties).

(b) Each of the Borrowers severally agrees to indemnify and hold harmless each Agent, each Joint Lead Arranger, the L/C Agent, each Issuing Bank, the Swingline Bank, each Bank and each of their Affiliates and each Related Party of any of the foregoing Persons (each, an “Indemnified Party”) from and against any and all claims, damages, losses, liabilities and expenses (including reasonable and documented fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) this Agreement, the actual or proposed use of the proceeds of the Loans or the Letters of Credit, the Loan Documents or any of the transactions contemplated thereby, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence, willful misconduct or material breach in bad faith of such Indemnified Party or any of its Affiliates; provided that the Borrowers shall only be obligated to pay the reasonable and documented fees and expenses of a (i) single counsel for the Indemnified Parties (taken as a whole), (ii) if reasonably necessary, a single local counsel for all Indemnified Parties (taken as a whole) in each relevant jurisdiction, (iii) to the extent such single counsel does not have regulatory expertise, one additional counsel to advise on regulatory matters and (iv) to the extent that any such counsel determines that an irreconcilable conflict requires the engagement of additional counsel, one additional counsel in each relevant jurisdiction to the affected Indemnified Parties similarly situated and taken as whole. In the case of an investigation, litigation or other proceeding to which the indemnity in this **Section 10.04(b)** applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by any Borrower, its directors, shareholders or creditors or an Indemnified Party or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated by the Loan Documents are consummated. Each of the Borrowers also agrees not to assert any claim against any Agent, any Joint Lead Arranger, the L/C Agent, the Swingline Bank, any Issuing Bank, any Bank or any of their Affiliates, or any of their respective officers, directors, employees, attorneys and agents, on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the credit facilities provided hereunder, the actual or proposed use of the proceeds of the Loans or Letters of Credit, the Loan Documents or any of the transactions contemplated by the Loan Documents. This **Section 10.04(b)** shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) To the extent that the Borrowers for any reason fail indefeasibly to pay any amount required under **Section 10.04(a)** or **Section 10.04(b)** to be paid by it to any Agent, any Joint Lead Arranger, the L/C Agent, any Issuing Bank, the Swingline Bank or any Related Party of any of the foregoing, each Bank severally agrees to pay to such Agent, such Joint Lead Arranger, the L/C Agent, such Issuing Bank, such Swingline Bank or such Related Party, as the case may be, such Bank’s Pro Rata Share (as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Agent, such Joint Lead Arranger, the L/C Agent, such Issuing Bank, or the Swingline Bank in its capacity as such, or against any Related Party of any

of the foregoing acting for such Person in connection with such capacity. The obligations of the Banks under this **Section 10.04(c)** are subject to the provisions of **Section 2.03(c)**.

(d) Without prejudice to the survival of any other agreement hereunder or under any other Loan Document, the agreements and obligations contained in **Sections 2.15**, **2.16**, **2.17** and this **Section 10.04** shall survive the payment in full of principal, interest and all other amounts payable hereunder and under any of the other Loan Documents.

10.05 Right of Set-off. Upon (a) (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by **Section 7.01** to authorize the Administrative Agent to declare amounts owing hereunder to be due and payable pursuant to the provisions of **Section 7.01** or (b) the automatic acceleration of amounts owing hereunder pursuant to the provisions of **Section 7.01** due to an actual or deemed entry of an order for relief with respect to any Borrower under any Bankruptcy Law, each Agent, each Issuing Bank, the Swingline Bank and each Bank and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and otherwise apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Agent, such Issuing Bank, the Swingline Bank, such Bank or such Affiliate to or for the credit or the account of any Borrower against any and all of the obligations of such Borrower now or hereafter existing under the Loan Documents, irrespective of whether such Agent, such Issuing Bank, the Swingline Bank or such Bank shall have made any demand under this Agreement and although such obligations may be unmatured, provided that in the event that any Defaulting Bank or any Affiliate thereof shall exercise any such right of setoff, (x) all amounts so setoff shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of **Section 2.20(a)** and, pending such payment, shall be segregated by such Defaulting Bank or Affiliate of a Defaulting Bank from its other funds and deemed held in trust for the benefit of the Administrative Agent, the Issuing Banks, the Swingline Bank and the Banks, and (y) the Defaulting Bank or its Affiliate shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Bank or any of its Affiliates as to which such right of setoff was exercised. Each Agent, each Issuing Bank, the Swingline Bank and each Bank agrees promptly to notify each Borrower after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Agent, each Issuing Bank, the Swingline Bank and each Bank and their respective Affiliates under this **Section 10.05** are in addition to other rights and remedies (including other rights of set-off) that such Persons may have.

10.06 Binding Effect. This Agreement shall become effective when it shall have been executed by each Borrower, each Issuing Bank, the L/C Agent, the Swingline Bank and each Agent and the Administrative Agent shall have been notified by each Initial Bank that such Initial Bank has executed it and thereafter shall be binding upon and inure to the benefit of each Borrower, each Agent, each Issuing Bank, the L/C Agent, the Swingline Bank and each Bank and their respective successors and assigns, except that no Borrower shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Banks.

10.07 Assignments and Participations.

(a) Subject to **Section 10.07(j)**, each Bank may, and so long as no Default shall have occurred and be continuing, if demanded by any Borrower (following a demand by such Bank pursuant to **Section 2.18**) upon at least five Business Days' notice to such Bank and the Administrative Agent, will, assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment or Swingline Commitment, and the Loans and Reimbursement Obligations owing to it); provided, however, that (i) each such assignment shall be of a uniform, and not a varying, percentage of all rights and obligations of such Bank hereunder, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was (x) a Bank or an Affiliate of any Bank, the aggregate amount of the Commitments being assigned to such Eligible Assignee pursuant to such assignment (determined as of the date of the Assignment and Assumption with respect to such assignment) shall in no event be less than \$1,000,000 unless it is an assignment of the entire amount of such assignor's Commitment or (y) not a Bank or an Affiliate of any Bank, the aggregate amount of the Commitments being assigned to such Eligible Assignee pursuant to such assignment (determined as of the date of the Assignment and Assumption with respect to such assignment) shall in no event be less than \$5,000,000 unless it is an assignment of the entire amount of such assignor's Commitment, (iii) each such assignment shall be to an Eligible Assignee, (iv) each assignment made as a result of a demand by any Borrower pursuant to **Section 2.18** shall be arranged by such Borrower after consultation with the Administrative Agent and shall be either an assignment of all of the rights and obligations of the assigning Bank under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Bank under this Agreement, (v) no Bank shall be obligated to make any such assignment as a result of a demand by any Borrower pursuant to **Section 2.18** unless and until such Bank shall have received one or more payments from either such Borrower or other Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Loans made by such Bank and Reimbursement Obligations owing to such Bank, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Bank under this Agreement, (vi) as a result of such assignment, no Borrower shall be subject to additional amounts under **Section 2.15** or **2.16**, (vii) the parties to each such assignment shall execute and deliver to the Administrative Agent, for its acceptance and recording in the Register, an Assignment and Assumption, together with a processing and recordation fee of \$3,500 and (viii) any assignment of the Swingline Commitment and Swingline Loans shall be for the entire amount of the Swingline Commitment and Swingline Loans.

(b) Upon such execution, delivery, acceptance and recording, from and after the effective date specified in such Assignment and Assumption, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Assumption, have the rights and obligations of a Bank, hereunder and (ii) the Bank assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Assumption, relinquish its rights (other than its rights under **Sections 2.15**, **2.16** and **10.04** to the extent any claim

thereunder relates to an event arising prior to such assignment and any other rights that are expressly provided hereunder to survive) and be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto).

(c) By executing and delivering an Assignment and Assumption, each Bank assignor thereunder and each assignee thereunder confirm to and agree with each other and the other parties thereto and hereto as follows: (i) other than as provided in such Assignment and Assumption, such assigning Bank makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant thereto; (ii) such assigning Bank makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Borrower or the performance or observance by any Borrower of any of its obligations under any Loan Document or any other instrument or document furnished pursuant thereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in **Section 5.01** and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption; (iv) such assignee will, independently and without reliance upon any Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms hereof and thereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Bank.

(d) The Administrative Agent, acting for this purpose (but only for this purpose) as a non-fiduciary agent of the Borrowers, shall maintain at its address referred to in **Section 10.02** a copy of each Assignment and Assumption delivered to and accepted by it and a register for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount (and stated interest) of the Loans and Reimbursement Obligations owing to, each Bank from time to time (the "Register"). The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Borrowers, the Agents and the Banks shall treat each Person whose name is recorded in the Register as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Agent or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of an Assignment and Assumption executed by an assigning Bank and an assignee, the Administrative Agent shall, if such Assignment and Assumption has been

completed and is in substantially the form of **Exhibit C** hereto or in such other form reasonably acceptable to the Administrative Agent, (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Parent and to the parties to such Assignment and Assumption.

(f) In connection with any assignment of rights and obligations of any Defaulting Bank hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrowers and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Bank, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Bank to the Administrative Agent or any Bank hereunder (and interest accrued thereon), and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit and Swingline Loans in accordance with its Credit Exposure. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Bank hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Bank for all purposes of this Agreement until such compliance occurs.

(g) Subject to **Section 10.07(j)**, each Bank may, without the consent of, or notice to, any Borrower or the Administrative Agent, sell participations to one or more Persons (other than a natural Person, a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural Person, any Borrower or any Subsidiary or Affiliate of a Borrower) in or to all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment, and the Loans and Reimbursement Obligations owing to it; provided, however, that (i) such Bank's obligations under this Agreement (including its Commitment) shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the Borrowers, the Agents, the Swingline Bank and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, (iv) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by any Borrower therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, reimbursement obligations or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, postpone any date fixed for any payment of principal of, or interest on, the reimbursement obligations or any fees or other amounts payable hereunder, in each case to the extent subject to such participation and (v) no further participation, sub-participation or other transfer by any participant of any rights or obligations thereunder may be made in violation of **Section 10.07(j)**). Each Bank shall, as non-fiduciary agent of the Borrowers solely for the purposes of this **Section 10.07**, record in book entries in a register maintained by such Bank (the "Participant Register"), the name and amount (and stated interest)

of the participating interest of each Person entitled to receive payments in respect of any participating interests sold pursuant to this **Section 10.07**. The entries in the Participant Register shall be conclusive absent manifest error, and such Bank shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(h) Any Bank may, in connection with any assignment or participation or proposed assignment or participation pursuant to this **Section 10.07**, disclose to the assignee or participant or proposed assignee or participant any information relating to any Borrower furnished to such Bank by or on behalf of any Borrower; provided, however, that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Confidential Information received by it from such Bank.

(i) Any Bank may at any time create a security interest in all or any portion of its rights under this Agreement (including the Loans and Reimbursement Obligations owing to it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System or any other applicable central bank; provided that (x) no such creation of a security interest shall release such Bank from any of its obligations hereunder or substitute any such Federal Reserve Bank or similar central bank for such Bank as a party hereto and (y) any foreclosure or similar action by such Federal Reserve Bank or similar central bank shall be subject to the provisions of **Section 10.07(j)**.

(j) Notwithstanding the foregoing provisions of this **Section 10.07** or any other provision of this Agreement:

(i) *Assignments*. No Bank may assign all or any portion of its rights and obligations under this Agreement (including all or any portion of its Commitment or Swingline Commitment or any Loans or Reimbursement Obligations owing to it) to any Person other than a Qualifying Bank, and any assignment by a Bank to a Non-Qualifying Bank shall be void. Prior to the effectiveness of any proposed assignment, the proposed assignee shall deliver to the assigning Bank, the Administrative Agent and the Parent (x) a certificate confirming that it is a Qualifying Bank and (y) if requested by the Parent, a copy of a ruling from the Swiss Federal Tax Administration to the effect that such assignee will be treated as a Qualifying Bank for purposes of Swiss Withholding Tax matters.

(ii) *Other Transfers*. Except for assignments permitted by clause (i) above, no Bank or initial or subsequent Transferee (as defined below) shall enter into any participation, sub-participation or other arrangement (e.g. a credit default swap) (any of the foregoing, a “Transfer”) under which such Bank or other Person (any of the foregoing, a “Transferor”) Transfers any of its exposure under this Agreement to any other Person (a “Transferee”) unless (x) the Transferee is a Qualifying Bank and agrees in writing, for the benefit of the Borrowers, that it

will not make any further Transfer in violation of this **Section 10.07(j)** or (y) under and throughout the life of such arrangement:

- (A) the relationship between the Bank and the Transferee is that of a debtor and creditor (including in the bankruptcy or similar event of the Bank or a Borrower);
- (B) the Transferee will have no proprietary interest in the benefit of this Agreement or in any monies received by the Bank under or in relation to this Agreement; and
- (C) the Transferee will under no circumstances:
 - (1) be subrogated to, or substituted in respect of, the Bank's claims under this Agreement; and
 - (2) otherwise have any contractual relationship with, or rights against, the Borrower under or in relation to this Agreement.

(iii) *All Assignments and Other Transfers.* If any Bank or other Transferor makes an assignment or Transfer in violation of this **Section 10.07(j)**, then (1) such Bank or Transferor shall reimburse and indemnify the Parent for all losses, liabilities, taxes, costs and expenses incurred by the Borrowers as a result thereof, including with respect to any amount paid by any Borrower to any other Bank as a result of such violation, and (2) the Parent shall not be required to make any increased payment to such Bank or Transferor or any assignee or Transferee thereof pursuant to **Section 2.08(f)** or **Section 2.16**. The provisions of this **Section 10.07(j)** shall terminate and be of no further force or effect if the Loans, Reimbursement Obligations, all interest thereon and all other amounts payable under this Agreement and the other Loan Documents have become forthwith due and payable (at maturity, by acceleration or otherwise).

10.08 Counterparts; Integration. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State

Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

10.09 No Liability of the Issuing Banks. Each Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither an Issuing Bank nor any of its Related Parties shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not strictly comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that such Borrower shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to such Borrower, to the extent of any direct, but not consequential, damages suffered by such Borrower that such Borrower proves were caused by (i) such Issuing Bank's willful misconduct or gross negligence as determined in a final, non-appealable judgment by a court of competent jurisdiction in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, the Issuing Banks may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

10.10 Confidentiality. Neither any Agent nor any Bank shall disclose any Confidential Information to any Person without the consent of the Parent, other than (a) to such Agent's or such Bank's Affiliates and their respective Related Parties who are informed of the confidential nature of such Confidential Information and are or have been advised of their obligation to keep information of such type confidential and such Agent or Bank shall, to the extent not prohibited by applicable law, be responsible for compliance with this paragraph by its Affiliates and Related Parties, in each case solely in connection with the transactions contemplated hereby, (b) to actual or prospective Eligible Assignees and participants, and to any direct, indirect, actual or prospective counterparty (and its advisor) to any swap, derivative or securitization transaction related to the obligations under this Agreement, and in each case provided that any such disclosure shall be made subject to the acknowledgment and acceptance by such Person that such information is being disseminated on a confidential basis (and they shall agree to be bound to substantially the same terms as are set forth in this paragraph or as are otherwise reasonably acceptable to the Parent and the applicable Agent or Bank), (c) as required by any law, rule or regulation or judicial process (in which case such party shall notify the Parent, in advance if practicable, to the extent permitted by law), (d) as requested or required by any state, federal or foreign or supranational authority or examiner regulating such Bank or pursuant to any request of any self-regulatory body having or claiming authority to regulate or oversee any aspect of a Bank's business or that of any of its Affiliates (in which case such party shall, except with respect to any audit or examination conducted by bank accountants or any governmental bank

regulatory authority exercising examination, regulatory or supervisory authority, notify the Parent, in advance if practicable, to the extent lawfully permitted to do so), (e) to any rating agency when required by it, provided that, prior to any such disclosure, such rating agency shall undertake to preserve the confidentiality of any Confidential Information relating to the Borrowers received by it from such Bank, (f) to any other party hereto, (g) in connection with the exercise of any remedies under this Agreement or under any other Loan Document, or any action or proceeding relating to this Agreement or any other Loan Document, or the enforcement of rights hereunder or thereunder, (h) with the consent of the Parent, or (i) to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the Credit Facility. Notwithstanding anything herein to the contrary, the information subject to this Section 10.10 shall not include, and the Administrative Agent and each Bank may disclose to any and all Persons, without limitation of any kind, any information with respect to the “tax treatment” and “tax structure” (in each case, within the meaning of Treasury Regulation Section 1.6011-4) of the transactions contemplated hereby or by any of the other Loan Documents and all materials of any kind (including opinions or other tax analyses) that are provided to the Administrative Agent or such Bank relating to such tax treatment and tax structure (it being understood that this authorization is retroactively effective to the commencement of the first discussions between or among any of the parties regarding the transactions contemplated hereby or by any of the other Loan Documents); provided that with respect to any document or similar item that in either case contains information concerning such tax treatment or tax structure as well as other information, this sentence shall only apply to such portions of the document or similar item that relate to such tax treatment or tax structure.

10.11 Jurisdiction, Etc.

(a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or federal court of the United States sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or any of the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any of the other Loan Documents to which it is a party in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the

defense of an inconvenient forum to the maintenance of such action or proceeding in any such court sitting in the Borough of Manhattan in New York City.

(c) Each of the Borrowers hereby irrevocably appoints Mayer Brown LLP, with offices on the Effective Date at 1675 Broadway, New York, New York, 10019, USA as its agent to receive, accept and acknowledge for and on its behalf services of any and all legal process, summons, notices and documents which may be served in any such action or proceeding. If for any reason such agent shall cease to be available to act as such, the Borrowers agree to promptly designate a new agent satisfactory to the Administrative Agent in the Borough of Manhattan, The City of New York, to receive, accept and acknowledge for and on its behalf service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding pursuant to the terms of this **Section 10.11** . In the event that any Borrower shall fail to designate such new agent, service of process in any such action or proceeding may be made on such Borrower by the mailing of copies thereof by express or overnight mail or courier, postage prepaid, to such Borrower at its address set forth opposite its signature below.

10.12 Governing Law. This Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

10.13 WAIVER OF JURY TRIAL. EACH OF THE BORROWERS, THE AGENTS AND THE BANKS IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE LOANS, THE LETTERS OF CREDIT, OR THE ACTIONS OF ANY AGENT OR ANY BANK IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

10.14 Disclosure of Information. Each Borrower agrees and consents to the Administrative Agent's and the Banks' disclosure of information relating to this transaction to Thomson Reuters, other bank market data collectors and similar service providers to the lending industry and service providers to the Administrative Agent and the Banks in connection with the administration of the Loan Documents. Such information will consist of deal terms and other information customarily found in such publications. The Parent shall have the right to review and approve any such disclosure made by the Administrative Agent before such disclosure is made (such approval not to be unreasonably withheld).

10.15 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or under any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which, in accordance with its normal banking procedures, the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of any Borrower in respect of any such sum due from it to the Administrative Agent, any Issuing Bank or any Bank hereunder shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent, such Issuing

Bank or such Bank of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent, such Issuing Bank or such Bank may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent, such Issuing Bank or such Bank in the Agreement Currency, the applicable Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent, such Issuing Bank or such Bank, as applicable, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent, such Issuing Bank or such Bank in such currency, the Administrative Agent, each Issuing Bank and each Bank agrees to return the amount of any excess to the applicable Borrower (or to any other Person who may be entitled thereto under applicable law).

10.16 Certain Swiss Withholding Tax Matters.

(a) If the Ten Non-Bank Rule, the Twenty Non-Bank Rule or any other law, rule or guideline regarding Swiss Withholding Tax is amended in any material respect after the date of this Agreement, then the Parent or the Administrative Agent may (and, upon request of the Required Banks, the Administrative Agent shall), by written notice to the other, request that this Agreement be amended to reflect such change. Promptly after any such request, the Parent and the Administrative Agent shall enter into discussions regarding an amendment hereto that will place the parties hereto in substantially the same position (or in a different position acceptable to the Parent and the Required Banks) from a Swiss Withholding Tax perspective as they would have been in if the change had not happened. Without limiting the foregoing, (i) the Parent agrees that it will promptly agree to any amendment requested by the Administrative Agent or the Required Banks that would ease the restrictions set forth in **Section 10.07(j)** if such amendment would not result in any greater risk that Swiss Withholding Tax would be applicable to any payment under this Agreement; and (ii) the Banks and the Administrative Agent agree that they will promptly agree to any amendment requested by the Parent that would change the restrictions set forth in **Section 10.07(j)** if such amendment is necessary to avoid the risk that Swiss Withholding Tax would be applicable to any payment under this Agreement and is not unduly burdensome to the Banks.

(b) Each Bank agrees that it will, and will cause any Person to which it sells any participation to, promptly notify the Parent and the Administrative Agent if for any reason it ceases to be a Qualifying Bank. Without limiting the foregoing, if at any time the Parent reasonably believes that any Bank's status for Swiss Withholding Tax purposes has changed, then the Parent may request that such Bank (and each Bank agrees that under such circumstances it will) promptly confirm whether it is a Qualifying Bank or a Non-Qualifying Bank.

10.17 USA PATRIOT Act; Anti-Money Laundering Laws. Each Bank that is subject to the Patriot Act and the Administrative Agent (for itself and not on behalf of any Bank) hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act or any other Anti-Money Laundering Laws, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name, address and tax identification number of the Borrowers and other information that will allow such Bank or the Administrative Agent, as

applicable, to identify the Borrowers in accordance with the Patriot Act or such Anti-Money Laundering Laws.

10.18 Amendment and Restatement; No Novation. This Agreement constitutes an amendment and restatement of the Existing Credit Agreement, effective from and after the Effective Date. The execution and delivery of this Agreement shall not constitute a novation of any indebtedness or other obligations owing to the Banks or the Administrative Agent under the Existing Credit Agreement based on facts or events occurring or existing prior to the execution and delivery of this Agreement. On the Effective Date, the credit facilities described in the Existing Credit Agreement, shall be amended, supplemented, modified and restated in their entirety by the facilities described herein, and all loans, letters of credit and other obligations of the Borrowers outstanding as of such date under the Existing Credit Agreement, shall be deemed to be loans and obligations outstanding under the corresponding facilities described herein, without any further action by any Person, except that the Administrative Agent shall make such transfers of funds as are necessary in order that the outstanding balance of such Loans, together with any Loans funded on the Effective Date, reflect the Commitments of the Banks hereunder.

10.19 No Advisory or Fiduciary Responsibility.

(a) In connection with all aspects of each transaction contemplated hereby, each Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that (i) the facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrowers and its Affiliates, on the one hand, and the Administrative Agent, the Joint Lead Arrangers and the Banks, on the other hand, and the Borrowers are capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof), (ii) in connection with the process leading to such transaction, each of the Administrative Agent, the Joint Lead Arrangers and the Banks is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrowers or any of their respective Affiliates, stockholders, creditors or employees or any other Person, (iii) none of the Administrative Agent, the Joint Lead Arrangers or the Banks has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrowers with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether any Joint Lead Arranger or Bank has advised or is currently advising any Borrower or any of its Affiliates on other matters) and none of the Administrative Agent, the Joint Lead Arrangers or the Banks has any obligation to any Borrower or any of their respective Affiliates with respect to the financing transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents, (iv) the Joint Lead Arrangers and the Banks and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from, and may conflict with, those of the Borrowers and their respective Affiliates, and none of the Administrative Agent, the Joint Lead Arrangers or the Banks has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary

relationship and (v) the Administrative Agent, the Joint Lead Arrangers and the Banks have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Borrowers have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate.

(b) Each Borrower acknowledges and agrees that each Bank, each Joint Lead Arranger and any Affiliate thereof may lend money to, invest in, and generally engage in any kind of business with, any Borrower, any Affiliate thereof or any other person or entity that may do business with or own securities of any of the foregoing, all as if such Bank, Joint Lead Arranger or Affiliate thereof were not a Bank or Joint Lead Arranger or an Affiliate thereof (or an agent or any other person with any similar role under the Credit Facility) and without any duty to account therefor to any other Bank, the Joint Arrangers, the Borrowers or any Affiliate of the foregoing. Each Bank, the Joint Lead Arrangers and any Affiliate thereof may accept fees and other consideration from any Borrower or any Affiliate thereof for services in connection with this Agreement, the Credit Facility or otherwise without having to account for the same to any other Bank, the Joint Lead Arrangers, any Borrower or any Affiliate of the foregoing.

10.20 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of any EEA Resolution Authority.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CHUBB LIMITED

Authorized Officer _____

Authorized Officer _____

CHUBB BERMUDA INSURANCE LTD.

The Common Seal of Chubb Bermuda Insurance Ltd. was hereunto affixed in the presence of:

Authorized Officer _____

Authorized Officer _____

CHUBB TEMPEST LIFE REINSURANCE LTD.

The Common Seal of Chubb Tempest Life Reinsurance Ltd. was hereunto affixed in the presence of:

Authorized Officer _____

Authorized Officer _____

(signatures continued)

CHUBB TEMPEST REINSURANCE LTD.

The Common Seal of Chubb Tempest Reinsurance Ltd. was hereunto affixed in the presence of:

Authorized Officer

—

Authorized Officer

—

CHUBB INA HOLDINGS INC.

Authorized Officer

—

Authorized Officer

—

(signatures continued)

WELLS FARGO BANK, NATIONAL ASSOCIATION , as Administrative Agent, as an Issuing Bank, the Swingline Bank and as a Bank

By: ___

Title: ___

SCHEDULE I

COMMITMENT AMOUNTS

Wells Fargo Bank, National Association	\$100,000,000
Bank of America, N.A.	\$100,000,000
Citibank, N.A.	\$100,000,000
JPMorgan Chase Bank, N.A.	\$100,000,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$100,000,000
Barclays Bank PLC	\$75,000,000
HSBC Bank USA, National Association	\$75,000,000
ING Bank N.V., London Branch	\$75,000,000
Royal Bank of Canada	\$75,000,000
Australia and New Zealand Banking Group Limited	\$50,000,000
Standard Chartered Bank	\$50,000,000
State Street Bank and Trust Company	\$50,000,000
The Bank of New York Mellon	\$50,000,000
TOTAL	\$1,000,000,000

SCHEDULE II
EXISTING LETTERS OF CREDIT

See attached.

SCHEDULE 6.02(A)

LIENS

None.

EXHIBIT A-1

FORM OF REVOLVING NOTE

_____, 20__

FOR VALUE RECEIVED, [NAME OF BORROWER], a _____ (the "Borrower"), hereby promises to pay to _____ (the "Bank"), at the offices of Wells Fargo Bank, National Association (the "Administrative Agent") located at One Wells Fargo Center, 301 South College Street, Charlotte, North Carolina (or at such other place or places as the Administrative Agent may designate), at the times and in the manner provided in the Amended and Restated Credit Agreement, dated as of October 25, 2017 (as amended, modified, restated or supplemented from time to time, the "Credit Agreement"), among the Borrower, Chubb Limited, Chubb Bermuda Insurance Ltd., Chubb Tempest Life Reinsurance Ltd., Chubb Tempest Reinsurance Ltd., Chubb INA Holdings Inc., the lenders from time to time parties thereto, and Wells Fargo Bank, National Association, as Administrative Agent, the aggregate unpaid amount of all Revolving Loans made by the Bank to the Borrower under the Credit Agreement. The defined terms in the Credit Agreement are used herein with the same meaning.

The Borrower further promises to pay interest on the unpaid principal amount of each Revolving Loan from the date of such Revolving Loan until such Revolving Loan is paid in full, payable at the rate(s) and at the time(s) set forth in the Credit Agreement. Payments of both principal and interest shall be made in Dollars.

This Revolving Note is one of the Revolving Notes referred to in the Credit Agreement. Reference is made to the Credit Agreement for a statement of the terms and provisions under which this Revolving Note may be required to be prepaid or this Revolving Note may be accelerated.

[This Note replaces the promissory note dated [November 6, 2012] (the "Prior Note") issued by the undersigned to the Bank. This Note shall amend, restate, replace and supersede (but not cause a novation of any indebtedness or other obligations owing thereunder) the Prior Note.]

This Revolving Note shall be governed by, and construed in accordance with, the laws of the State of New York. The Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Revolving Note.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF , the Borrower has caused this Revolving Note to be executed by its duly authorized corporate officer as of the day and year first above written.

[NAME OF BORROWER]

By: _____
Name: _____
Title: _____

EXHIBIT A-2

FORM OF SWINGLINE NOTE

_____, 20__

FOR VALUE RECEIVED, [NAME OF BORROWER], a _____ corporation (the "Borrower"), hereby promises to pay to **WELLS FARGO BANK, NATIONAL ASSOCIATION** (the "Swingline Bank"), at the offices of Wells Fargo Bank, National Association (the "Administrative Agent") located at One Wells Fargo Center, 301 South College Street, Charlotte, North Carolina (or at such other place or places as the Administrative Agent may designate), at the times and in the manner provided in the Amended and Restated Credit Agreement, dated as of October 25, 2017 (as amended, modified, restated or supplemented from time to time, the "Credit Agreement"), among the Borrower, Chubb Limited, Chubb Bermuda Insurance Ltd., Chubb Tempest Life Reinsurance Ltd., Chubb Tempest Reinsurance Ltd., Chubb INA Holdings Inc., the lenders from time to time parties thereto, and Wells Fargo Bank, National Association, as Administrative Agent, the aggregate unpaid amount of all Swingline Loans made by the Swingline Bank to the Borrower under the Credit Agreement. The defined terms in the Credit Agreement are used herein with the same meaning.

The Borrower further promises to pay interest on the unpaid principal amount of each Swingline Loan from the date of such Swingline Loan until such Swingline Loan is paid in full, payable at the rate(s) and at the time(s) set forth in the Credit Agreement. Payments of both principal and interest shall be made in Dollars.

This Swingline Note is one of the Swingline Notes referred to in the Credit Agreement. Reference is made to the Credit Agreement for a statement of the terms and provisions under which this Swingline Note may be required to be prepaid or this Swingline Note may be accelerated.

[This Swingline Note replaces the promissory note dated [November 6, 2012] (the "Prior Swingline Note") issued by the undersigned to the Swingline Bank. This Swingline Note shall amend, restate, replace and supersede (but not cause a novation of any indebtedness or other obligations owing thereunder) the Prior Swingline Note.]

This Swingline Note shall be governed by, and construed in accordance with, the laws of the State of New York. The Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Swingline Note.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF , the Borrower has caused this Swingline Note to be executed by its duly authorized corporate officer as of the day and year first above written.

[NAME OF BORROWER]

By: _____
Name: _____
Title: _____

EXHIBIT B-1

NOTICE OF BORROWING

[Date]

Wells Fargo Bank, National Association,
as Administrative Agent
1525 West W.T. Harris Blvd
Mailcode D1109-019
Charlotte, North Carolina 28262
Attention: Syndication Agency Services

Ladies and Gentlemen:

The undersigned, **[NAME OF BORROWER]** (the “Borrower”), refers to the Amended and Restated Credit Agreement, dated as of October 25, 2017, among the Borrower, Chubb Limited, Chubb Bermuda Insurance Ltd., Chubb Tempest Life Reinsurance Ltd., Chubb Tempest Reinsurance Ltd., Chubb INA Holdings Inc., certain lenders from time to time parties thereto, and you, as Administrative Agent for the Banks (as amended, modified, restated or supplemented from time to time, the “Credit Agreement,” the terms defined therein being used herein as therein defined), and, pursuant to **Section 2.02(a)** of the Credit Agreement, hereby gives you, as Administrative Agent, irrevocable notice that the Borrower requests a Borrowing of Revolving Loans under the Credit Agreement, and to that end sets forth below the information relating to such Borrowing (the “Proposed Borrowing”) as required by **Section 2.02(a)** of the Credit Agreement:

- (a) The aggregate principal amount of the Proposed Borrowing is \$_____.
 - (b) The Loans comprising the Proposed Borrowing shall be initially made as [Base Rate Loans] [LIBOR Loans].
 - (c) [The initial Interest Period for the LIBOR Loans comprising the Proposed Borrowing shall be [one/two/three/six/twelve months].]
-

(d) The Proposed Borrowing is requested to be made on _____ (the “ Borrowing Date ”).

The Borrower hereby certifies that the following statements are true on and as of the date hereof and will be true on and as of the Borrowing Date:

(i) Each of the representations and warranties contained in **Article V** of the Credit Agreement (other than the representations and warranties contained in Section 5.01(f)(i) and Section 5.01(g) of the Credit Agreement) and in the other Loan Documents is and will be true and correct on and as of each such date, with the same effect as if made on and as of each such date, both immediately before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty shall be true and correct as of such date;

(ii) No Default has occurred and is continuing or would result from the Proposed Borrowing or from the application of the proceeds therefrom; and

(iii) After giving effect to the Proposed Borrowing, (i) the aggregate Credit Exposure will not exceed the aggregate Commitments and (ii) the aggregate outstanding principal amount of Loans will not exceed the Revolver Sublimit.

Very truly yours,

[NAME OF BORROWER]

By: _____

Name: _____

Title: _____

EXHIBIT B-2

NOTICE OF SWINGLINE BORROWING

[Date]

Wells Fargo Bank, National Association,
as Administrative Agent
1525 West W.T. Harris Blvd
Mailcode D1109-019
Charlotte, North Carolina 28262
Attention: Syndication Agency Services

Wells Fargo Bank, National Association,
as Swingline Bank
One Wells Fargo Center, 15th Floor
301 South College Street
Charlotte, North Carolina 28288
Attention: Karen Hanke

Ladies and Gentlemen:

The undersigned, **[NAME OF BORROWER]** (the "Borrower"), refers to the Amended and Restated Credit Agreement, dated as of October 25, 2017, among the Borrower, Chubb Limited, Chubb Bermuda Insurance Ltd., Chubb Tempest Life Reinsurance Ltd., Chubb Tempest Reinsurance Ltd., Chubb INA Holdings Inc., certain lenders from time to time parties thereto, and you, as Administrative Agent for the Banks (as amended, modified, restated or supplemented from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), and, pursuant to **Section 2.02(c)** of the Credit Agreement, hereby gives you, as Administrative Agent and as Swingline Bank, irrevocable notice that the Borrower requests a Borrowing of a Swingline Loan under the Credit Agreement, and to that end sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by **Section 2.02(c)** of the Credit Agreement:

- (a) The principal amount of the Proposed Borrowing is \$ _____.
- (b) The Proposed Borrowing is requested to be made on _____ (the "Borrowing Date").

The Borrower hereby certifies that the following statements are true on and as of the date hereof and will be true on and as of the Borrowing Date:

- (i) Each of the representations and warranties contained in **Article V** of the Credit Agreement (other than the representations and warranties contained in Section
-

5.01(f)(i) and the last sentence of Section 5.01(g) of the Credit Agreement) and in the other Loan Documents is and will be true and correct on and as of each such date, with the same effect as if made on and as of each such date, both immediately before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, except to the extent any such representation or warranty is expressly stated to have been made as of a specific date, in which case such representation or warranty shall be true and correct as of such date;

(ii) No Default has occurred and is continuing or would result from the Proposed Borrowing or from the application of the proceeds therefrom; and

(iii) After giving effect to the Proposed Borrowing, (i) the aggregate Credit Exposure will not exceed the aggregate Commitments, (ii) the aggregate outstanding principal amount of Loans will not exceed the Revolver Sublimit and (iii) the aggregate outstanding principal amount of Swingline Loans will not exceed the Swingline Commitment.

Very truly yours,

[NAME OF BORROWER]

By: _____

Name: _____

Title: _____

EXHIBIT B-3

NOTICE OF CONVERSION/CONTINUATION

[Date]

Wells Fargo Bank, National Association,
as Administrative Agent
1525 West W.T. Harris Blvd
Mailcode D1109-019
Charlotte, North Carolina 28262
Attention: Syndication Agency Services

Ladies and Gentlemen:

The undersigned, **[NAME OF BORROWER]** (the “Borrower”), refers to the Amended and Restated Credit Agreement, dated as of October 25, 2017, among the Borrower, Chubb Limited, Chubb Bermuda Insurance Ltd., Chubb Tempest Life Reinsurance Ltd., Chubb Tempest Reinsurance Ltd., Chubb INA Holdings Inc., certain lenders from time to time parties thereto, and you, as Administrative Agent for the Banks (as amended, modified, restated or supplemented from time to time, the “Credit Agreement,” the terms defined therein being used herein as therein defined), and, pursuant to **Section 2.10(b)** of the Credit Agreement, hereby gives you, as Administrative Agent, irrevocable notice that the Borrower requests a [conversion] [continuation] of Revolving Loans under the Credit Agreement, and to that end sets forth below the information relating to such [conversion] [continuation] (the “Proposed [Conversion] [Continuation]”) as required by **Section 2.10(b)** of the Credit Agreement:

(a) The Proposed [Conversion] [Continuation] is requested to be made on _____.

(b) The Proposed [Conversion] [Continuation] involves \$ _____ in aggregate principal amount of Revolving Loans made pursuant to a Borrowing on _____, which Revolving Loans are presently maintained as [Base Rate] [LIBOR] Loans and are proposed hereby to be [converted into Base Rate Loans] [converted into LIBOR Loans] [continued as LIBOR Loans].

(c) [The Interest Period for the Revolving Loans being [converted into] [continued as] LIBOR Loans pursuant to the Proposed [Conversion] [Continuation] shall be [one/two/three/six/twelve months].]

The Borrower hereby certifies that the following statement is true both on and as of the date hereof and on and as of the effective date of the Proposed [Conversion] [Continuation]: no Default has or will have occurred and is continuing or would result from the Proposed [Conversion] [Continuation].

Very truly yours,

[NAME OF BORROWER]

By: _____

Name: _____

Title: _____

EXHIBIT C

ASSIGNMENT AND ASSUMPTION

THIS ASSIGNMENT AND ASSUMPTION (this “ Assignment and Assumption ”) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the “ Assignor ”) and [*Insert name of Assignee*] (the “ Assignee ”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the “ Standard Terms and Conditions ”) are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations in its capacity as a Bank under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any Letters of Credit and guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Bank) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “ Assigned Interest ”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: _____

Assignor [is] [is not] a Defaulting Bank.

2. Assignee: _____
[and is an Affiliate of [*identify Bank*]]

3. Borrowers: Chubb Limited, Chubb Bermuda Insurance Ltd., Chubb Tempest Life Reinsurance Ltd., Chubb Tempest Reinsurance Ltd., Chubb INA Holdings Inc.

4. Administrative Agent: Wells Fargo Bank, National Association, as the Administrative Agent under the Credit Agreement.

5. Credit Agreement: Amended and Restated Credit Agreement, dated as of October 25, 2017 (as amended, modified, restated or supplemented from time to time, the “Credit Agreement”), among the Borrowers, certain lenders from time to time parties thereto (the “Banks”), and Wells Fargo Bank, National Association, as Administrative Agent.

6. Assigned Interest:

Facility Assigned	Aggregate Amount of Commitment/Loans/Letter of Credit Exposure for all Banks	Amount of Commitment/Loans Assigned/Letters of Credit Exposure Assigned	Percentage Assigned of Commitment/Loans/Letter of Credit Exposure
Senior Unsecured Revolving Credit Facility	\$	\$	%

[7. Trade Date: _____]

8. Effective Date: _____ [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR :

[NAME OF ASSIGNOR]

By: _____

Title: _____

ASSIGNEE :

[NAME OF ASSIGNEE]

By: _____

Title: _____

[Consented to and] Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION ,
as Administrative Agent and Swingline Bank

By: _____

Title: _____

[Consented to:]

[NAME OF RELEVANT PARTY]

By: _____

Title: _____

ANNEX 1 to Assignment and Assumption

Amended and Restated Credit Agreement, dated as of October 25, 2017, among Chubb Limited, Chubb Bermuda Insurance Ltd., Chubb Tempest Life Reinsurance Ltd., Chubb Tempest Reinsurance Ltd., Chubb INA Holdings Inc. (collectively, the “Borrowers”), certain Banks from time to time parties thereto, and Wells Fargo Bank, National Association, as Administrative Agent

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim, (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and (iv) it is [not] a Defaulting Bank; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrowers, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrowers, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Bank under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Bank thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Bank thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Sections 6.03(b) and 6.03(c) thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Bank, and (v) if it is a Bank organized under the laws of a jurisdiction outside the United States, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall

deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations that by the terms of the Loan Documents are required to be performed by it as a Bank.

The Assignee represents to the Administrative Agent, the Parent and the Banks, on the Effective Date, that (x) it is [not] a Qualifying Bank for purposes of Swiss Withholding Tax and (y) [such Assignee is an NAIC Bank][such Assignee is a Non-NAIC Bank and [_____]] has agreed to act as a Non-NAIC Fronting Bank on behalf of such Assignee with respect to Syndicated Letters of Credit].

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts that have accrued to but excluding the Effective Date and to the Assignee for amounts that have accrued on and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the laws of the State of New York.

EXHIBIT D

FORM OF SYNDICATED LETTER OF CREDIT

Issue Date ___

Clean, Irrevocable Unconditional Letter of Credit No.: ___

To Beneficiary:(Name) ___

(Address) ___

Dear Sir or Madam:

The banks and financial institutions set forth in Schedule 1 to this Syndicated Letter of Credit (the “Banks”) have established through Wells Fargo Bank, National Association, acting as the letter of credit agent (in such capacity, the “L/C Agent” and attorney-in-fact for the Banks), this clean, irrevocable, and unconditional (except as expressly otherwise stated herein) letter of credit (this “Letter of Credit”) in your favor as beneficiary (the “Beneficiary”) at the request and for the account of [Chubb Limited] [Chubb Bermuda Insurance Ltd.] [Chubb Tempest Life Reinsurance Ltd.] [Chubb Tempest Reinsurance Ltd.] [Chubb INA Holdings, Inc.] (the “Account Party”) for drawings up to [U.S. \$ _____] [€ _____] [£ _____] [¥ _____] [Canadian \$ _____] effective immediately and expiring at the L/C Agent’s address at Wells Fargo Bank, National Association, 401 Linden Street, First Floor, Winston-Salem, North Carolina, 27101, Attention: International Operations, Standby Letters of Credit, NC 6034 (or any other office which may be designated by the L/C Agent by written notice delivered to you) no later than 5:00 p.m., Charlotte, North Carolina time, on _____ (the “Expiration Date” [, as such date may be extended as set forth below]).

The Banks severally undertake to promptly honor your sight draft(s) drawn on us, duly endorsed on the reverse side thereof by the Beneficiary expressly specifying the Letter of Credit No. _____, for all or any part of this credit upon presentation of your draft drawn on us at the L/C Agent’s office specified in the first paragraph hereof on a Business Day on or prior to the Expiration Date.

The term “Beneficiary” as used herein includes any successor by operation of law of the named Beneficiary including, without limitation, any liquidator, rehabilitator, receiver or conservator. The term “Business Day” means a day which is not a Saturday, Sunday, or any other day on which banking institutions in Winston-Salem, North Carolina or the city in which the payment office of the L/C Agent is located are required by law to be closed.

Except as stated herein, this undertaking is not subject to any condition, requirement or qualification. The Banks’ several obligations under this Letter of Credit shall be their individual

obligations, and are in no way contingent upon reimbursement with respect thereto, or upon their ability to perfect any lien or security interest. This Letter of Credit sets forth in full all obligations of the Banks.

Each of the Banks agrees, for itself alone and not jointly with any other Bank, to honor a draft drawn by you and presented to the L/C Agent in an amount not to exceed the aggregate amount available to be drawn hereunder multiplied by such Bank's percentage obligation as set forth on Schedule 1 to this Letter of Credit (the "Percentage Obligations") and in accordance with the terms and conditions hereinafter set forth. The obligations of the Banks hereunder shall be several and not joint, and multiple draws shall be available under this Letter of Credit. Upon the transfer by a Bank to the L/C Agent for your account of the amount specified in a draft drawn on such Bank hereunder, such Bank shall be fully discharged of its obligations under this Letter of Credit with respect to such draft, such Bank shall not be obligated thereafter to make any further payments under this Letter of Credit with respect to such draft, and the amount available to be drawn thereafter under this Letter of Credit shall be automatically and permanently reduced by an amount equal to the amount of such draft. The failure of any Bank to make funds available to the L/C Agent for payment under this Letter of Credit shall not relieve any other Bank of its obligation hereunder to make funds available to the L/C Agent. Neither the L/C Agent nor any Bank shall be responsible for the failure of any other Bank to honor its share of any drawings hereunder or to make funds available to the L/C Agent.

Except to the extent the amount of this Letter of Credit may be increased, this Letter of Credit cannot be modified or revoked without your written consent, provided that this Letter of Credit may be amended to delete a Bank or add a Bank or change Percentage Obligations so long as such amendment does not decrease the amount of this Letter of Credit, and need only be signed by the L/C Agent so long as any Bank added shall be approved by the Securities Valuation Office of the National Association of Insurance Commissioners.

Wells Fargo Bank, National Association has been appointed by the Banks, has been granted the authority by the Banks to act as, and has been irrevocably granted a power of attorney by the Banks to act as L/C Agent for the Banks obligated under this Letter of Credit. As L/C Agent, Wells Fargo Bank, National Association has full power of attorney from such Banks to act on their behalf hereunder to (i) execute and deliver this Letter of Credit, (ii) receive drafts, other demands for payment and other documents presented by you hereunder, (iii) determine whether such drafts, demands and documents are in compliance with the terms of this Letter of Credit, and (iv) notify the Banks and the Account Party that a valid drawing has been made and the date that the related payment under this Letter of Credit is to be made; provided, however, that the L/C Agent shall have no obligation or liability for any payment under this Letter of Credit (other than payment to you of such funds as have been made available to it by the Banks pursuant to your draw).

[This Letter of Credit expires on the Expiration Date, but will automatically renew without amendment for one year from the Expiration Date or any future expiration date (as applicable, the "New Expiration Date") unless at least [30] [60] [90] days prior to such

Expiration Date or New Expiration Date, the L/C Agent notifies you by registered mail or courier delivery that this Letter of Credit will not renew.]

Only the Beneficiary may make drawings under the Letter of Credit, and this Letter of Credit is not transferable.

[This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits (2007 Revision) International Chamber of Commerce publication No. 600 (the “ Uniform Customs ”) and to the extent not inconsistent therewith, the laws of the State of New York. Notwithstanding Article 36 of the Uniform Customs, in the event that one or more of the occurrences specified in Article 36 of the Uniform Customs occurs, then the Banks hereby specifically agree that this Letter of Credit shall be extended so as not to expire during such interruption of business and shall extend for ten days after such resumption of business.]

[This Letter of Credit is subject to and governed by the laws of the State of New York, and the International Standby Practices 98 (ISP98) (International Chamber of Commerce Publication No. 590). In the event of any conflict, the laws of the State of New York will control.]

Signature Title

— —

Wells Fargo Bank, National Association
as L/C Agent and attorney-in fact for
the Banks set forth in Schedule 1
to this Syndicated Letter of Credit

SCHEDULE 1

BANK	PERCENTAGE OBLIGATION

EXHIBIT E-1

FORM OF U.S. TAX COMPLIANCE CERTIFICATE

(NON-PARTNERSHIP FOREIGN BANKS)

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Banks That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of October 25, 2017 (the "Credit Agreement"), by and among Chubb Limited, a Swiss company (the "Parent"), Chubb Bermuda Insurance Ltd., a Bermuda exempted company ("Chubb Bermuda"), Chubb Tempest Life Reinsurance Ltd. ("Tempest Life"), a Bermuda exempted company, Chubb Tempest Reinsurance Ltd., a Bermuda exempted company ("Tempest," and together with the Parent, Chubb Bermuda and Tempest Life, the "Foreign Borrowers"), and Chubb INA Holdings Inc., a Delaware corporation (the "U.S. Borrower," and, together with any Foreign Borrower that may become a resident for tax purposes in the United States, the "U.S. Borrowers"), the lenders who are or may become party thereto, and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement.

Pursuant to the provisions of Section 2.16 of the Credit Agreement, the undersigned hereby certifies that (a) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (b) it is not a bank within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (c) it is not a ten percent (10%) shareholder of the U.S. Borrower within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code and (d) it is not a controlled foreign corporation related to the U.S. Borrowers as described in Section 881(c)(3)(C) of the Internal Revenue Code.

The undersigned has furnished the Administrative Agent and the U.S. Borrowers with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN E, as applicable. By executing this certificate, the undersigned agrees that (a) if the information provided on this certificate changes, the undersigned shall promptly so inform the U.S. Borrowers and the Administrative Agent in writing and (b) the undersigned shall have at all times furnished the U.S. Borrowers and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments.

[NAME OF BANK]

By: __

Name:

Title:

Date: _____, 20__

EXHIBIT E-2

**FORM OF U.S. TAX COMPLIANCE CERTIFICATE
(NON-PARTNERSHIP FOREIGN PARTICIPANTS)**

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of October 25, 2017 (the "Credit Agreement"), by and among Chubb Limited, a Swiss company (the "Parent"), Chubb Bermuda Insurance Ltd., a Bermuda exempted company ("Chubb Bermuda"), Chubb Tempest Life Reinsurance Ltd. ("Tempest Life"), a Bermuda exempted company, Chubb Tempest Reinsurance Ltd., a Bermuda exempted company ("Tempest," and together with the Parent, Chubb Bermuda and Tempest Life, the "Foreign Borrowers"), and Chubb INA Holdings Inc., a Delaware corporation (the "U.S. Borrower," and, together with any Foreign Borrower that may become a resident for tax purposes in the United States, the "U.S. Borrowers"), the lenders who are or may become party thereto, and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement.

Pursuant to the provisions of Section 2.16 of the Credit Agreement, the undersigned hereby certifies that (a) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (b) it is not a bank within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (c) it is not a ten percent (10%) shareholder of the U.S. Borrower within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code and (d) it is not a controlled foreign corporation related to the U.S. Borrowers as described in Section 881(c)(3)(C) of the Internal Revenue Code.

The undersigned has furnished its participating Bank with a certificate of its non-U.S. Person status on IRS Form W-8BEN or W-8BEN E, as applicable. By executing this certificate, the undersigned agrees that (a) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank in writing and (b) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: __

Name:

Title:

Date: _____, 20__

EXHIBIT E-3
FORM OF U.S. TAX COMPLIANCE CERTIFICATE
(FOREIGN PARTICIPANT PARTNERSHIPS)

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of October 25, 2017 (the “Credit Agreement”), by and among Chubb Limited, a Swiss company (the “Parent”), Chubb Bermuda Insurance Ltd., a Bermuda exempted company (“Chubb Bermuda”), Chubb Tempest Life Reinsurance Ltd. (“Tempest Life”), a Bermuda exempted company, Chubb Tempest Reinsurance Ltd., a Bermuda exempted company (“Tempest,” and together with the Parent, Chubb Bermuda and Tempest Life, the “Foreign Borrowers”), and Chubb INA Holdings Inc., a Delaware corporation (the “U.S. Borrower,” and, together with any Foreign Borrower that may become a resident for tax purposes in the United States, the “U.S. Borrowers”), the lenders who are or may become party thereto, and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement.

Pursuant to the provisions of Section 2.16 of the Credit Agreement, the undersigned hereby certifies that (a) it is the sole record owner of the participation in respect of which it is providing this certificate, (b) its direct or indirect partners/members are the sole beneficial owners of such participation, (c) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (d) none of its direct or indirect partners/members is a ten percent (10%) shareholder of the U.S. Borrowers within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code and (e) none of its direct or indirect partners/members is a controlled foreign corporation related to the U.S. Borrower as described in Section 881(c)(3)(C) of the Internal Revenue Code.

The undersigned has furnished its participating Bank with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (a) an IRS Form W-8BEN or W-8BEN E, as applicable, or (b) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN E, as applicable, from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform such Bank in writing and (ii) the undersigned shall have at all times furnished such Bank with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: __

Name:

Title:

Date: _____, 20__

EXHIBIT E-4
FORM OF U.S. TAX COMPLIANCE CERTIFICATE
(FOREIGN BANK PARTNERSHIPS)

U.S. TAX COMPLIANCE CERTIFICATE
(For Foreign Banks That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of October 25, 2017 (the “Credit Agreement”), by and among Chubb Limited, a Swiss company (the “Parent”), Chubb Bermuda Insurance Ltd., a Bermuda exempted company (“Chubb Bermuda”), Chubb Tempest Life Reinsurance Ltd. (“Tempest Life”), a Bermuda exempted company, Chubb Tempest Reinsurance Ltd., a Bermuda exempted company (“Tempest,” and together with the Parent, Chubb Bermuda and Tempest Life, the “Foreign Borrowers”), and Chubb INA Holdings Inc., a Delaware corporation (the “U.S. Borrower,” and, together with any Foreign Borrower that may become a resident for tax purposes in the United States, the “U.S. Borrowers”), the lenders who are or may become party thereto, and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used herein and not defined herein shall have the meanings assigned thereto in the Credit Agreement.

Pursuant to the provisions of Section 2.16 of the Credit Agreement, the undersigned hereby certifies that (a) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (b) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (c) with respect to the extension of credit pursuant to this Credit Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, (d) none of its direct or indirect partners/members is a ten percent (10%) shareholder of the U.S. Borrowers within the meaning of Section 871(h)(3)(B) of the Internal Revenue Code and (e) none of its direct or indirect partners/members is a controlled foreign corporation related to the U.S. Borrower as described in Section 881(c)(3)(C) of the Internal Revenue Code.

The undersigned has furnished the Administrative Agent and the U.S. Borrowers with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (a) an IRS Form W-8BEN or W-8BEN E, as applicable, or (b) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or W-8BEN E, as applicable, from each of such partner’s/member’s beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (i) if the information provided on this certificate changes, the undersigned shall promptly so inform the U.S. Borrowers and the Administrative Agent in writing and (ii) the undersigned shall have at all times furnished the U.S. Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two (2) calendar years preceding such payments.

[NAME OF BANK]

By: _

Name:

Title:

Date: _____, 20__

EXHIBIT F

FORM OF EXISTING BANK AGREEMENT

EXISTING BANK AGREEMENT

Reference is hereby made to the Amended and Restated Credit Agreement, dated as of October 25, 2017, among Chubb Limited, a Swiss company (the “Parent”), Chubb Bermuda Insurance Ltd., a Bermuda exempted company (“Chubb Bermuda”), Chubb Tempest Life Reinsurance Ltd., a Bermuda exempted company (“Tempest Life”), Chubb Tempest Reinsurance Ltd., a Bermuda exempted company (“Tempest”), and Chubb INA Holdings Inc., a Delaware corporation (“Chubb INA” and together with the Parent, Chubb Bermuda, Tempest Life and Tempest, the “Borrowers” and each individually a “Borrower”), the banks, financial institutions and other institutional lenders listed on the signature pages thereof, Wells Fargo Bank, National Association as Administrative Agent and the other agents and arrangers party thereto (as amended, modified, restated and/or supplemented from time to time, the “Credit Agreement”). Unless otherwise defined herein, capitalized terms used herein have the meanings assigned to those terms in the Credit Agreement.

WITNESSETH:

WHEREAS, [Name of Existing Bank] (the “Non-Continuing Bank”) is an Existing Bank under the Existing Credit Agreement and a party to certain Existing Syndicated Letters of Credit;

WHEREAS, the Non-Continuing Bank will not be a Bank under the Credit Agreement but shall remain a party to each Existing Syndicated Letter of Credit to which it is a party until each such Existing Syndicated Letter of Credit is amended or replaced to remove the Non-Continuing Bank from such Existing Syndicated Letter of Credit;

NOW THEREFORE, the parties hereto hereby agree as follows:

On and as of the Effective Date, (i) all of the commitments of the Non-Continuing Bank under the Existing Credit Agreement shall terminate, (ii) the Non-Continuing Bank shall not be entitled to any letter of credit fees, commitment fees or other fees or interest under the Existing Credit Agreement on and after the Effective Date in connection with any Existing Syndicated Letters of Credit and (iii) the Non-Continuing Bank shall not be a Bank for purposes of the Credit Agreement; provided, however, that notwithstanding the above, the Non-Continuing Bank (x) shall continue to receive the benefits of all of the indemnities set forth in the Existing Credit Agreement, including without limitation the indemnities contained in Sections 2.15, 2.16, 3.05 and 10.04 thereof, and (y) so long as the Non-Continuing Bank remains obligated under any Existing Syndicated Letter of Credit, agrees to be bound by the terms, and will receive the benefits, of Sections 3.01(g) and 3.03 of the Credit Agreement.

The Non-Continuing Bank shall return to the Parent each of the Notes, if any, previously delivered to the Non-Continuing Bank by any Borrower under the Existing Credit Agreement in connection with the Existing Credit Agreement (the “Notes”). To the extent the Non-Continuing Bank does not return all such Notes, the Non-Continuing Bank hereby indemnifies and holds

harmless each Borrower that has not received such Notes from and against any liability that each such Borrower may sustain by reason of the loss, misplacement, destruction or theft of, or the failure of the Non-Continuing Bank to return, such Notes.

IN WITNESS WHEREOF, the Non-Continuing Bank and each Borrower have caused this agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

[NAME OF NON-CONTINUING BANK]

By: ___
Name: ___
Title: ___

CHUBB LIMITED

Authorized Officer _____

Authorized Officer _____

CHUBB BERMUDA INSURANCE LTD.

The Common Seal of Chubb Bermuda Insurance Ltd. was hereunto affixed in the presence of:

Authorized Officer _____

Authorized Officer _____

CHUBB TEMPEST LIFE REINSURANCE LTD.

The Common Seal of Chubb Tempest Life Reinsurance Ltd. was hereunto affixed in the presence of:

Authorized Officer _____

Authorized Officer _____

[*signatures continue*]

CHUBB TEMPEST REINSURANCE LTD.

The Common Seal of Chubb Tempest Reinsurance Ltd. was hereunto affixed in the presence of:

Authorized Officer

—

Authorized Officer

—

CHUBB INA HOLDINGS INC.

Authorized Officer

—

Authorized Officer

—

Acknowledged and agreed to:

WELLS FARGO BANK, NATIONAL ASSOCIATION ,
as Administrative Agent

By: ___
Name: ___
Title: ___

**Incentive Stock Option Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted an Option by Chubb Limited (the "Company") under the Chubb Limited 2016 Long-Term Incentive Plan (the "Plan"). The Option shall be subject to the following Incentive Stock Option Terms (sometimes referred to as the "Option Terms"):

1. Terms of Award. The following words and phrases used in these Option Terms shall have the meanings set forth in this paragraph 1:

- (a) The "Participant" is the individual recipient of the Incentive Stock Option Award on the specified Grant Date.
- (b) The "Grant Date" is **[Insert Date]**.
- (c) The number of "Covered Shares" shall be that number of shares of Stock awarded to the Participant on the Grant Date as reflected in the corporate records and shown in the Record-Keeping System in the Participant's individual account records.
- (d) The "Exercise Price" is **[\$[Insert Price]** per share.

Other words and phrases used in these Option Terms are defined pursuant to paragraph 8 or elsewhere in these Option Terms.

2. Incentive Stock Option. The Option is intended to constitute an "incentive stock option" as that term is used in Code section 422. To the extent that the aggregate fair market value (determined at the time of grant) of Shares with respect to which incentive stock options are exercisable for the first time by the Participant during any calendar year under all plans of the Company and its Subsidiaries exceeds \$100,000, the options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as nonstatutory stock options. It should be understood that there is no assurance that the Option will, in fact, be treated as an incentive stock option.

3. Date of Exercise. Subject to the limitations of these Option Terms, each Installment of Covered Shares of the Option shall be exercisable on and after the Vesting Date for such Installment as described in the following schedule (but only if the Date of Termination has not occurred before the Vesting Date):

INSTALLMENT	VESTING DATE APPLICABLE TO INSTALLMENT
1/3 of Covered Shares	One year anniversary of the Grant Date
1/3 of Covered Shares	Two year anniversary of the Grant Date
1/3 of Covered Shares	Three year anniversary of the Grant Date

Notwithstanding the foregoing provisions of this paragraph 3, the Option shall become fully vested and exercisable as follows, with the exception of paragraph (c):

- (a) The Option shall become fully exercisable upon the Date of Termination, if the Date of Termination occurs by reason of the Participant's death or Long-Term Disability.
- (b) The Option shall become fully exercisable upon a Change in Control that occurs on or before the Date of Termination.
- (c) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Retirement, vesting shall continue pursuant to the foregoing schedule following the Date of Termination. Following the Date of Termination the Restricted Period shall end in accordance with the above schedule.

Except as specified in (c), the Option may be exercised on or after the Date of Termination only as to that portion of the Covered Shares for which it was exercisable (or became exercisable) immediately prior to the Date of Termination.

4. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "Expiration Date" shall be the earliest to occur of:

- (a) the ten-year anniversary of the Grant Date;
 - (b) if the Participant's Date of Termination occurs by reason of death or Long-Term Disability, the one-year anniversary of such Date of Termination;
 - (c) if the Participant's Date of Termination occurs by reason of Retirement, the date on which the Expiration Date would occur if the Participant's Date of Termination occurred on the ten-year anniversary of the Grant Date, or if earlier, the date of the Participant's death; or
 - (d) if the Participant's Date of Termination occurs for any reason other than those listed in subparagraph (b) or (c) of this paragraph 4, the three-month anniversary of such Date of Termination.
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5. Method of Option Exercise. Subject to these Option Terms and the Plan, the Option may be exercised in whole or in part by filing a written notice (or by such other method as may be provided by the Committee, including but not limited to processes provided in electronic record-keeping systems utilized for management of the Plan) with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. Such notice shall specify the number of shares of Stock which the Participant elects to purchase, and shall be accompanied by payment of the Exercise Price for such shares of Stock indicated by the Participant's election. Payment shall be by cash or by check payable to the Company. Except as otherwise provided by the Committee before the Option is exercised: (i) all or a portion of the Exercise Price may be paid by the Participant by delivery of shares of Stock (including shares of Stock that would otherwise be distributable upon the exercise of the Option) owned by the Participant and acceptable to the Committee having an aggregate Fair Market Value (valued as of the date of exercise) that is equal to the amount of cash that would otherwise be required; and (ii) the Participant may pay the Exercise Price by authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise. The Option shall not be exercisable if and to the extent the Company determines that such exercise would violate applicable state or Federal securities laws or the rules and regulations of any securities exchange on which the Stock is traded. If the Company makes such a determination, it shall use all reasonable efforts to obtain compliance with such laws, rules and regulations. In making any determination hereunder, the Company may rely on the opinion of counsel for the Company.

6. Withholding. All deliveries and distributions under these Option Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

7. Transferability. Except as otherwise provided by the Committee, the Option is not transferable other than as designated by the Participant by will or by the laws of descent and distribution, and during the Participant's life, may be exercised only by the Participant.

8. Definitions. For purposes of these Option Terms, words and phrases shall be defined as follows:

- (a) Change in Control. The term "Change in Control" shall be defined as set forth in the Plan.
 - (b) Date of Termination. A Participant's "Date of Termination" means, with respect to an employee, the date on which the Participant's employment with the Company and Subsidiaries terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director;
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provided that a Date of Termination shall not be deemed to occur by reason of a Participant's transfer of employment between the Company and a Subsidiary or between two Subsidiaries; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant's cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Subsidiary, nor by reason of a Participant's termination of employment with the Company or a Subsidiary if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer.

- (c) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Subsidiary.
- (d) Long-Term Disability. A Participant shall be considered to have a "Long-Term Disability" if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Related Company; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Related Company, then the Participant shall be considered to have a "Long-Term Disability" if the Committee determines, under standards comparable to those of the Company's long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
- (e) Retirement. The term "Retirement" means an employee who's Date of Termination occurs after satisfying all of the following: (i) the employee has provided at least ten years of service with the Company or a Related Company; (ii) the employee has attained at least age 62; and (iii) the employee terminates employment in good standing with the Company or a Related Company, and (iv) the employee executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. However, with respect to exercising vested options pursuant to 4(c), above, "Retirement" shall mean the occurrence of a Participant's Date of Termination with the consent of the Participant's employer after the Participant is eligible for early retirement or normal retirement under a retirement plan maintained by the Company or the Subsidiaries.
- (f) Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Option Terms.

9. Heirs and Successors. The Option Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights exercisable by the Participant or benefits deliverable to the Participant under these Option Terms have not been exercised or delivered, respectively, at the time of the Participant's death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Option Terms and the Plan. The "Designated

Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under these Option Terms or before the complete distribution of benefits to the Designated Beneficiary under these Option Terms, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

10. Administration. The authority to manage and control the operation and administration of these Option Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Option Terms as it has with respect to the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement is final and binding on all persons.

11. Plan and Corporate Records Govern. Notwithstanding anything in these Option Terms to the contrary, these Option Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Option Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in the Option Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

12. Clawback Policy. Notwithstanding anything in these Option Terms to the contrary, in consideration for the receipt of this Option, the Participant agrees and acknowledges that the Participant's rights with respect to this Option and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

13. Solicitation Activity.

- (a) In light of Participant's obligations to the Company (references in this paragraph 13 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:
- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person
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directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;

- (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.
- (b) Participant hereby acknowledges that this paragraph 13 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 13 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.
- (c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 13 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 13 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.
- (d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 13.

14. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Option Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

15. Notices. Any written notices provided for in these Option Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

16. Fractional Shares. In lieu of issuing a fraction of a share upon any exercise of the Option, resulting from an adjustment of the Option pursuant to paragraph 5.2(f) of the Plan or

otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

17. No Rights As Shareholder. The Participant shall not have any rights of a shareholder with respect to the shares subject to the Option, until a stock certificate has been duly issued following exercise of the Option as provided herein. The Participant is not entitled to any dividend equivalents (current or deferred) with respect to the Option.

18. Amendment. The Option Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:

Its:

**Restricted Stock Award Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted a Restricted Stock Award by Chubb Limited (the “Company”) under the Chubb Limited 2016 Long-Term Incentive Plan (the “Plan”). The Restricted Stock Award shall be subject to the following Restricted Stock Award Terms:

1. Terms of Award. The following words and phrases used in these Restricted Stock Award Terms shall have the meanings set forth in this paragraph 1:

- (a) The “Participant” is the individual recipient of the Restricted Stock Award on the specified Grant Date.
- (b) The “Grant Date” is (**Insert Date**)
- (c) The number of “Covered Shares” shall be that number of shares of Stock awarded to the Participant on the Grant Date as reflected in the corporate records and shown in the Record-Keeping System in the Participant’s individual account records.

Other words and phrases used in these Restricted Stock Award Terms are defined pursuant to paragraph 9 or elsewhere in these Restricted Stock Award Terms.

2. Restricted Period. Subject to the limitations of these Restricted Stock Award Terms, the “Restricted Period” for each Installment of Covered Shares of the Restricted Stock Award shall begin on the Grant Date and end as described in the following schedule (but only if the Date of Termination has not occurred before the end of the Restricted Period):

INSTALLMENT	RESTRICTED PERIOD WILL END ON:
¼ of Covered Shares	One year anniversary of the Grant Date
¼ of Covered Shares	Two year anniversary of the Grant Date
¼ of Covered Shares	Three year anniversary of the Grant Date
¼ of Covered Shares	Four year anniversary of the Grant Date

The Restricted Period shall end prior to the date specified in the foregoing schedule to the extent set forth below:

- (a) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Installments shall end upon the Participant’s Date of Termination, if the Date of Termination occurs by reason of the Participant’s death.
 - (b) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Installments shall end upon the Participant’s
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Date of Termination, if the Date of Termination occurs by reason of the Participant's Long-Term Disability.

- (c) For Installments as to which the Restricted Period has not ended prior to the date of a Change in Control, the Restricted Period for such Installments shall end upon a Change in Control, provided that such Change in Control occurs on or before the Date of Termination.

3. Transfer and Forfeiture of Shares. Except as otherwise determined by the Committee in its sole discretion, the Participant shall forfeit the Installments of the Covered Shares as of the Participant's Date of Termination, if such Date of Termination occurs prior to the end of the Restricted Period which applies to those Installments. If the Participant's Date of Termination has not occurred prior to the last day of the Restricted Period with respect to any Installment of the Covered Shares, then, at the end of such Restricted Period, that Installment of Covered Shares shall be transferred to the Participant free of all restrictions.

4. Withholding. All deliveries and distributions under These Restricted Stock Award Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

5. Transferability. Except as otherwise provided by the Committee, the Restricted Stock Award may not be sold, assigned, transferred, pledged or otherwise encumbered during the Restricted Period.

6. Dividends. The Participant shall not be prevented from receiving dividends and distributions paid on the Covered Shares of Restricted Stock merely because those shares are subject to the restrictions imposed by these Restricted Stock Award Terms and the Plan; provided, however that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to record dates for such dividends or distributions for any Covered Shares occurring on or after the date, if any, on which the Participant has forfeited those shares.

7. Voting. The Participant shall not be prevented from voting the Restricted Stock Award merely because those shares are subject to the restrictions imposed by these Restricted Stock Award Terms and the Plan; provided, however, that the Participant shall not be entitled to vote Covered Shares with respect to record dates for any Covered Shares occurring on or after the date, if any, on which the Participant has forfeited those shares.

8. Deposit of Restricted Stock Award. Each certificate issued in respect of the Covered Shares awarded under these Restricted Stock Award Terms shall be registered in the name of the Participant and shall be deposited in a bank designated by the Committee.

9. Definitions. For purposes of these Restricted Stock Award Terms, words and phrases shall be defined as follows:

- (a) Change in Control. The term “Change in Control” shall be defined as set forth in the Plan.
- (b) Date of Termination. A Participant’s “Date of Termination” means, with respect to an employee, the date on which the Participant’s employment with the Company and Related Companies terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s transfer of employment between the Company and a Related Company or between two Related Companies; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Related Company, nor by reason of a Participant’s termination of employment with the Company or a Related Company if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant’s employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Related Company approved by the Participant’s employer.
- (c) Director. The term “Director” means a member of the Board, who may or may not be an employee of the Company or a Related Company.
- (d) Long-Term Disability. A Participant shall be considered to have a “Long-Term Disability” if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Related Company; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Related Company, then the Participant shall be considered to have a “Long-Term Disability” if the Committee determines, under standards comparable to those of the Company’s long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
- (e) Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Restricted Stock Award Terms.

10. Heirs and Successors. These Restricted Stock Award Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company’s assets and business. If any benefits deliverable to the Participant under these Restricted Stock Award Terms have not been delivered at the time of the Participant’s death, such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Restricted Stock Award Terms and the Plan. The “Designated Beneficiary”

shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the complete distribution of benefits to the Designated Beneficiary under these Restricted Stock Award Terms, then any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

11. Administration. The authority to manage and control the operation and administration of these Restricted Stock Award Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Restricted Stock Award Terms as it has with respect to the Plan. Any interpretation of these Restricted Stock Award Terms by the Committee and any decision made by it with respect to these Restricted Stock Award Terms are final and binding on all persons.

12. Plan and Corporate Records Govern. Notwithstanding anything in these Restricted Stock Award Terms to the contrary, these Restricted Stock Award Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Restricted Stock Award Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in the Restricted Stock Award Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

13. Clawback Policy. Notwithstanding anything in these Restricted Stock Award Terms to the contrary, in consideration for the receipt of this Award, the Participant agrees and acknowledges that the Participant's rights with respect to this Restricted Stock Award and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

14. Solicitation Activity.

- (a) In light of Participant's obligations to the Company (references in this paragraph 14 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:
- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had
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access to confidential information within one year preceding the Date of Termination;

- (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.
- (b) Participant hereby acknowledges that this paragraph 14 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 14 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.
- (c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 14 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 14 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.
- (d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 14.

15. Not An Employment Contract. The Restricted Stock Award will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Related Company, nor will it interfere in any way with any right the Company or any Related Company would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Restricted Stock Award Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

16. Notices. Any written notices provided for in these Restricted Stock Award Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

17. Fractional Shares. In lieu of issuing a fraction of a share, resulting from an adjustment of the Restricted Stock Award pursuant to paragraph 5.2(f) of the Plan or otherwise,

the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

18. Amendment. These Restricted Stock Award Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By: _____

Its: _____

**Performance Based Restricted Stock Award Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted a Performance Based Restricted Stock Award by Chubb Limited (the “Company”) under the Chubb Limited 2016 Long-Term Incentive Plan (the “Plan”). The shares of Stock granted as Covered Performance Shares and Premium Performance Shares pursuant to this Performance Based Restricted Stock Award shall be subject to the following Performance Based Restricted Stock Award Terms:

1. Terms of Award. The following words and phrases used in these Performance Based Restricted Stock Award Terms shall have the meanings set forth in this paragraph 1:

- (a) The “Participant” is [**Insert Name**], who is the individual recipient of the Performance Based Restricted Stock Award on the specified Grant Date.
- (b) The “Grant Date” is [**Insert Date**].
- (c) The “Commencement Date” is [**January 1, 2018**].
- (d) The number of “Covered Performance Shares” is [**Insert Number**], which is 50% [**66% for Vice Chairman and COO**] of that portion of the Participant’s annual Long-Term Incentive Award which is granted in the form of restricted shares for the year in which the Grant Date occurs, as reflected in the corporate records and shown in the Record-Keeping System in the Participant’s individual account records.
- (e) The number of Premium Performance Shares is [**Insert number equal to 65% of the number of Covered Performance Shares**].

Other words and phrases used in these Performance Based Restricted Stock Award Terms are defined pursuant to paragraph 12 or elsewhere in these Performance Based Restricted Stock Award Terms.

2. Restricted Period. Subject to the limitations of these Performance Based Restricted Stock Award Terms, the “Restricted Period” for the Covered Performance Shares of the Performance Based Restricted Stock Award shall begin on the Grant Date and end on the Vesting Date as described below (but only if the Date of Termination has not occurred before the Vesting Date):

- (a) If the Cumulative Performance of the Company during the Performance Period is 50 percent or greater than 50 percent, the Restricted Period shall end for any Covered Performance Shares on the later of the three-year anniversary of the Grant Date and the date the Committee certifies that the requisite Cumulative Performance has been achieved during the Performance Period (the date of certification is referred to as the “Certification Date” and the later of the three-year anniversary of the Grant Date and the Certification Date referred to as the “Vesting Date”). If the Cumulative Performance of
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the Company during the Performance Period is less than 50 percent, the Restricted Period shall end with respect to a number of the Covered Performance Shares determined by multiplying the total number of Covered Performance Shares by the Performance Percentage (as determined below) on the Vesting Date.

- (b) The term “Performance Percentage” shall mean the applicable Performance Percentage determined based on the achievement of the Cumulative Performance over the Performance Period by Chubb Limited:

If the Satisfaction of Chubb Limited of the Cumulative Performance during the applicable Performance Period:	The Performance Percentage will be:
Does not exceed 25%	0%
Exceeds 25%, but does not meet or exceed 50%	50%, as increased to the extent, if any, provided pursuant to the following provisions of this paragraph (b)
Meets or exceeds 50%	100%

If the performance of Chubb Limited exceeds 25 percent but does not meet or exceed 50 percent of the satisfaction of the Cumulative Performance during the applicable Performance Period, then the Performance Percentage will be a percentage between 50 percent and 100 percent, based on an interpolation of the Chubb Limited performance falling between the 25th percentile and 50th percentile of the satisfaction of the Cumulative Performance during the applicable Performance Period.

- (c) For the avoidance of doubt, the Restricted Period shall end only on or after the Committee’s certification that the Cumulative Performance for the Performance Period has been satisfied. Any Covered Performance Shares that have not vested as of the end of the Restricted Period shall be forfeited by the Participant as of the Vesting Date.

3. Retirement . If the Participant’s Date of Termination occurs because of Retirement, then for any Covered Performance Shares and any Premium Performance Shares as to which the Restricted Period has not otherwise ended prior to the Date of Termination, the Participant shall become vested and the Restricted Period shall end for any Covered Performance Shares if and when the terms of paragraph 2 are satisfied with respect to such Covered Performance Shares and for any Premium Performance Shares if and when the terms of paragraph 6 are satisfied with respect to such Premium Performance Shares, in each case, determined as though the Participant had remained employed and the Date of Termination had not occurred prior to the end of any applicable Restricted Period for purposes of this Agreement.

4. Death, Long-Term Disability and Change in Control. Notwithstanding the provisions of paragraph 2, the Restricted Period for Covered Performance Shares shall end prior to the date specified in the schedule set forth in paragraph 2 to the extent set forth below:

- (a) For Covered Performance Shares as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Covered Performance Shares shall end upon the Participant's Date of Termination, and the Covered Performance Shares shall fully vest upon the Date of Termination, if the Date of Termination occurs by reason of the Participant's death.
- (b) For Covered Performance Shares as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Covered Performance Shares shall end upon the Participant's Date of Termination, and the Covered Performance Shares shall fully vest upon the Date of Termination, if the Date of Termination occurs by reason of the Participant's Long-Term Disability.
- (c) For Covered Performance Shares as to which the Restricted Period has not ended prior to the date of a Change in Control, the Restricted Period for such Covered Performance Shares shall end upon a Change in Control, and the Covered Performance Shares shall vest upon the Change in Control, provided that such Change in Control occurs on or before the Date of Termination.

5. Transfer and Forfeiture of Shares. The transfer and forfeiture of shares shall be subject to the following:

- (a) Except as provided in paragraphs 3 and 4 above, the Participant will be vested in any Covered Performance Shares if the Date of Termination has not occurred prior to the last day of the Restricted Period with respect to those shares and the requirements of paragraph 2 have been satisfied. Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions.
- (b) Except as otherwise determined by the Committee and as provided in paragraphs 3 and 4 above, the Participant shall forfeit any Covered Performance Shares as of the Date of Termination, if such Date of Termination occurs prior to the Vesting Date.
- (c) Notwithstanding anything to the contrary in any employment agreement between the Participant and the Company or a Subsidiary or any severance plan maintained by the Company or a Subsidiary in which the Participant participates, the Participant acknowledges and agrees that the Covered Performance Shares and Premium Performance Shares shall vest (and the Restricted Period shall end) only as provided by, and subject to the terms of, these Performance Based Restricted Stock Award Terms.

6. Premium Performance Shares. The vesting of the Premium Performance Shares under this paragraph 6 will be based on the Cumulative Performance of Chubb Limited during the Performance Period and will be determined as follows:

- (a) The Restricted Period shall end on the Vesting Date for the number of the Premium Performance Shares determined by multiplying the number of Premium Performance Shares by the Premium Award Performance Percentage (as determined below).
- (b) The Premium Award Performance Percentage will be determined in accordance with the following schedule:

If the Cumulative Performance of Chubb Limited during the Performance Period:	The Premium Award Performance Percentage will be:
Does not meet or exceed 50%	0%
Meets or exceeds 50%, but does not exceed 75%	0%, as increased to the extent, if any, provided pursuant to the following provisions of this paragraph (b) up to 77%
Exceeds 75% and the Total Shareholder Return of Chubb Limited during the Performance Period meets or exceeds the 55 th percentile of the Total Shareholder Return of the Peer Companies.	100%

If the Cumulative Performance of Chubb Limited meets or exceeds 50 percent but does not exceed 75 percent during the Performance Period, then the Premium Award Performance Percentage will be a percentage between 0 percent and 77 percent, based on an interpolation of the Chubb Limited Cumulative Performance falling between 50 percent and 75 percent of the Cumulative Performance during the Performance Period. If the Cumulative Performance of Chubb Limited exceeds 75 percent during the Performance Period but the Total Shareholder Return of Chubb Limited during the Performance Period does not meet or exceed the 55th percentile of the Total Shareholder Return of the Peer Companies, then the Premium Award Performance Percentage will be 77 percent.

- (c) Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions. Except as provided in paragraph 3 for a Date of Termination that occurs because of Retirement, the Participant shall not be entitled to vesting of any Premium Performance Shares if the Date of Termination occurs before the Vesting Date for any reason.

7. **Withholding.** All deliveries and distributions and the vesting of shares of stock under these Performance Based Restricted Stock Award Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based

on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

8. Transferability. Except as otherwise provided by the Committee, awards under these Performance Based Restricted Stock Award Terms may not be sold, assigned, transferred, pledged or otherwise encumbered prior to vesting and delivery.

9. Dividends. Dividends paid with respect to the Covered Performance Shares and the Premium Performance Shares with respect to record dates on or after the Grant Date for such shares but prior to the end of the Restricted Period for such shares shall be accumulated and distributed to the Participant on the date that the Restricted Period ends with respect to the share pursuant to which such dividend was paid; provided, however that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to any Covered Performance Shares or Premium Performance Shares which the Participant has forfeited. Notwithstanding the foregoing, if the right to the payment of dividends with respect to a Covered Performance Share or a Premium Performance Share would otherwise constitute nonqualified deferred compensation subject to Section 457A of the Internal Revenue Code (“Code Section 457A”), then, (i) any dividends accumulated in relation to Covered Performance Shares and Premium Performance Shares as of the date that the right to receive such payments is no longer treated as subject to a substantial risk of forfeiture for purposes of Code Section 457A (the “457A Vesting Date”) shall be used to purchase additional Covered Performance Shares and Premium Performance Shares subject to the same vesting provisions of the original Covered Performance Shares and Premium Performance Shares to which such accumulated dividends relate and any remaining unused cash amounts that are not sufficient to purchase an additional share shall be distributed to the Participant and (ii) any dividends that are paid on or after the 457A Vesting Date but prior to the vesting of the Covered Performance Shares and Premium Performance Shares shall be used to purchase additional Covered Performance Shares and Premium Performance Shares subject to the same vesting provisions of the original Covered Performance Shares and Premium Performance Shares to which such dividends relate and any remaining unused cash amounts that are not sufficient to purchase an additional share shall be distributed to the Participant.

10. Voting. The Participant shall not be prevented from voting the Covered Performance Shares merely because those shares are subject to the restrictions imposed by these Performance Based Restricted Stock Award Terms and the Plan; provided, however, that the Participant shall not be entitled to vote Covered Performance Shares with respect to record dates for any Covered Performance Shares occurring on or after the date, if any, on which the Participant has forfeited those shares. The Participant acknowledges and agrees that he or she shall not be entitled to vote any Premium Performance Shares if the record date for entitlement to voting occurs prior to the date on which such shares become vested pursuant to paragraph 6.

11. Deposit of Performance Based Restricted Stock Award. Each certificate issued in respect of the Covered Performance Shares and Premium Performance Shares awarded under these Performance Based Restricted Stock Award Terms shall be registered in the name of the Participant and shall be deposited in a bank designated by the Committee.

12. Definitions. For purposes of these Performance Based Restricted Stock Award Terms, words and phrases shall be defined as follows:

- (a) Change in Control. The term “Change in Control” shall be defined as set forth in the Plan.
 - (b) Combined Ratio. The “Combined Ratio” for a given period is determined as the sum of the loss and loss expense ratio, the policy acquisition cost ratio and the administrative expense ratio in relation to the P& C insurance business. For Chubb the Combined Ratio is determined as the P&C combined ratio disclosed in the 10-K for such period (or the average of the disclosed combined ratios for each year if the period is longer than one year). For Peer Group Companies for purposes of this Agreement, the Combined Ratio is determined as the combined ratio publicly disclosed for such company, on a comparable basis, for such period (or the average of the disclosed combined ratios for each year if the period is longer than one year).
 - (c) Cumulative Performance. The term “Cumulative Performance” means, as to Chubb Limited, a percentage equal to the sum of (A) and (B) where (A) equals the First Performance Goal multiplied by seven-tenths (0.70) and where (B) equals the Second Performance Goal multiplied by three-tenths (0.30). For example, if the First Performance Goal equals eighty percent (80%) and the Second Performance goal Equals fifty percent (50%), then the Cumulative Performance would equal seventy-one percent (71%) determined as the sum of $(80\% * .7)$ and $(50\% * .3)$. The determination of the Cumulative Performance and its parameters is subject to rules established by the Committee within 90 days of the beginning of the Performance Period.
 - (d) Date of Termination. A Participant’s “Date of Termination” means, with respect to an employee, the date on which the Participant’s employment with the Company and the Subsidiaries terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s transfer of employment between the Company and a Subsidiary or between two Subsidiaries; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Subsidiary, nor by reason of a Participant’s termination of employment with the Company or a Subsidiary if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant’s employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant’s employer.
 - (e) Director. The term “Director” means a member of the Board, who may or may not be an employee of the Company or a Subsidiary.
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- (f) First Performance Goal. The term “First Performance Goal” for the Performance Period means the achievement by Chubb Limited of growth in tangible book value per common shares outstanding as reported under GAAP during the Performance Period, as compared to the growth in tangible book value per common shares outstanding as reported under GAAP during the same Performance Period by the Peer Companies expressed as a percentile rank as compared to the Peer Group. The determination of the First Performance Goal and its parameters is subject to rules established by the Committee within 90 days of the beginning of the applicable Performance Period. The Committee, in its discretion, may adjust the reported tangible book value for Chubb Limited or the Peer Companies for the Performance Period; provided, however, that no such adjustment may result in an increase in the number of Covered Performance Shares and Premium Performance Shares which are earned and vested at the end of the Performance Period over the number of Covered Performance Shares and Premium Performance Shares that would have been earned and vested had the reported tangible book value for either Chubb Limited or the Peer Companies not been adjusted.
- (g) Long-Term Disability. A Participant shall be considered to have a “Long-Term Disability” if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Subsidiary; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Subsidiary, then the Participant shall be considered to have a “Long-Term Disability” if the Committee determines, under standards comparable to those of the Company’s long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
- (h) Peer Companies. The term “Peer Companies” means the companies which are in the Chubb Financial Performance Peer Group as determined by the Committee within 90 days of the beginning of the Performance Period and for which financial information is available for all year(s) in the Performance Period.
- (i) Performance Period. The term “Performance Period” shall mean the three-year period beginning on the Commencement Date and ending on the third anniversary of the Commencement Date.
- (j) Retirement. The term “Retirement” means the Participant’s Date of Termination that occurs on or after the Participant has both completed at least ten years of service with the Company or a Subsidiary and attained at least age 62; provided, however, that a Date of Termination will not be treated as a Retirement unless the Participant (i) has terminated employment in good standing with the Company or a Subsidiary, and (ii) executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. A Participant shall be deemed to have executed a release as described in clause (ii) above only if such release is returned by such time as is established by the Company; provided that to the extent benefits provided pursuant to the Plan would be considered to be
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provided under a nonqualified deferred compensation plan as that term is defined in Treas. Reg. §1.409A-1, such benefits shall be paid to the Participant only if the release is returned in time to permit the distribution of the benefits to satisfy the requirements of Section 409A of the Internal Revenue Code with respect to the time of payment.

(k) Second Performance Goal. The term “Second Performance Goal” for the Performance Period means the achievement by Chubb Limited of its Combined Ratio during the Performance Period, as compared to the Combined Ratio reported publicly during the same Performance Period by the Peer Companies expressed as a percentile rank as compared to the Peer Group. The determination of the Second Performance Goal and its parameters is subject to rules established by the Committee within 90 days of the beginning of the applicable Performance Period. The Committee, in its discretion, may adjust the Combined Ratio for Chubb Limited or the combined ratio reported publicly for the Peer Companies for the Performance Period; provided, however, that no such adjustment may result in an increase in the number of Covered Performance Shares and Premium Performance Shares which are earned and vested at the end of the Performance Period over the number of Covered Performance Shares and Premium Performance Shares that would have been earned and vested had the Combined Ratio for either Chubb Limited or the Peer Companies not been adjusted.

(l) Total Shareholder Return. The term “Total Shareholder Return” means the total return per share of stock to the Company’s shareholders or the shareholders of the applicable Peer Company, inclusive of dividends paid (regardless of whether paid in cash or property, which dividends shall be deemed reinvested in the stock), during the Performance Period. The value of the applicable company’s stock at the beginning and end of the Performance Period shall be established based on the average of the averages of the high and low trading prices of the applicable stock on the principal exchange on which the stock trades for the 15 trading days occurring immediately prior to the beginning or end of the Performance Period, as the case may be. The Committee shall make or shall cause to be made such appropriate adjustments to the calculation of total shareholder return for such entity (including adjusting the average at the beginning of the Performance Period) as shall be necessary or appropriate to avoid an artificial increase or decrease in such return as a result of a stock split (including a reverse stock split), recapitalization, or other similar event affecting the capital structure of such entity that does not involve the issuance of the entity’s securities in exchange for money, property, or other consideration.

13. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Performance Based Restricted Stock Award Terms.

14. Heirs and Successors. These Performance Based Restricted Stock Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company’s assets and business. If any benefits deliverable to the Participant under these Performance Based Restricted Stock Terms have not been delivered at the

time of the Participant's death, such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Performance Based Restricted Stock Terms and the Plan. The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the complete distribution of benefits to the Designated Beneficiary under these Performance Based Restricted Stock Terms, then any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

15. Administration. The authority to manage and control the operation and administration of these Performance Based Restricted Stock Award Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Performance Based Restricted Stock Award Terms as it has with respect to the Plan. Any interpretation of these Performance Based Restricted Stock Award Terms by the Committee and any decision made by it with respect to these Performance Based Restricted Stock Award Terms are final and binding on all persons.

16. Plan and Corporate Records Govern.

- (a) Notwithstanding anything in these Performance Based Restricted Stock Award Terms to the contrary, these Performance Based Restricted Stock Award Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Performance Based Restricted Stock Award Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan.
- (b) Notwithstanding anything in the Performance Based Restricted Stock Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

17. Clawback Policy. Notwithstanding anything in these Performance Based Restricted Stock Award Terms to the contrary, in consideration for the receipt of this Award, the Participant agrees and acknowledges that the Participant's rights with respect to this Performance Based Restricted Stock Award and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

18. Solicitation Activity.

- (a) In light of Participant's obligations to the Company (references in this paragraph 18 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the
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term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:

- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
 - (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.
- (b) Participant hereby acknowledges that this paragraph 18 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 18 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.
- (c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 18 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 18 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.
- (d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 18.

19. Not An Employment Contract. The Performance Based Restricted Stock Award will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Performance Based Restricted Stock Award Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

20. Notices. Any written notices provided for in these Performance Based Restricted Stock Award Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail.

Notices

sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

21. Fractional Shares. In lieu of issuing a fraction of a share, resulting from an adjustment of the Performance Based Restricted Stock Award pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

22. Amendment. These Performance Based Restricted Stock Award Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:

Its:

**Non-Qualified Stock Option Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted an Option by Chubb Limited (the "Company") under the Chubb Limited 2016 Long-Term Incentive Plan (the "Plan"). The Option shall be subject to the following Non-Qualified Stock Option Terms (sometimes referred to as the "Option Terms"):

1. Terms of Award. The following words and phrases used in these Option Terms shall have the meanings set forth in this paragraph 1:

- (a) The "Participant" is the individual recipient of the Non-Qualified Stock Option Award on the specified Grant Date.
- (b) The "Grant Date" is **[Insert Date]**.
- (c) The number of "Covered Shares" shall be that number of shares of Stock awarded to the Participant on the Grant Date as reflected in the corporate records and shown in the Record-Keeping System in the Participant's individual account records.
- (d) The "Exercise Price" is \$ **[Insert Price]** per share.

Other words and phrases used in these Option Terms are defined pursuant to paragraph 8 or elsewhere in these Option Terms.

2. Non-Qualified Stock Option. The Option is not intended to constitute an "incentive stock option" as that term is used in Code section 422.

3. Date of Exercise. Subject to the limitations of these Option Terms, each Installment of Covered Shares of the Option shall be exercisable on and after the Vesting Date for such Installment as described in the following schedule (but only if the Date of Termination has not occurred before the Vesting Date):

INSTALLMENT	VESTING DATE APPLICABLE TO INSTALLMENT
1/3 of Covered Shares	One year anniversary of the Grant Date
1/3 of Covered Shares	Two year anniversary of the Grant Date
1/3 of Covered Shares	Three year anniversary of the Grant Date

Notwithstanding the foregoing provisions of this paragraph 3, the Option shall become fully vested and exercisable as follows, with the exception of paragraph (c):

- (a) The Option shall become fully exercisable upon the Date of Termination, if the Date of Termination occurs by reason of the Participant's death or Long-Term Disability.
- (b) The Option shall become fully exercisable upon a Change in Control that occurs on or before the Date of Termination.
- (c) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Retirement, vesting shall continue pursuant to the foregoing schedule following the Date of Termination. Following the Date of Termination the Restricted Period shall end in accordance with the above schedule.

Except as specified in (c), the Option may be exercised on or after the Date of Termination only as to that portion of the Covered Shares for which it was exercisable (or became exercisable) immediately prior to the Date of Termination.

4. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "Expiration Date" shall be the earliest to occur of:

- (a) the ten year anniversary of the Grant Date;
- (b) if the Participant's Date of Termination occurs by reason of death or Long-Term Disability, the one-year anniversary of such Date of Termination;
- (c) if the Participant's Date of Termination occurs by reason of Retirement, the date on which the Expiration Date would occur if the Participant's Date of Termination occurred on the ten-year anniversary of the Grant Date, or if earlier, the date of the Participant's death; or
- (d) if the Participant's Date of Termination occurs for any reason other than those listed in subparagraph (b) or (c) of this paragraph 4, the three-month anniversary of such Date of Termination.

5. Method of Option Exercise. Subject to these Option Terms and the Plan, the Option may be exercised in whole or in part by filing a written notice (or by such other method as may be provided by the Committee, including but not limited to processes provided in electronic record-keeping systems utilized for management of the Plan) with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. Such notice shall specify the number of shares of Stock which the Participant elects to purchase, and shall be accompanied by payment of the Exercise Price for such shares of Stock indicated by the Participant's election. Payment shall be by cash or by check payable to the Company. Except as otherwise provided by the Committee before the Option is exercised: (i) all or a portion of the Exercise Price may be paid by the Participant by delivery of shares of Stock (including shares of Stock that would otherwise be distributable upon the exercise of the Option) owned by the Participant and acceptable to the Committee having an

aggregate Fair Market Value (valued as of the date of exercise) that is equal to the amount of cash that would otherwise be required; and (ii) the Participant may pay the Exercise Price by authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise. The Option shall not be exercisable if and to the extent the Company determines that such exercise would violate applicable state or Federal securities laws or the rules and regulations of any securities exchange on which the Stock is traded. If the Company makes such a determination, it shall use all reasonable efforts to obtain compliance with such laws, rules and regulations. In making any determination hereunder, the Company may rely on the opinion of counsel for the Company.

6. Withholding. All deliveries and distributions under these Option Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

7. Transferability. Except as otherwise provided by the Committee, the Option is not transferable other than as designated by the Participant by will or by the laws of descent and distribution, and during the Participant's life, may be exercised only by the Participant.

8. Definitions. For purposes of these Option Terms, words and phrases shall be defined as follows:

- (a) Change in Control. The term "Change in Control" shall be defined as set forth in the Plan.
 - (b) Date of Termination. A Participant's "Date of Termination" means, with respect to an employee, the date on which the Participant's employment with the Company and Subsidiaries terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant's transfer of employment between the Company and a Subsidiary or between two Subsidiaries; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant's cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Subsidiary, nor by reason of a Participant's termination of employment with the Company or a Subsidiary if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer.
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- (c) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Subsidiary.
- (d) Long-Term Disability. A Participant shall be considered to have a "Long-Term Disability" if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Related Company; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Related Company, then the Participant shall be considered to have a "Long-Term Disability" if the Committee determines, under standards comparable to those of the Company's long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
- (e) Retirement. The term "Retirement" means an employee who's Date of Termination occurs after satisfying all of the following: (i) the employee has provided at least ten years of service with the Company or a Related Company; (ii) the employee has attained at least age 62; and (iii) the employee terminates employment in good standing with the Company or a Related Company, and (iv) the employee executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. However, with respect to exercising vested options pursuant to 4(c), above, "Retirement" shall mean the occurrence of a Participant's Date of Termination with the consent of the Participant's employer after the Participant is eligible for early retirement or normal retirement under a retirement plan maintained by the Company or the Subsidiaries.
- (f) Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Option Terms.

9. Heirs and Successors. The Option Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights exercisable by the Participant or benefits deliverable to the Participant under these Option Terms have not been exercised or delivered, respectively, at the time of the Participant's death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Option Terms and the Plan. The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under these Option Terms or before the complete distribution of benefits to the Designated Beneficiary under these Option Terms, then any rights that would

have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

10. Administration. The authority to manage and control the operation and administration of these Option Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Option Terms as it has with respect to the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement is final and binding on all persons.

11. Plan and Corporate Records Govern. Notwithstanding anything in these Option Terms to the contrary, these Option Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Option Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in the Option Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

12. Clawback Policy. Notwithstanding anything in these Option Terms to the contrary, in consideration for the receipt of this Option, the Participant agrees and acknowledges that the Participant's rights with respect to this Option and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

13. Solicitation Activity.

- (a) In light of Participant's obligations to the Company (references in this paragraph 13 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:
- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
 - (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.
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- (b) Participant hereby acknowledges that this paragraph 13 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 13 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.
- (c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 13 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 13 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.
- (d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 13.

14. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Option Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

15. Notices. Any written notices provided for in these Option Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

16. Fractional Shares. In lieu of issuing a fraction of a share upon any exercise of the Option, resulting from an adjustment of the Option pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

17. No Rights As Shareholder. The Participant shall not have any rights of a shareholder with respect to the shares subject to the Option, until a stock certificate has been duly issued following exercise of the Option as provided herein. The Participant is not entitled to any dividend equivalents (current or deferred) with respect to the Option.

18. Amendment. The Option Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:

Its:

**Restricted Stock Unit Award Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted a Restricted Stock Unit Award by Chubb Limited (the "Company") under the Chubb Limited 2016 Long-Term Incentive Plan (the "Plan"). The Restricted Stock Unit Award shall be subject to the following Restricted Stock Unit Award Terms:

1. **Terms of Award.** Subject to the following Restricted Stock Unit Award Terms, the Participant has been granted the right to receive shares of Stock of the Company ("Units") as of the Delivery Date. Each "Unit" represents the right to receive one share of Stock. The following words and phrases used in these Restricted Stock Unit Award Terms shall have the meanings set forth in this paragraph 1:

- (a) The "Participant" is the individual recipient of the Restricted Stock Unit Award on the specified Grant Date.
- (b) The "Grant Date" is **[Insert the date]** .
- (c) The number of "Units" shall be that number of Units awarded to the Participant on the Grant Date as reflected in the corporate records and shown in the Record-Keeping System in the Participant's individual account records.
- (d) The "Delivery Date" shall be the end of the Restricted Period with respect to the applicable Units. However, notwithstanding the preceding sentence, if the Participant would be eligible to retire in accordance with paragraph 2(d) (determined without regard to clauses 9(f)(i) and (ii)) on or at any time after the Grant Date and prior to the last day of the Restricted Period with respect to any Installment of Units as determined in accordance with the Vesting Schedule set forth in paragraph 2:
 - (i) The occurrence of a Change in Control shall be disregarded for purposes of determining the Delivery Date of such Installments unless the Change in Control satisfies the requirements of Treas. Reg. §1.409A-3(i)(5), or distribution is otherwise permitted under Code §409A upon such Change in Control; provided that this sentence shall not affect the vesting of the Units upon a Change in Control in accordance with subparagraph 2(c).
 - (ii) The occurrence of a Long-Term Disability shall be disregarded for purposes of determining the Delivery Date of such Units; provided that this sentence shall not affect the vesting of the Units upon the occurrence of a Long-Term Disability in accordance with subparagraph 2(b).
- (e) Other words and phrases used in these Restricted Stock Unit Award Terms are defined pursuant to paragraph 9 or elsewhere in these Restricted Stock Unit Award Terms.

2. Restricted Period. Subject to the limitations of these Restricted Stock Unit Award Terms, the "Restricted Period" for each Installment of Units shall begin on the Grant Date and end as described in the following schedule (the "Vesting Schedule") (but only if the Date of Termination has not occurred before end of the Restricted Period):

VESTING SCHEDULE	
INSTALLMENT	RESTRICTED PERIOD WILL END ON:
¼ of Restricted Stock Units	One year anniversary of the Grant Date
¼ of Restricted Stock Units	Two year anniversary of the Grant Date
¼ of Restricted Stock Units	Three year anniversary of the Grant Date
¼ of Restricted Stock Units	Four year anniversary of the Grant Date

The Restricted Period shall end prior to the date specified in the foregoing Vesting Schedule to the extent set forth below, with the exception of subparagraph (d):

(a) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Installments shall end upon the Participant's Date of Termination, if the Date of Termination occurs by reason of the Participant's death.

(b) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Installments shall end upon the Participant's Date of Termination, if the Date of Termination occurs by reason of the Participant's Long-Term Disability.

(c) For Installments as to which the Restricted Period has not ended prior to the date of a Change in Control, the Restricted Period for such Installments shall end upon a Change in Control, provided that such Change in Control occurs on or before the Date of Termination (determined without regard to the provisions of subparagraph (d) below).

(d) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Retirement, vesting shall continue pursuant to the Vesting Schedule following the Date of Termination as though the Participant continued to be employed through the end of the longest Restricted Period. Following the Date of Termination by reason of Retirement, the end of the Restricted Period for any Installment shall be determined in accordance with the Vesting Schedule.

3. Transfer and Forfeiture of Shares. Except as otherwise determined by the Committee in its sole discretion, and subject to subparagraph 2(d), the Participant shall forfeit the Units as of the Participant's Date of Termination, if such Date of Termination occurs prior to the end of the Restricted Period which applies to those Installments. If the Participant's Date of Termination has not occurred prior to the last day of the Restricted Period with respect to any Installment of the Units, then that Installment of Units shall be delivered to the Participant in the form of Stock free of all restrictions at or within 30 days after the Delivery Date; provided, however, if such delivery is contingent on the Participant's execution of a release in accordance with subparagraph 9(f) and the applicable 30-day period begins in one taxable year and ends in a second taxable year, that Installment of Units shall be delivered in the second taxable year. After delivery of a share of Stock for a Unit, the Unit shall have no further force or effect.

4. Withholding. All deliveries and distributions under these Restricted Stock Unit Award Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan. Notwithstanding the foregoing, the Committee has the authority to make the necessary elections to ensure appropriate taxes are withheld.

5. Transferability. Except as otherwise provided by the Committee, the Restricted Stock Unit Award may not be sold, assigned, transferred, pledge or otherwise encumbered during the Restricted Period.

6. Dividends. The Participant shall be permitted to receive cash payments equal to the dividends and distributions paid on shares of Stock to the same extent as if each Unit was a share of Stock, and those shares were not subject to the restrictions imposed by these Restricted Stock Unit Award Terms and the Plan; provided, however, that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to record dates for such dividends or distributions occurring on or after the date, if any, on which the Participant has received a share of Stock in exchange for a Unit or has forfeited the Units. Dividend payments made under this paragraph 6 with respect to any record date will be paid as soon as practicable after dividends with respect to that record date are paid on outstanding shares but in all events within the calendar year in which such dividends are paid to the holders of Stock.

7. Voting. The Participant shall not be a shareholder of record with respect to the Units and shall have no voting rights with respect to the Units during the Restricted Period.

8. Participant's Rights to Shares. Prior to the delivery of shares of Stock which are to be delivered pursuant to these Restricted Stock Unit Award Terms, (a) the Participant shall not be treated as owner of the shares, shall not have any rights as a shareholder as to those shares, and shall have only a contractual right to receive them, unsecured by any assets of the Company or its subsidiaries; and (b) the Participant's right to receive such shares will be subject to the adjustment provisions relating to mergers, reorganizations, and similar events set forth in the Plan.

9. Definitions. For purposes of these Restricted Stock Unit Award Terms, words and phrases shall be defined as follows:

(a) Change in Control. The term "Change in Control" shall be defined as set forth in the Plan.

(b) Date of Termination. A Participant's "Date of Termination" means, with respect to an employee, the date on which the Participant's employment with the Company and Related Companies terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant's transfer of employment between the Company and a Related Company or between two Related Companies; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant's cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Related Company, nor by reason of a Participant's termination of employment with the Company or a Related Company if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Related Company approved by the Participant's employer.

(c) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Related Company.

(d) Long-Term Disability. A Participant shall be considered to have a "Long-Term Disability" if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Related Company; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Related Company, then the Participant shall be considered to have a "Long-Term Disability" if the Committee determines, under standards comparable to those of the Company's long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.

(e) Record-Keeping System. The term "Record-Keeping System" means the record-keeping system developed and maintained by third parties contracted by the Company to keep records and facilitate Participant interfaces with respect to the Plan and awards granted thereunder.

(f) Retirement. The term "Retirement" means the Participant's Date of Termination that occurs on or after the Participant has both completed at least ten years of service with the Company or a Related Company and attained at least age 62; provided, however, that a Date of Termination will not be treated as a Retirement unless the Participant (i) has terminated employment in good standing with the Company or a Related Company, and (ii) executes an agreement and release as required by the

Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. A Participant shall be deemed to have executed a release as described in clause (ii) above only if such release is returned by such time as is established by the Company; provided that to the extent benefits provided pursuant to the Plan would be considered to be provided under a nonqualified deferred compensation plan as that term is defined in Treas. Reg. §1.409A-1, such benefits shall be paid to the Participant only if the release is returned in time to permit the distribution of the benefits to satisfy the requirements of Code section 409A with respect to the time of payment.

10. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Restricted Stock Unit Award Terms.

11. Heirs and Successors. The Restricted Stock Unit Award Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any benefits deliverable to the Participant under these Restricted Stock Unit Award Terms have not been delivered at the time of the Participant's death, such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Restricted Stock Unit Award Terms and the Plan. The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the complete distribution of benefits to the Designated Beneficiary under these Restricted Stock Unit Award Terms, then any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

12. Administration. The authority to manage and control the operation and administration of these Restricted Stock Unit Award Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Restricted Stock Unit Award Terms as it has with respect to the Plan. Any interpretation of these Restricted Stock Unit Award Terms by the Committee and any decision made by it with respect to these Restricted Stock Unit Award Terms are final and binding on all persons.

13. Plan and Corporate Records Govern. Notwithstanding anything in these Restricted Stock Unit Award Terms to the contrary, these Restricted Stock Unit Award Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Restricted Stock Unit Award Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in the Restricted Stock Unit Award Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

14. Clawback Policy. Notwithstanding anything in these Restricted Stock Unit Award Terms to the contrary, in consideration for the receipt of this Award, the Participant agrees and acknowledges that the Participant's rights with respect to this Restricted Stock Unit Award and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

15. Solicitation Activity.

(a) In light of Participant's obligations to the Company (references in this paragraph 15 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:

- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
- (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
- (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.

(b) Participant hereby acknowledges that this paragraph 15 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 15 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 15 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 15 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.

(d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 15.

16. Not An Employment Contract. The Restricted Stock Unit Award will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Related Company, nor will it interfere in any way with any right the Company or any Related Company would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Restricted Stock Unit Award Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

17. Notices. Any written notices provided for in these Restricted Stock Unit Award Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

18. Fractional Shares. In lieu of issuing a fraction of a share, resulting from an adjustment of the Restricted Stock Unit Award pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

19. Amendment. The Restricted Stock Unit Award Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

20. 409A Compliance. These Restricted Stock Unit Award Terms are intended to be interpreted, operated, and administered in a manner so as not to subject the Participant to the assessment of additional taxes or interest under Code section 409A, and these Restricted Stock Unit Award Terms may be amended as the Company, in its sole discretion, determines is necessary and appropriate to avoid the application of any such taxes or interest.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:

Its:

**Incentive Stock Option Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted an Option by Chubb Limited (the "Company") under the Chubb Limited 2016 Long-Term Incentive Plan (the "Plan"). The Option shall be subject to the following Incentive Stock Option Terms (sometimes referred to as the "Option Terms"):

1. Terms of Award. The following words and phrases used in these Option Terms shall have the meanings set forth in this paragraph 1:

- (a) The "Participant" is the individual recipient of the Incentive Stock Option Award on the specified Grant Date.
- (b) The "Grant Date" is **[Insert Date]** .
- (c) The number of "Covered Shares" shall be that number of shares of Stock awarded to the Participant on the Grant Date as reflected in the corporate records and shown in the Record-Keeping System in the Participant's individual account records.
- (d) The "Exercise Price" is \$ **[Insert Price]** per share.

Other words and phrases used in these Option Terms are defined pursuant to paragraph 8 or elsewhere in these Option Terms.

2. Incentive Stock Option. The Option is intended to constitute an "incentive stock option" as that term is used in Code section 422. To the extent that the aggregate fair market value (determined at the time of grant) of Shares with respect to which incentive stock options are exercisable for the first time by the Participant during any calendar year under all plans of the Company and its Subsidiaries exceeds \$100,000, the options or portions thereof which exceed such limit (according to the order in which they were granted) shall be treated as nonstatutory stock options. It should be understood that there is no assurance that the Option will, in fact, be treated as an incentive stock option.

3. Date of Exercise. Subject to the limitations of these Option Terms, each Installment of Covered Shares of the Option shall be exercisable on and after the Vesting Date for such Installment as described in the following schedule (but only if the Date of Termination has not occurred before the Vesting Date):

INSTALLMENT	VESTING DATE APPLICABLE TO INSTALLMENT
1/3 of Covered Shares	One-year anniversary of the Grant Date
1/3 of Covered Shares	Two-year anniversary of the Grant Date
1/3 of Covered Shares	Three-year anniversary of the Grant Date

Notwithstanding the foregoing provisions of this paragraph 3, the Option shall become fully vested and exercisable as follows, with the exception of paragraph (c) or (d):

- (a) The Option shall become fully exercisable upon the Date of Termination, if the Date of Termination occurs by reason of the Participant's death or Long-Term Disability.
 - (b) If the Participant's Date of Termination is a Change in Control Date of Termination, then, for Installments, if any, as to which the Restricted Period has not ended prior to the Participant's Date of Termination, the Restricted Period will end and such Installments will become exercisable on the Change in Control Date of Termination; provided that if the Participant's Change in Control Date of Termination occurs within the 180-day period immediately preceding the date of a Change in Control, then all unvested Installments held by the Participant on the Date of Termination will become exercisable on the date of the Change in Control. If the originally scheduled expiration date for the Option occurs before the date of the Change in Control, then the Option will not become exercisable under this paragraph (b).
 - (c) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Retirement, vesting shall continue pursuant to the foregoing schedule following the Date of Termination. Following the Date of Termination the Restricted Period shall end in accordance with the above schedule.
 - (d) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Qualifying Termination, vesting shall continue pursuant to the vesting schedule in this paragraph 3 following the Date of Termination as though the Participant continued to be employed through the two-year anniversary of the Participant's Date of Termination, subject to the Participant not engaging in any Competitive Activity during such two-year period and subject to the Participant signing and not revoking a general release and waiver of all claims against the Company and such release becomes effective no later than the sixty-day anniversary of the Date of Termination. If such release is not effective within such sixty-day period or in the event that the Participant engages in a Competitive Activity prior to the last day of the Restricted Period for any Installment, the Participant shall immediately forfeit any unvested Installments.
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Except as specified in paragraphs (b), (c) and (d), the Option may be exercised on or after the Date of Termination only as to that portion of the Covered Shares for which it was exercisable (or became exercisable) immediately prior to the Date of Termination.

4. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "Expiration Date" shall be the earliest to occur of:

- (a) the ten-year anniversary of the Grant Date;
- (b) if the Participant's Date of Termination occurs by reason of death or Long-Term Disability, the one-year anniversary of such Date of Termination;
- (c) if the Participant's Date of Termination occurs by reason of Retirement, the ten-year anniversary of the Grant Date, or if earlier, the date of the Participant's death;
- (d) if the Participant's Date of Termination occurs by reason of the Participant's Qualifying Termination or the Participant's Change in Control Date of Termination, the three-year anniversary of the Participant's Date of Termination; or
- (e) if the Participant's Date of Termination occurs for any reason other than those listed in subparagraph (b), (c) or (d) of this paragraph 4, then subject to paragraph 3(b), the three-month anniversary of such Date of Termination.

Notwithstanding the foregoing provisions of this paragraph 4, if the Participant exercises the Option following the three-month anniversary of his or her Date of Termination, but prior to the Expiration Date of such Option, any such Option shall be treated as a nonstatutory stock option.

5. Method of Option Exercise. Subject to these Option Terms and the Plan, the Option may be exercised in whole or in part by filing a written notice (or by such other method as may be provided by the Committee, including but not limited to processes provided in electronic record-keeping systems utilized for management of the Plan) with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. Such notice shall specify the number of shares of Stock which the Participant elects to purchase, and shall be accompanied by payment of the Exercise Price for such shares of Stock indicated by the Participant's election. Payment shall be by cash or by check payable to the Company. Except as otherwise provided by the Committee before the Option is exercised: (i) all or a portion of the Exercise Price may be paid by the Participant by delivery of shares of Stock (including shares of Stock that would otherwise be distributable upon the exercise of the Option) owned by the Participant and acceptable to the Committee having an aggregate Fair Market Value (valued as of the date of exercise) that is equal to the amount of cash that would otherwise be required; and (ii) the Participant may pay the Exercise Price by authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise. The Option

shall not be exercisable if and to the extent the Company determines that such exercise would violate applicable state or Federal securities laws or the rules and regulations of any securities exchange on which the Stock is traded. If the Company makes such a determination, it shall use all reasonable efforts to obtain compliance with such laws, rules and regulations. In making any determination hereunder, the Company may rely on the opinion of counsel for the Company.

6. Withholding. All deliveries and distributions under these Option Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

7. Transferability. Except as otherwise provided by the Committee, the Option is not transferable other than as designated by the Participant by will or by the laws of descent and distribution, and during the Participant's life, may be exercised only by the Participant.

8. Definitions. For purposes of these Option Terms, words and phrases shall be defined as follows:

- (a) Cause. The term "Cause" shall mean – unless otherwise defined in an employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following:
- (i) a conviction of the Participant with respect to a (x) felony or (y) a misdemeanor involving moral turpitude; or
 - (ii) willful misconduct or gross negligence by the Participant resulting, in either case, in harm to the Company or any Subsidiary; or
 - (iii) failure by the Participant to carry out the lawful and reasonable directions of the Board or the Participant's immediate supervisor, as the case may be; or
 - (iv) refusal to cooperate or non-cooperation by the Participant with any governmental regulatory authority; or
 - (v) fraud, embezzlement, theft or dishonesty by the Participant against the Company or any Subsidiary or a material violation by the Participant of a policy or procedure of the Company, resulting, in any case, in harm to the Company or any Subsidiary.
- (b) Change in Control. The term "Change in Control" shall be defined as set forth in the Plan.
- (c) Change in Control Date of Termination. The term "Change in Control Date of Termination" means the Participant's Date of Termination occurs because the Company
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and/or any of the Related Companies terminates the Participant's employment with the Company and/or the Related Companies without Cause (other than due to death, a Long-Term Disability or a Retirement) or because the Participant terminates his or her employment for Good Reason, provided that such termination in accordance with this paragraph 8(c) occurs during the period commencing on the 180th day immediately preceding a Change in Control date and ending on the two-year anniversary of such Change in Control date.

- (d) Competitive Activity. The term "Competitive Activity" means the Participant's: (i) engagement in an activity – whether as an employee, consultant, principal, member, agent, officer, director, partner or shareholder (except as a less than 1% shareholder of a publicly traded company) – that is competitive with any business of the Company or any Subsidiary conducted by the Company or such Subsidiary during the Participant's employment with the Company or the two-year period following the Date of Termination; (ii) solicitation of any client and/or customer of the Company or any affiliate with respect to an activity prohibited by subparagraph (d)(i); (iii) solicitation or employment of any employee of the Company or any affiliate for the purpose of causing such employee to terminate his or her employment with the Company or such affiliate; or (iv) failure to keep confidential all Company trade secrets, proprietary and confidential information.
 - (e) Date of Termination. A Participant's "Date of Termination" means, with respect to an employee, the date on which the Participant's employment with the Company and Subsidiaries terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant's transfer of employment between the Company and a Subsidiary or between two Subsidiaries; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant's cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Subsidiary, nor by reason of a Participant's termination of employment with the Company or a Subsidiary if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer.
 - (f) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Subsidiary.
 - (g) Forfeiture Payment. The term "Forfeiture Payment" means the amount of any gain on any Options exercised by the Participant during the Restrictive Covenant Period pursuant to this Agreement equal to the amount included in the Participant's income for such exercise.
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- (h) Good Reason. The term “Good Reason” shall mean – unless otherwise defined in an employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following within the sixty-day period preceding a Date of Termination without the Participant’s prior written consent:
- (i) a material adverse diminution of the Participant’s titles, authority, duties or responsibilities, or the assignment to the Participant of titles, authority, duties or responsibilities that are materially inconsistent with his or her titles, authority, duties and/or responsibilities in a manner materially adverse to the Participant; or
 - (ii) a reduction in the Participant’s base salary or annual bonus opportunity (other than any reduction applicable to all similarly situated Executives generally); or
 - (iii) a failure of the Company to obtain the assumption in writing of its obligations under the Plan by any successor to all or substantially all of the assets of the Company within 45 days after a merger, consolidation, sale or similar transaction that qualifies as a Change in Control.
- (i) Long-Term Disability. A Participant shall be considered to have a “Long-Term Disability” if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Related Company; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Related Company, then the Participant shall be considered to have a “Long-Term Disability” if the Committee determines, under standards comparable to those of the Company’s long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
- (j) Qualifying Termination. The term “Qualifying Termination” means the Participant’s Date of Termination that occurs because the Company and/or any of the Related Companies terminates the Participant’s employment with the Company and/or the Related Companies without Cause. For the avoidance of doubt, the termination of the Participant’s employment due to death or Long-Term Disability, or a voluntary termination of the Participant’s employment by the Participant for any reason (including Good Reason or Retirement) shall not constitute a Qualifying Termination for the purposes of this Agreement.
- (k) Restrictive Covenant Period. The term “Restrictive Covenant Period” means the twenty-four month period following a Date of Termination due to a Qualifying Termination or a Retirement.
- (l) Retirement. The term “Retirement” means an employee who’s Date of Termination occurs after satisfying all of the following: (i) the employee has provided at least ten years of service with the Company or a Related Company; (ii) the employee has attained at least age 62; (iii) the employee terminates employment in good standing with the
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Company or a Related Company; and (iv) the employee executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. However, with respect to exercising vested options pursuant to 4(c), above, "Retirement" shall mean the occurrence of a Participant's Date of Termination with the consent of the Participant's employer after the Participant is eligible for early retirement or normal retirement under a retirement plan maintained by the Company or the Subsidiaries.

- (m) Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Option Terms.

9. Heirs and Successors. The Option Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any rights exercisable by the Participant or benefits deliverable to the Participant under these Option Terms have not been exercised or delivered, respectively, at the time of the Participant's death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Option Terms and the Plan. The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary's exercise of all rights under these Option Terms or before the complete distribution of benefits to the Designated Beneficiary under these Option Terms, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

10. Administration. The authority to manage and control the operation and administration of these Option Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Option Terms as it has with respect to the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement is final and binding on all persons.

11. Plan and Corporate Records Govern. Notwithstanding anything in these Option Terms to the contrary, these Option Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Option Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in the Option Terms to the contrary, in the event of any discrepancies between the

corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

12. Clawback Policy. Notwithstanding anything in these Option Terms to the contrary, in consideration for the receipt of this Option, the Participant agrees and acknowledges that the Participant's rights with respect to this Option and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

13. Solicitation Activity.

- (a) In light of Participant's obligations to the Company (references in this paragraph 13 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:
- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
 - (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.
- (b) Participant hereby acknowledges that this paragraph 13 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 13 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.
- (c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 13 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 13 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.
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(d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 13.

14. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Option Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

15. Notices. Any written notices provided for in these Option Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

16. Competitive Activity.

(a) The Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Incentive Stock Option Award at any time if the Participant engages in any "Competitive Activity".

(b) Immediately prior to the exercise of the Participant's Options, the Participant shall certify, to the extent required by the Committee, in a manner acceptable to the Committee, that the Participant is not engaging and has not engaged in any Competitive Activity. In the event a Participant has engaged in any Competitive Activity during the Restrictive Covenant Period, then the Participant shall be required to pay the Forfeiture Payment to the Company, in such manner and on such terms and conditions as may be required by the Committee, and the Company shall be entitled to set-off such amounts against any amount owed to the Participant by the Company and/or Subsidiary. In the event a Participant has engaged in any Competitive Activity during the Restrictive Covenant Period, Participant shall immediately forfeit any unvested or unexercised Options.

17. Fractional Shares. In lieu of issuing a fraction of a share upon any exercise of the Option, resulting from an adjustment of the Option pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

18. No Rights As Shareholder. The Participant shall not have any rights of a shareholder with respect to the shares subject to the Option, until a stock certificate has been duly issued following exercise of the Option as provided herein. The Participant is not entitled to any dividend equivalents (current or deferred) with respect to the Option.

19. Amendment. The Option Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:
Its:

**Non-Qualified Stock Option Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted an Option by Chubb Limited (the “Company”) under the Chubb Limited 2016 Long-Term Incentive Plan (the “Plan”). The Option shall be subject to the following Non-Qualified Stock Option Terms (sometimes referred to as the “Option Terms”):

1. Terms of Award. The following words and phrases used in these Option Terms shall have the meanings set forth in this paragraph 1:
- (a) The “Participant” is the individual recipient of the Non-Qualified Stock Option Award on the specified Grant Date.
 - (b) The “Grant Date” is **[Insert Date]** .
 - (c) The number of “Covered Shares” shall be that number of shares of Stock awarded to the Participant on the Grant Date as reflected in the corporate records and shown in the Record-Keeping System in the Participant’s individual account records.
 - (d) The “Exercise Price” is \$ **[Insert Price]** per share.

Other words and phrases used in these Option Terms are defined pursuant to paragraph 8 or elsewhere in these Option Terms.

2. Non-Qualified Stock Option. The Option is not intended to constitute an “incentive stock option” as that term is used in Code section 422.

3. Date of Exercise . Subject to the limitations of these Option Terms, each Installment of Covered Shares of the Option shall be exercisable on and after the Vesting Date for such Installment as described in the following schedule (but only if the Date of Termination has not occurred before the Vesting Date):

<u>INSTALLMENT</u>	<u>VESTING DATE APPLICABLE TO INSTALLMENT</u>
1/3 of Covered Shares	One-year anniversary of the Grant Date
1/3 of Covered Shares	Two-year anniversary of the Grant Date
1/3 of Covered Shares	Three-year anniversary of the Grant Date

Notwithstanding the foregoing provisions of this paragraph 3, the Option shall become fully vested and exercisable as follows, with the exception of paragraph (c) or (d):

- (a) The Option shall become fully exercisable upon the Date of Termination, if the Date of Termination occurs by reason of the Participant’s death or Long-Term Disability.
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- (b) If the Participant's Date of Termination is a Change in Control Date of Termination, then, for Installments, if any, as to which the Restricted Period has not ended prior to the Participant's Date of Termination, the Restricted Period will end and such Installments will become exercisable on the Change in Control Date of Termination; provided that if the Participant's Change in Control Date of Termination occurs within the 180-day period immediately preceding the date of a Change in Control, then all unvested Installments held by the Participant on the Date of Termination will become exercisable on the date of the Change in Control. If the originally scheduled expiration date for the Option occurs before the date of the Change in Control, then the Option will not become exercisable under this paragraph (b).
- (c) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Retirement, vesting shall continue pursuant to the foregoing schedule following the Date of Termination. Following the Date of Termination the Restricted Period shall end in accordance with the above schedule.
- (d) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Qualifying Termination, vesting shall continue pursuant to the vesting schedule in this paragraph 3 following the Date of Termination as though the Participant continued to be employed through the two-year anniversary of the Participant's Date of Termination, subject to the Participant not engaging in any Competitive Activity during such two-year period and subject to the Participant signing and not revoking a general release and waiver of all claims against the Company and such release becomes effective no later than the sixty-day anniversary of the Date of Termination. If such release is not effective within such sixty-day period or in the event that the Participant engages in a Competitive Activity prior to the last day of the Restricted Period for any Installment, the Participant shall immediately forfeit any unvested Installments.

Except as specified in paragraphs (b), (c) and (d), the Option may be exercised on or after the Date of Termination only as to that portion of the Covered Shares for which it was exercisable (or became exercisable) immediately prior to the Date of Termination.

4. Expiration. The Option shall not be exercisable after the Company's close of business on the last business day that occurs prior to the Expiration Date. The "Expiration Date" shall be the earliest to occur of:

- (a) the ten-year anniversary of the Grant Date;
 - (b) if the Participant's Date of Termination occurs by reason of death or Long-Term Disability, the one-year anniversary of such Date of Termination;
 - (c) if the Participant's Date of Termination occurs by reason of Retirement, the ten-year anniversary of the Grant Date [, **or if earlier, the date of the Participant's death**] ;
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- (d) if the Participant's Date of Termination occurs by reason of the Participant's Qualifying Termination or the Participant's Change in Control Date of Termination, the three-year anniversary of the Participant's Date of Termination; or
- (e) if the Participant's Date of Termination occurs for any reason other than those listed in subparagraph (b), (c) or (d) of this paragraph 4, then subject to paragraph 3(b), the three-month anniversary of such Date of Termination.

5. Method of Option Exercise. Subject to these Option Terms and the Plan, the Option may be exercised in whole or in part by filing a written notice (or by such other method as may be provided by the Committee, including but not limited to processes provided in electronic record-keeping systems utilized for management of the Plan) with the Secretary of the Company at its corporate headquarters prior to the Company's close of business on the last business day that occurs prior to the Expiration Date. Such notice shall specify the number of shares of Stock which the Participant elects to purchase, and shall be accompanied by payment of the Exercise Price for such shares of Stock indicated by the Participant's election. Payment shall be by cash or by check payable to the Company. Except as otherwise provided by the Committee before the Option is exercised: (i) all or a portion of the Exercise Price may be paid by the Participant by delivery of shares of Stock (including shares of Stock that would otherwise be distributable upon the exercise of the Option) owned by the Participant and acceptable to the Committee having an aggregate Fair Market Value (valued as of the date of exercise) that is equal to the amount of cash that would otherwise be required; and (ii) the Participant may pay the Exercise Price by authorizing a third party to sell shares of Stock (or a sufficient portion of the shares) acquired upon exercise of the Option and remit to the Company a sufficient portion of the sale proceeds to pay the entire Exercise Price and any tax withholding resulting from such exercise. The Option shall not be exercisable if and to the extent the Company determines that such exercise would violate applicable state or Federal securities laws or the rules and regulations of any securities exchange on which the Stock is traded. If the Company makes such a determination, it shall use all reasonable efforts to obtain compliance with such laws, rules and regulations. In making any determination hereunder, the Company may rely on the opinion of counsel for the Company.

6. Withholding. All deliveries and distributions under these Option Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

7. Transferability. Except as otherwise provided by the Committee, the Option is not transferable other than as designated by the Participant by will or by the laws of descent and distribution, and during the Participant's life, may be exercised only by the Participant.

8. Definitions. For purposes of these Option Terms, words and phrases shall be defined as follows:

- (a) Cause. The term “Cause” shall mean – unless otherwise defined in an employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following:
- (i) a conviction of the Participant with respect to a (x) felony or (y) a misdemeanor involving moral turpitude; or
 - (ii) willful misconduct or gross negligence by the Participant resulting, in either case, in harm to the Company or any Subsidiary; or
 - (iii) failure by the Participant to carry out the lawful and reasonable directions of the Board or the Participant’s immediate supervisor, as the case may be; or
 - (iv) refusal to cooperate or non-cooperation by the Participant with any governmental regulatory authority; or
 - (v) fraud, embezzlement, theft or dishonesty by the Participant against the Company or any Subsidiary or a material violation by the Participant of a policy or procedure of the Company, resulting, in any case, in harm to the Company or any Subsidiary.
- (b) Change in Control. The term “Change in Control” shall be defined as set forth in the Plan.
- (c) Change in Control Date of Termination. The term “Change in Control Date of Termination” means the Participant’s Date of Termination occurs because the Company and/or any of the Related Companies terminates the Participant’s employment with the Company and/or the Related Companies without Cause (other than due to death, a Long-Term Disability or a Retirement) or because the Participant terminates his or her employment for Good Reason, provided that such termination in accordance with this paragraph 8(c) occurs during the period commencing on the 180th day immediately preceding a Change in Control date and ending on the two-year anniversary of such Change in Control date.
- (d) Competitive Activity. The term “Competitive Activity” means the Participant’s: (i) engagement in an activity – whether as an employee, consultant, principal, member, agent, officer, director, partner or shareholder (except as a less than 1% shareholder of a publicly traded company) – that is competitive with any business of the Company or any Subsidiary conducted by the Company or such Subsidiary during the Participant’s employment with the Company or the two-year period following the Date of Termination; (ii) solicitation of any client and/or customer of the Company or any affiliate with respect to an activity prohibited by subparagraph (d)(i); (iii) solicitation or employment of any employee of the Company or any affiliate for the purpose of causing such employee to terminate his or her employment with the Company or such affiliate; or
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- (iv) failure to keep confidential all Company trade secrets, proprietary and confidential information.
- (e) Date of Termination. A Participant's "Date of Termination" means, with respect to an employee, the date on which the Participant's employment with the Company and Subsidiaries terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant's transfer of employment between the Company and a Subsidiary or between two Subsidiaries; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant's cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Subsidiary, nor by reason of a Participant's termination of employment with the Company or a Subsidiary if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer.
- (f) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Subsidiary.
- (g) Forfeiture Payment. The term "Forfeiture Payment" means the amount of any gain on any Options exercised by the Participant during the Restrictive Covenant Period pursuant to this Agreement equal to the amount included in the Participant's income for such exercise.
- (h) Good Reason. The term "Good Reason" shall mean – unless otherwise defined in an employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following within the sixty-day period preceding a Date of Termination without the Participant's prior written consent:
- (i) a material adverse diminution of the Participant's titles, authority, duties or responsibilities, or the assignment to the Participant of titles, authority, duties or responsibilities that are materially inconsistent with his or her titles, authority, duties and/or responsibilities in a manner materially adverse to the Participant; or
 - (ii) a reduction in the Participant's base salary or annual bonus opportunity (other than any reduction applicable to all similarly situated Executives generally); or
 - (iii) a failure of the Company to obtain the assumption in writing of its obligations under the Plan by any successor to all or substantially all of the assets of the Company within 45 days after a merger, consolidation, sale or similar transaction that qualifies as a Change in Control.
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- (i) Long-Term Disability. A Participant shall be considered to have a “Long-Term Disability” if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Related Company; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Related Company, then the Participant shall be considered to have a “Long-Term Disability” if the Committee determines, under standards comparable to those of the Company’s long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
- (j) Qualifying Termination. The term “Qualifying Termination” means the Participant’s Date of Termination that occurs because the Company and/or any of the Related Companies terminates the Participant’s employment with the Company and/or the Related Companies without Cause. For the avoidance of doubt, the termination of the Participant’s employment due to death or Long-Term Disability, or a voluntary termination of the Participant’s employment by the Participant for any reason (including Good Reason or Retirement) shall not constitute a Qualifying Termination for the purposes of this Agreement.
- (k) Restrictive Covenant Period. The term “Restrictive Covenant Period” means the twenty-four month period following a Date of Termination due to a Qualifying Termination or a Retirement.
- (l) Retirement. The term “Retirement” means an employee who’s Date of Termination occurs after satisfying all of the following: (i) the employee has provided at least ten years of service with the Company or a Related Company; (ii) the employee has attained at least age 62; (iii) the employee terminates employment in good standing with the Company or a Related Company; and (iv) the employee executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. However, with respect to exercising vested options pursuant to 4(c), above, “Retirement” shall mean the occurrence of a Participant’s Date of Termination with the consent of the Participant’s employer after the Participant is eligible for early retirement or normal retirement under a retirement plan maintained by the Company or the Subsidiaries.
- (m) Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Option Terms.

9. Heirs and Successors. The Option Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company’s assets and business. If any rights exercisable by the Participant or benefits deliverable to the Participant under these Option Terms have not been exercised or delivered, respectively, at the time of the Participant’s death, such rights shall be exercisable by the Designated Beneficiary, and such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Option Terms and the Plan. The “Designated

Beneficiary” shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be exercised by or distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the Designated Beneficiary’s exercise of all rights under these Option Terms or before the complete distribution of benefits to the Designated Beneficiary under these Option Terms, then any rights that would have been exercisable by the Designated Beneficiary shall be exercised by the legal representative of the estate of the Designated Beneficiary, and any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

10. Administration. The authority to manage and control the operation and administration of these Option Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Option Terms as it has with respect to the Plan. Any interpretation of the Agreement by the Committee and any decision made by it with respect to the Agreement is final and binding on all persons.

11. Plan Governs. Notwithstanding anything in these Option Terms to the contrary, these Option Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Option Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in the Option Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

12. Clawback Policy. Notwithstanding anything in these Option Terms to the contrary, in consideration for the receipt of this Option, the Participant agrees and acknowledges that the Participant’s rights with respect to this Option and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

13. Solicitation Activity.

(a) In light of Participant’s obligations to the Company (references in this paragraph 13 to the “Company” include the Company’s Subsidiaries) and exposure in the course of Participant’s duties to confidential information and customers of the Company, during the term of Participant’s employment and for one year following Participant’s Date of Termination (the “Non-Solicit Period”), Participant will not directly or indirectly:

(i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly

managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;

(ii) solicit or hire any employee of the Company to work for any other individual or entity; or

(iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.

(b) Participant hereby acknowledges that this paragraph 13 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 13 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 13 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 13 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.

(d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 13.

14. Not An Employment Contract. The Option will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Option Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

15. Notices. Any written notices provided for in these Option Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

16. Competitive Activity.

(a) The Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Non-Qualified Stock Option Award at any time if the Participant engages in any "Competitive Activity".

(b) Immediately prior to the exercise of the Participant's Options, the Participant shall certify, to the extent required by the Committee, in a manner acceptable to the Committee, that the Participant is not engaging and has not engaged in any Competitive Activity. In the event a Participant has engaged in any Competitive Activity during the Restrictive Covenant Period, then the Participant shall be required to pay the Forfeiture Payment to the Company, in such manner and on such terms and conditions as may be required by the Committee, and the Company shall be entitled to set-off such amounts against any amount owed to the Participant by the Company and/or Subsidiary. In the event a Participant has engaged in any Competitive Activity during the Restrictive Covenant Period, Participant shall immediately forfeit any unvested or unexercised Options.

17. Fractional Shares. In lieu of issuing a fraction of a share upon any exercise of the Option, resulting from an adjustment of the Option pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

18. No Rights As Shareholder. The Participant shall not have any rights of a shareholder with respect to the shares subject to the Option, until a stock certificate has been duly issued following exercise of the Option as provided herein. The Participant is not entitled to any dividend equivalents (current or deferred) with respect to the Option.

19. Amendment. The Option Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:

Its:

**Restricted Stock Award Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan**

The Participant has been granted a Restricted Stock Award by Chubb Limited (the “Company”) under the Chubb Limited 2016 Long-Term Incentive Plan (the “Plan”). The Restricted Stock Award shall be subject to the following Restricted Stock Award Terms:

1. Terms of Award. The following words and phrases used in these Restricted Stock Award Terms shall have the meanings set forth in this paragraph 1:

- (a) The “Participant” is the individual recipient of the Restricted Stock Award on the specified Grant Date.
- (b) The “Grant Date” is (**Insert Date**).
- (c) The number of “Covered Shares” shall be that number of shares of Stock awarded to the Participant on the Grant Date as reflected in the corporate records and shown in the Record-Keeping System in the Participant’s individual account records.

Other words and phrases used in these Restricted Stock Award Terms are defined pursuant to paragraph 9 or elsewhere in these Restricted Stock Award Terms.

2. Restricted Period. Subject to the limitations of these Restricted Stock Award Terms, the “Restricted Period” for each Installment of Covered Shares of the Restricted Stock Award shall begin on the Grant Date and end as described in the following schedule (but only if the Date of Termination has not occurred before the end of the Restricted Period):

<u>INSTALLMENT</u>	<u>RESTRICTED PERIOD WILL END ON :</u>
1/4 of Covered Shares	One-year anniversary of the Grant Date
1/4 of Covered Shares	Two-year anniversary of the Grant Date
1/4 of Covered Shares	Three-year anniversary of the Grant Date
1/4 of Covered Shares	Four-year anniversary of the Grant Date

The Restricted Period shall end prior to the date specified in the foregoing schedule to the extent set forth below:

- (a) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Installments shall end upon the Participant’s Date of Termination, if the Date of Termination occurs by reason of the Participant’s death.
 - (b) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Installments shall end upon the Participant’s
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Date of Termination, if the Date of Termination occurs by reason of the Participant's Long-Term Disability.

- (c) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Qualifying Termination, vesting shall continue pursuant to the Vesting Schedule following the Date of Termination as though the Participant continued to be employed through the two-year anniversary of the Participant's Date of Termination, subject to the Participant not engaging in any Competitive Activity during such two-year period and subject to the Participant signing and not revoking a general release and waiver of all claims against the Company and such release becoming effective no later than the sixty-day anniversary of the Date of Termination. If such release is not effective within such sixty-day period or in the event that the Participant engages in a Competitive Activity prior to the last day of the Restricted Period for any Installment, the Participant shall immediately forfeit any unvested Installments.
- (d) If the Participant's Date of Termination is a Change in Control Date of Termination, then, for Installments, if any, as to which the Restricted Period has not ended prior to the Participant's Date of Termination, the Restricted Period will end on the Change in Control Date of Termination; provided that if the Participant's Change in Control Date of Termination occurs within the 180-day period immediately preceding the date of a Change in Control, then the Restricted Period for all unvested Installments held by the Participant on the Date of Termination will end, and those Installments will vest on the date of a Change in Control.

3. Transfer and Forfeiture of Shares. Except as otherwise determined by the Committee in its sole discretion and subject to subparagraphs 2(c) and 2(d), the Participant shall forfeit the Installments of the Covered Shares as of the Participant's Date of Termination, if such Date of Termination occurs prior to the end of the Restricted Period which applies to those Installments. If the Participant's Date of Termination has not occurred prior to the last day of the Restricted Period with respect to any Installment of the Covered Shares, then, at the end of such Restricted Period, that Installment of Covered Shares shall be transferred to the Participant free of all restrictions.

4. Withholding. All deliveries and distributions under these Restricted Stock Award Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

5. Transferability. Except as otherwise provided by the Committee, the Restricted Stock Award may not be sold, assigned, transferred, pledged or otherwise encumbered during the Restricted Period.

6. Dividends. The Participant shall not be prevented from receiving dividends and distributions paid on the Covered Shares of Restricted Stock merely because those shares are subject to the restrictions imposed by these Restricted Stock Award Terms and the Plan; provided, however, that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to record dates for such dividends or distributions for any Covered Shares occurring on or after the date, if any, on which the Participant has forfeited those shares.

7. Voting. The Participant shall not be prevented from voting the Restricted Stock Award merely because those shares are subject to the restrictions imposed by these Restricted Stock Award Terms and the Plan; provided, however, that the Participant shall not be entitled to vote Covered Shares with respect to record dates for any Covered Shares occurring on or after the date, if any, on which the Participant has forfeited those shares.

8. Deposit of Restricted Stock Award. Each certificate issued in respect of the Covered Shares awarded under these Restricted Stock Award Terms shall be registered in the name of the Participant and shall be deposited in a bank designated by the Committee.

9. Definitions. For purposes of these Restricted Stock Award Terms, words and phrases shall be defined as follows:

- (a) Cause. The term “Cause” shall mean – unless otherwise defined in an employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following:
- (i) a conviction of the Participant with respect to a (x) felony or (y) a misdemeanor involving moral turpitude; or
 - (ii) willful misconduct or gross negligence by the Participant resulting, in either case, in harm to the Company or any Subsidiary; or
 - (iii) failure by the Participant to carry out the lawful and reasonable directions of the Board or the Participant’s immediate supervisor, as the case may be; or
 - (iv) refusal to cooperate or non-cooperation by the Participant with any governmental regulatory authority; or
 - (v) fraud, embezzlement, theft or dishonesty by the Participant against the Company or any Subsidiary or a material violation by the Participant of a policy or procedure of the Company, resulting, in any case, in harm to the Company or any Subsidiary.
- (b) Change in Control. The term “Change in Control” shall be defined as set forth in the Plan.
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- (c) Change in Control Date of Termination. The term “Change in Control Date of Termination” means the Participant’s Date of Termination that occurs because the Company and/or any of the Related Companies terminates the Participant’s employment with the Company and/or the Related Companies without Cause (other than due to death, a Long-Term Disability or a retirement) or because the Participant terminates his or her employment for Good Reason, provided that such termination in accordance with this subparagraph (9) (c) occurs during the period commencing on the 180th day immediately preceding a Change in Control date and ending on the two year anniversary of such Change in Control date.
- (d) Competitive Activity. The term “Competitive Activity” means the Participant’s: (i) engagement in an activity – whether as an employee, consultant, principal, member, agent, officer, director, partner or shareholder (except as a less than 1% shareholder of a publicly traded company) – that is competitive with any business of the Company or any Subsidiary conducted by the Company or such Subsidiary during the Participant’s employment with the Company or the two-year period following the Date of Termination; (ii) solicitation of any client and/or customer of the Company or any affiliate with respect to an activity prohibited by subparagraph (d)(i); (iii) solicitation or employment of any employee of the Company or any affiliate for the purpose of causing such employee to terminate his or her employment with the Company or such affiliate; or (iv) failure to keep confidential all Company trade secrets, proprietary and confidential information.
- (e) Date of Termination. A Participant’s “Date of Termination” means, with respect to an employee, the date on which the Participant’s employment with the Company and Related Companies terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s transfer of employment between the Company and a Related Company or between two Related Companies; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Related Company, nor by reason of a Participant’s termination of employment with the Company or a Related Company if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant’s employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Related Company approved by the Participant’s employer.
- (f) Director. The term “Director” means a member of the Board, who may or may not be an employee of the Company or a Related Company.
- (g) Forfeiture Payment. The term “Forfeiture Payment” means the pre-tax proceeds from sales or other transfers, if any, of the number of shares of Stock that became vested on the Date of Termination or during the Restrictive Covenant Period pursuant to this
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Agreement and that the Participant has sold or otherwise transferred prior to the date of repayment required pursuant to subparagraph 17(b). For purposes of this definition, pre-tax proceeds for any shares of Stock that were transferred by the Participant in a transaction other than a sale on the New York Stock Exchange means the Fair Market Value of such shares on the New York Stock Exchange as of the date of such transaction.

- (h) Forfeiture Shares. The term “Forfeiture Shares” means the number of shares of Stock that became vested on the Date of Termination or during the Restrictive Covenant Period pursuant to this Agreement and that remain held by the Participant as of the date of repayment required pursuant to subparagraph 17(b). It is the Participant’s responsibility to ensure that the shares of Stock delivered as Forfeiture Shares are the shares of Stock delivered previously pursuant to this Agreement. In the absence of Company records or written documentation from Participant’s broker demonstrating this fact, the Participant must deliver to the Company the Forfeiture Payment determined as of the date that such shares of Stock delivered pursuant to this Agreement are transferred from Participant’s stock account or otherwise become indistinguishable from other shares of Stock that the Participant may hold.
 - (a) Good Reason. The term “Good Reason” shall mean – unless otherwise defined in an in-force employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following within the 60-day period preceding a Date of Termination without the Participant’s prior written consent:
 - (i) a material adverse diminution of the Participant’s titles, authority, duties or responsibilities, or the assignment to the Participant of titles, authority, duties or responsibilities that are materially inconsistent with his or her titles, authority, duties and/or responsibilities in a manner materially adverse to the Participant; or
 - (ii) a reduction in the Participant’s base salary or annual bonus opportunity (other than any reduction applicable to all similarly situated Executives generally); or
 - (iii) a failure of the Company to obtain the assumption in writing of its obligations under the Plan by any successor to all or substantially all of the assets of the Company within 45 days after a merger, consolidation, sale or similar transaction that qualifies as a Change in Control.
 - (i) Long-Term Disability. A Participant shall be considered to have a “Long-Term Disability” if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Related Company; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Related Company, then the Participant shall be considered to have a “Long-Term Disability” if the Committee determines, under standards comparable to those of the Company’s long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
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- (j) Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Restricted Stock Award Terms.
- (k) Qualifying Termination. The term “Qualifying Termination” means the Participant’s Date of Termination that occurs because the Company and/or any of the Related Companies terminates the Participant’s employment with the Company and/or the Related Companies without Cause. For the avoidance of doubt, the termination of the Participant’s employment due to death or Long-Term Disability, or a voluntary termination of the Participant’s employment by the Participant for any reason (including Good Reason or retirement) shall not constitute a Qualifying Termination for purposes of this Agreement.
- (l) Restrictive Covenant Period. The term “Restrictive Covenant Period” means the twenty-four month period following a Date of Termination due to a Qualifying Termination.

10. Heirs and Successors. These Restricted Stock Award Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company’s assets and business. If any benefits deliverable to the Participant under these Restricted Stock Award Terms have not been delivered at the time of the Participant’s death, such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Restricted Stock Award Terms and the Plan. The “Designated Beneficiary” shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the complete distribution of benefits to the Designated Beneficiary under these Restricted Stock Award Terms, then any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

11. Administration. The authority to manage and control the operation and administration of these Restricted Stock Award Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Restricted Stock Award Terms as it has with respect to the Plan. Any interpretation of these Restricted Stock Award Terms by the Committee and any decision made by it with respect to these Restricted Stock Award Terms are final and binding on all persons.

12. Plan and Corporate Records Govern. Notwithstanding anything in these Restricted Stock Award Terms to the contrary, these Restricted Stock Award Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Restricted Stock Award Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time

to time pursuant to the Plan. Notwithstanding anything in the Restricted Stock Award Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

13. Clawback Policy. Notwithstanding anything in these Restricted Stock Award Terms to the contrary, in consideration for the receipt of this Award, the Participant agrees and acknowledges that the Participant's rights with respect to this Restricted Stock Award and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

14. Solicitation Activity.

(a) In light of Participant's obligations to the Company (references in this paragraph 14 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:

- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
- (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
- (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.

(b) Participant hereby acknowledges that this paragraph 14 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 14 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 14 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 14 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees

that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.

(d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 14.

15. Not An Employment Contract. The Restricted Stock Award will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Related Company, nor will it interfere in any way with any right the Company or any Related Company would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Restricted Stock Award Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

16. Notices. Any written notices provided for in these Restricted Stock Award Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

17. Competitive Activity.

(a) The Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Restricted Stock Award at any time if the Participant engages in any "Competitive Activity".

(b) Immediately prior to the vesting of the shares of Stock pursuant to this Agreement, the Participant shall certify, to the extent required by the Committee, in a manner acceptable to the Committee, that the Participant is not engaging and has not engaged in any Competitive Activity. In the event a Participant has engaged in any Competitive Activity during the Restrictive Covenant Period, then the Participant shall be required to transfer the Forfeiture Shares to the Company and, if applicable, pay the Forfeiture Payment to the Company, in such manner and on such terms and conditions as may be required by the Committee, and the Company shall be entitled to set-off such amounts against any amount owed to the Participant by the Company and/or Subsidiary.

18. Fractional Shares. In lieu of issuing a fraction of a share, resulting from an adjustment of the Restricted Stock Award pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

19. Amendment. These Restricted Stock Award Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:

Its:

Restricted Stock Unit Award Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan

The Participant has been granted a Restricted Stock Unit Award by Chubb Limited (the "Company") under the Chubb Limited 2016 Long-Term Incentive Plan (the "Plan"). The Restricted Stock Unit Award shall be subject to the following Restricted Stock Unit Award Terms:

1. Terms of Award. Subject to the following Restricted Stock Unit Award Terms, the Participant has been granted the right to receive shares of Stock of the Company ("Units") as of the Delivery Date. Each "Unit" represents the right to receive one share of Stock. The following words and phrases used in these Restricted Stock Unit Award Terms shall have the meanings set forth in this paragraph 1:

- (a) The "Participant" is the individual recipient of the Restricted Stock Unit Award on the specified Grant Date.
- (b) The "Grant Date" is **[Insert the date]** .
- (c) The number of "Units" shall be that number of Units awarded to the Participant on the Grant Date as reflected in the corporate records and shown in the Record-Keeping System in the Participant's individual account records.
- (d) The "Delivery Date" shall be the end of the Restricted Period with respect to the applicable Units. However, notwithstanding the preceding sentence, the following shall apply in determining the Delivery Date:
 - (i) The occurrence of a Change in Control Date of Termination shall be disregarded for purposes of determining the Delivery Date of such Installments.
 - (ii) The occurrence of a Long-Term Disability shall be disregarded for purposes of determining the Delivery Date of such Units; provided that this sentence shall not affect the vesting of the Units upon the occurrence of a Long-Term Disability in accordance with subparagraph 2(b).
- (e) Other words and phrases used in these Restricted Stock Unit Award Terms are defined pursuant to paragraph 9 or elsewhere in these Restricted Stock Unit Award Terms.

2. Restricted Period. Subject to the limitations of these Restricted Stock Unit Award Terms, the "Restricted Period" for each Installment of Units shall begin on the Grant Date and end as described in the following schedule (the "Vesting Schedule") (but only if the Date of Termination has not occurred before end of the Restricted Period):

VESTING SCHEDULE	
INSTALLMENT	RESTRICTED PERIOD WILL END ON:
¼ of Restricted Stock Units	One year anniversary of the Grant Date
¼ of Restricted Stock Units	Two year anniversary of the Grant Date
¼ of Restricted Stock Units	Three year anniversary of the Grant Date
¼ of Restricted Stock Units	Four year anniversary of the Grant Date

The Restricted Period shall end prior to the date specified in the foregoing Vesting Schedule to the extent set forth below, with the exception of subparagraphs (c) and (e):

(a) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Installments shall end upon the Participant's Date of Termination, if the Date of Termination occurs by reason of the Participant's death.

(b) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Installments shall end upon the Participant's Date of Termination, if the Date of Termination occurs by reason of the Participant's Long-Term Disability.

(c) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Qualifying Termination, vesting shall continue pursuant to the Vesting Schedule following the Date of Termination as though the Participant continued to be employed through the two-year anniversary of the Participant's Date of Termination, subject to the Participant not engaging in any Competitive Activity during such two-year period and subject to the Participant signing and not revoking a general release and waiver of all claims against the Company and such release becomes effective no later than the sixty-day anniversary of the Date of Termination. If such release is not effective within such sixty-day period or in the event that the Participant engages in a Competitive Activity prior to the last day of the Restricted Period for any Installment, the Participant shall immediately forfeit any unvested Installments.

(d) If the Participant's Date of Termination is a Change in Control Date of Termination, then, for any Installments as to which the Restricted Period has not ended prior to the Participant's Date of Termination, the Restricted Period for such Installments will end on the Change in Control Date of Termination; provided that if the Participant's Change in Control Date of Termination occurs within the 180-day period immediately preceding the date of a Change in Control, then the Restricted Period for all unvested

Installments held by the Participant on the Date of Termination will end, and those Installments will vest on the date of a Change in Control.

(e) For Installments as to which the Restricted Period has not ended prior to the Date of Termination, if the Date of Termination occurs by reason of the Participant's Retirement, vesting shall continue pursuant to the Vesting Schedule following the Date of Termination as though the Participant continued to be employed through the end of the longest Restricted Period. Following the Date of Termination by reason of Retirement, the end of the Restricted Period for any Installment shall be determined in accordance with the Vesting Schedule.

3. Transfer and Forfeiture of Shares. Except as otherwise determined by the Committee in its sole discretion, and subject to subparagraphs 2(c), 2(d) and 2(e), the Participant shall forfeit the Units as of the Participant's Date of Termination, if such Date of Termination occurs prior to the end of the Restricted Period which applies to those Installments. If the Participant's Date of Termination has not occurred prior to the last day of the Restricted Period with respect to any Installment of the Units, then that Installment of Units shall be delivered to the Participant in the form of Stock free of all restrictions at or within sixty days after the Delivery Date; provided, however, if such delivery is contingent on the Participant's execution of a release in accordance with subparagraphs 2(c) or 9(n) and the applicable sixty-day period begins in one taxable year and ends in a second taxable year, that Installment of Units shall be delivered in the second taxable year. After delivery of a share of Stock for a Unit, the Unit shall have no further force or effect. Notwithstanding anything to the contrary in any agreement between the Participant and the Company or a Subsidiary, the Participant acknowledges and agrees that the Installments of Units shall vest (and the Restricted Period shall end) only as provided by, and subject to the terms of, this Restricted Stock Unit Award.

4. Withholding. All deliveries and distributions under these Restricted Stock Unit Award Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan. Notwithstanding the foregoing, the Committee has the authority to make the necessary elections to ensure appropriate taxes are withheld.

5. Transferability. Except as otherwise provided by the Committee, the Restricted Stock Unit Award may not be sold, assigned, transferred, pledged or otherwise encumbered during the Restricted Period.

6. Dividends. The Participant shall be permitted to receive cash payments equal to the dividends and distributions paid on shares of Stock to the same extent as if each Unit was a share of Stock, and those shares were not subject to the restrictions imposed by these Restricted Stock Unit Award Terms and the Plan; provided, however, that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to record dates for such dividends or distributions occurring on or after the date, if any, on which the Participant has received a share of Stock in exchange for a Unit or has forfeited the Units. Dividend payments made under

this paragraph 6 with respect to any record date will be paid as soon as practicable after dividends with respect to that record date are paid on outstanding shares but in all events within the calendar year in which such dividends are paid to the holders of Stock.

7. Voting. The Participant shall not be a shareholder of record with respect to the Units and shall have no voting rights with respect to the Units during the Restricted Period.

8. Participant's Rights to Shares. Prior to the delivery of shares of Stock which are to be delivered pursuant to these Restricted Stock Unit Award Terms, (a) the Participant shall not be treated as owner of the shares, shall not have any rights as a shareholder as to those shares, and shall have only a contractual right to receive them, unsecured by any assets of the Company or its subsidiaries; and (b) the Participant's right to receive such shares will be subject to the adjustment provisions relating to mergers, reorganizations, and similar events set forth in the Plan.

9. Definitions. For purposes of these Restricted Stock Unit Award Terms, words and phrases shall be defined as follows:

(a) Cause. The term "Cause" shall mean – unless otherwise defined in an employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following:

- (i) a conviction of the Participant with respect to a (x) felony or (y) a misdemeanor involving moral turpitude; or
- (ii) willful misconduct or gross negligence by the Participant resulting, in either case, in harm to the Company or any Subsidiary; or
- (iii) failure by the Participant to carry out the lawful and reasonable directions of the Board or the Participant's immediate supervisor, as the case may be; or
- (iv) refusal to cooperate or non-cooperation by the Participant with any governmental regulatory authority; or
- (v) fraud, embezzlement, theft or dishonesty by the Participant against the Company or any Subsidiary or a material violation by the Participant of a policy or procedure of the Company, resulting, in any case, in harm to the Company or any Subsidiary.

(b) Change in Control. The term "Change in Control" shall be defined as set forth in the Plan.

(c) Change in Control Date Termination. The term "Change in Control Date of Termination" means the Participant's Date of Termination that occurs because the Company and/or any of the Related Companies terminates the Participant's employment with the Company and/or the Related Companies without Cause (other than due to death, a Long-Term Disability or a Retirement) or because the Participant terminates his or her

employment for Good Reason, provided that such termination in accordance with this paragraph 9(c) occurs during the period commencing on the 180th day immediately preceding a Change in Control date and ending on the two year anniversary of such Change in Control date.

(d) Competitive Activity. The term "Competitive Activity" means the Participant's: (i) engagement in an activity – whether as an employee, consultant, principal, member, agent, officer, director, partner or shareholder (except as a less than 1% shareholder of a publicly traded company) – that is competitive with any business of the Company or any Subsidiary conducted by the Company or such Subsidiary during the Participant's employment with the Company or the two-year period following the Date of Termination; (ii) solicitation of any client and/or customer of the Company or any affiliate with respect to an activity prohibited by subparagraph (d)(i); (iii) solicitation or employment of any employee of the Company or any affiliate for the purpose of causing such employee to terminate his or her employment with the Company or such affiliate; or (iv) failure to keep confidential all Company trade secrets, proprietary and confidential information.

(e) Date of Termination. A Participant's "Date of Termination" means, with respect to an employee, the date on which the Participant's employment with the Company and Related Companies terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant's transfer of employment between the Company and a Related Company or between two Related Companies; further provided that a Date of Termination shall not be deemed to occur by reason of a Participant's cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Related Company, nor by reason of a Participant's termination of employment with the Company or a Related Company if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Related Company approved by the Participant's employer.

(f) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Related Company.

(g) Forfeiture Payment. The term "Forfeiture Payment" means the pre-tax proceeds from sales or other transfers, if any, of the number of shares of Stock that were delivered to the Participant during the Restrictive Covenant Period pursuant to this Agreement and that the Participant has sold or otherwise transferred prior to the date of repayment required pursuant to subparagraph 19(b). For purposes of this definition, pre-tax proceeds for any shares of Stock that were transferred by the Participant in a transaction other than a sale on the New York Stock Exchange means the Fair Market Value of such shares on the New York Stock Exchange as of the date of such transaction.

(h) Forfeiture Shares. The term “Forfeiture Shares” means the number of shares of Stock that were delivered to the Participant during the Restrictive Covenant Period pursuant to this Agreement and that remain held by the Participant as of the date of repayment required pursuant to subparagraph 19(b). It is the Participant’s responsibility to ensure that the shares of Stock delivered as Forfeiture Shares are the shares of Stock delivered previously pursuant to this Agreement. In the absence of Company records or written documentation from Participant’s broker demonstrating this fact, the Participant must deliver to the Company the Forfeiture Payment determined as of the date that such shares of Stock delivered pursuant to this Agreement are transferred from Participant’s stock account or otherwise become indistinguishable from other shares of Stock that the Participant may hold.

(i) Good Reason. The term “Good Reason” shall mean – unless otherwise defined in an in-force employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following within the 60-day period preceding a Date of Termination without the Participant’s prior written consent:

(i) a material adverse diminution of the Participant’s titles, authority, duties or responsibilities, or the assignment to the Participant of titles, authority, duties or responsibilities that are materially inconsistent with his or her titles, authority, duties and/or responsibilities in a manner materially adverse to the Participant; or

(ii) a reduction in the Participant’s base salary or annual bonus opportunity (other than any reduction applicable to all similarly situated Executives generally); or

(iii) a failure of the Company to obtain the assumption in writing of its obligations under the Plan by any successor to all or substantially all of the assets of the Company within 45 days after a merger, consolidation, sale or similar transaction that qualifies as a Change in Control.

(j) Long-Term Disability. A Participant shall be considered to have a “Long-Term Disability” if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Related Company; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Related Company, then the Participant shall be considered to have a “Long-Term Disability” if the Committee determines, under standards comparable to those of the Company’s long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.

(k) Qualifying Termination. The term “Qualifying Termination” means the Participant’s Date of Termination that occurs because the Company and/or any of the Related Companies terminates the Participant’s employment with the Company and/or the Related Companies without Cause. For the avoidance of doubt, the termination of the Participant’s employment due to death or Long-Term Disability, or a voluntary

termination of the Participant's employment by the Participant for any reason (including Good Reason or Retirement) shall not constitute a Qualifying Termination for purposes of this Agreement.

(l) Record-Keeping System. The term "Record-Keeping System" means the record-keeping system developed and maintained by third parties contracted by the Company to keep records and facilitate Participant interfaces with respect to the Plan and awards granted thereunder.

(m) Restrictive Covenant Period. The term "Restrictive Covenant Period" means the twenty-four month period following a Date of Termination due to a Qualifying Termination or a Retirement.

(n) Retirement. The term "Retirement" means the Participant's Date of Termination that occurs on or after the Participant has both completed at least ten years of service with the Company or a Related Company and attained at least age 62; provided, however, that a Date of Termination will not be treated as a Retirement unless the Participant (x) has terminated employment in good standing with the Company or a Related Company, and (y) executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. A Participant shall be deemed to have executed a release as described in clause (y) above only if such release is returned by such time as is established by the Company; provided that to the extent benefits provided pursuant to the Plan would be considered to be provided under a nonqualified deferred compensation plan as that term is defined in Treas. Reg. §1.409A-1, such benefits shall be paid to the Participant only if the release is returned in time to permit the distribution of the benefits to satisfy the requirements of Code section 409A with respect to the time of payment.

10. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Restricted Stock Unit Award Terms.

11. Heirs and Successors. The Restricted Stock Unit Award Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any benefits deliverable to the Participant under these Restricted Stock Unit Award Terms have not been delivered at the time of the Participant's death, such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Restricted Stock Unit Award Terms and the Plan. The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the complete distribution

of benefits to the Designated Beneficiary under these Restricted Stock Unit Award Terms, then any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

12. Administration. The authority to manage and control the operation and administration of these Restricted Stock Unit Award Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Restricted Stock Unit Award Terms as it has with respect to the Plan. Any interpretation of these Restricted Stock Unit Award Terms by the Committee and any decision made by it with respect to these Restricted Stock Unit Award Terms are final and binding on all persons.

13. Plan and Corporate Records Govern. Notwithstanding anything in these Restricted Stock Unit Award Terms to the contrary, these Restricted Stock Unit Award Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Restricted Stock Unit Award Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in the Restricted Stock Unit Award Terms to the contrary, in the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

14. Clawback Policy. Notwithstanding anything in these Restricted Stock Unit Award Terms to the contrary, in consideration for the receipt of this Award, the Participant agrees and acknowledges that the Participant's rights with respect to this Restricted Stock Unit Award and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

15. Solicitation Activity.

(a) In light of Participant's obligations to the Company (references in this paragraph 15 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:

- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
 - (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.
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(b) Participant hereby acknowledges that this paragraph 15 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 15 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.

(c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 15 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 15 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.

(d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 15.

16. Not An Employment Contract. The Restricted Stock Unit Award will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Related Company, nor will it interfere in any way with any right the Company or any Related Company would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Restricted Stock Unit Award Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

17. Notices. Any written notices provided for in these Restricted Stock Unit Award Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

18. Fractional Shares. In lieu of issuing a fraction of a share, resulting from an adjustment of the Restricted Stock Unit Award pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

19. Competitive Activity.

(a) The Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Restricted Stock Unit Award at any time if the Participant engages in any "Competitive Activity".

(b) Immediately prior to the Delivery Date and prior to the delivery of the shares of Stock to the Participant, the Participant shall certify, to the extent required by the Committee, in a manner acceptable to the Committee, that the Participant is not engaging and has not engaged in any Competitive Activity. In the event a Participant has engaged in any Competitive Activity during the Restrictive Covenant Period, then the Participant shall be required to transfer the Forfeiture Shares to the Company and, if applicable, pay the Forfeiture Payment to the Company, in such manner and on such terms and conditions as may be required by the Committee, and the Company shall be entitled to set-off such amounts against any amount owed to the Participant by the Company and/or Subsidiary.

20. Amendment. The Restricted Stock Unit Award Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

21. 409A Compliance. These Restricted Stock Unit Award Terms are intended to be interpreted, operated, and administered in a manner so as not to subject the Participant to the assessment of additional taxes or interest under Code section 409A, and these Restricted Stock Unit Award Terms may be amended as the Company, in its sole discretion, determines is necessary and appropriate to avoid the application of any such taxes or interest.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.

CHUBB LIMITED

By:

Its:

Performance Based Restricted Stock Award Terms
under the
Chubb Limited 2016 Long-Term Incentive Plan

The Participant has been granted a Performance Based Restricted Stock Award by Chubb Limited (the “Company”) under the Chubb Limited 2016 Long-Term Incentive Plan (the “Plan”). The shares of Stock granted as Covered Performance Shares and Premium Performance Shares pursuant to this Performance Based Restricted Stock Award shall be subject to the following Performance Based Restricted Stock Award Terms:

1. Terms of Award. The following words and phrases used in these Performance Based Restricted Stock Award Terms shall have the meanings set forth in this paragraph 1:

- (a) The “Participant” is [**Insert Name**], who is the individual recipient of the Performance Based Restricted Stock Award on the specified Grant Date.
- (b) The “Grant Date” is [**Insert Date**].
- (c) The “Commencement Date” is [**January 1, 2018**].
- (d) The number of “Covered Performance Shares” is [**Insert Number**], which is 50% [**75% for Chief Executive Officer**] [**66% for Vice Chairman and COO**] of that portion of the Participant’s annual Long-Term Incentive Award which is granted in the form of restricted shares for the year in which the Grant Date occurs, as reflected in the corporate records and shown in the Record-Keeping System in the Participant’s individual account records.
- (e) The number of Premium Performance Shares is [**Insert number equal to 65% of the number of Covered Performance Shares**] .

Other words and phrases used in these Performance Based Restricted Stock Award Terms are defined pursuant to paragraph 13 or elsewhere in these Performance Based Restricted Stock Award Terms.

2. Restricted Period. Subject to the limitations of these Performance Based Restricted Stock Award Terms, the “Restricted Period” for the Covered Performance Shares of the Performance Based Restricted Stock Award shall begin on the Grant Date and end on the Vesting Date as described below (but only if the Date of Termination has not occurred before the Vesting Date):

- (a) If the Cumulative Performance of the Company during the Performance Period is 50 percent or greater than 50 percent, the Restricted Period shall end for any Covered Performance Shares on the later of the three-year anniversary of the Grant Date and the date the Committee certifies that the requisite Cumulative Performance has been achieved during the Performance Period (the date of certification is referred to as the “Certification Date” and the later of the three-year anniversary of the Grant Date and the
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Certification Date referred to as the “Vesting Date”). If the Cumulative Performance of the Company during the Performance Period is less than 50 percent, the Restricted Period shall end with respect to a number of the Covered Performance Shares determined by multiplying the total number of Covered Performance Shares by the Performance Percentage (as determined below) on the Vesting Date.

- (b) The term “Performance Percentage” shall mean the applicable Performance Percentage determined based on the achievement of the Cumulative Performance over the Performance Period by Chubb Limited:

If the Satisfaction of Chubb Limited of the Cumulative Performance during the applicable Performance Period:	The Performance Percentage will be:
Does not exceed 25%	0%
Exceeds 25%, but does not meet or exceed 50%	50%, as increased to the extent, if any, provided pursuant to the following provisions of this paragraph (b)
Meets or exceeds 50%	100%

If the performance of Chubb Limited exceeds 25 percent but does not meet or exceed 50 percent of the satisfaction of the Cumulative Performance during the applicable Performance Period, then the Performance Percentage will be a percentage between 50 percent and 100 percent, based on an interpolation of the Chubb Limited performance falling between the 25th percentile and 50th percentile of the satisfaction of the Cumulative Performance during the applicable Performance Period.

- (c) For the avoidance of doubt, the Restricted Period shall end only on or after the Committee’s certification that the Cumulative Performance for the Performance Period has been satisfied. Any Covered Performance Shares that have not vested as of the end of the Restricted Period shall be forfeited by the Participant as of the Vesting Date.

3. **Retirement** . If the Participant’s Date of Termination occurs because of Retirement, then for any Covered Performance Shares and any Premium Performance Shares as to which the Restricted Period has not otherwise ended prior to the Date of Termination, the Participant shall become vested and the Restricted Period shall end for any Covered Performance Shares if and when the terms of paragraph 2 are satisfied with respect to such Covered Performance Shares and for any Premium Performance Shares if and when the terms of paragraph 7 are satisfied with respect to such Premium Performance Shares, in each case, determined as though the Participant had remained employed and the Date of Termination had not occurred prior to the end of any applicable Restricted Period for purposes of this Agreement.

4. Death, Long-Term Disability and Change in Control. Notwithstanding the provisions of paragraph 2, the Restricted Period for Covered Performance Shares shall end prior to the date specified in the schedule set forth in paragraph 2 to the extent set forth below:

- (a) For Covered Performance Shares as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Covered Performance Shares shall end upon the Participant's Date of Termination, and the Covered Performance Shares shall fully vest upon the Date of Termination, if the Date of Termination occurs by reason of the Participant's death.
- (b) For Covered Performance Shares as to which the Restricted Period has not ended prior to the Date of Termination, the Restricted Period for such Covered Performance Shares shall end upon the Participant's Date of Termination, and the Covered Performance Shares shall fully vest upon the Date of Termination, if the Date of Termination occurs by reason of the Participant's Long-Term Disability.
- (c) If the Participant's Date of Termination is a Change in Control Date of Termination, then, for Covered Performance Shares, if any, as to which the Restricted Period has not ended prior to the Participant's Date of Termination, the Restricted Period for such Covered Performance Shares will end on the Change in Control Date of Termination and the Covered Performance Shares shall fully vest upon the Date of Termination; provided that if the Participant's Change in Control Date of Termination occurs within the 180-day period immediately preceding the date of a Change in Control, then the Restricted Period for all unvested Covered Performance Shares held by the Participant on the Date of Termination will end, and those Covered Performance Shares will vest on the date of a Change in Control.

5. Qualifying Termination. Notwithstanding the provisions of paragraph 2, for Covered Performance Shares as to which the Restricted Period has not ended prior to the Date of Termination and the Date of Termination occurs by reason of the Participant's Qualifying Termination, vesting shall continue pursuant to the schedule set forth in paragraph 2 following the Date of Termination as though the Participant continued to be employed through the two-year anniversary of the Participant's Date of Termination, subject to the Participant not engaging in any Competitive Activity during such two-year period and subject to the Participant signing and not revoking a general release and waiver of all claims against the Company and such release is effective no later than the sixty-day anniversary of the Date of Termination. If such release is not effective within such sixty-day period or in the event that the Participant engages in a Competitive Activity prior to the last day of the Restricted Period, the Participant shall immediately forfeit any unvested Covered Performance Shares.

6. Transfer and Forfeiture of Shares. The transfer and forfeiture of shares shall be subject to the following:

- (a) Except as provided in paragraphs 3, 4 and 5 above, the Participant will be vested in any Covered Performance Shares if the Date of Termination has not occurred prior to the last day of the Restricted Period with respect to those shares and the requirements of
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paragraph 2 have been satisfied. Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions.

- (b) Except as otherwise determined by the Committee and as provided in paragraphs 3, 4 and 5 above, the Participant shall forfeit any Covered Performance Shares as of the Date of Termination, if such Date of Termination occurs prior to the Vesting Date.
- (c) Notwithstanding anything to the contrary in any agreement between the Participant and the Company or a Subsidiary, the Participant acknowledges and agrees that the Covered Performance Shares and Premium Performance Shares shall vest (and the Restricted Period shall end) only as provided by, and subject to the terms of, these Performance Based Restricted Stock Award Terms.

7. Premium Performance Shares. The vesting of the Premium Performance Shares under this paragraph 7 will be based on the Cumulative Performance of Chubb Limited during the Performance Period and will be determined as follows:

- (a) The Restricted Period shall end on the Vesting Date for the number of the Premium Performance Shares determined by multiplying the number of Premium Performance Shares by the Premium Award Performance Percentage (as determined below).
- (b) The Premium Award Performance Percentage will be determined in accordance with the following schedule:

If the Cumulative Performance of Chubb Limited during the Performance Period:	The Premium Award Performance Percentage will be:
Does not meet or exceed 50%	0%
Meets or exceeds 50%, but does not exceed 75%	0%, as increased to the extent, if any, provided pursuant to the following provisions of this paragraph (b) up to 77%
Exceeds 75% and the Total Shareholder Return of Chubb Limited during the Performance Period meets or exceeds the 55 th percentile of the Total Shareholder Return of the Peer Companies.	100%

If the Cumulative Performance of Chubb Limited meets or exceeds 50 percent but does not exceed 75 percent during the Performance Period, then the Premium Award Performance Percentage will be a percentage between 0 percent and 77 percent, based on an interpolation of the Chubb Limited Cumulative Performance falling between 50 percent and 75 percent of the Cumulative Performance during the Performance Period. If the Cumulative Performance of Chubb Limited exceeds 75 percent during the Performance Period but the Total Shareholder Return of Chubb Limited during the Performance Period does not meet or exceed the 55th percentile of the Total Shareholder

Return of the Peer Companies, then the Premium Award Performance Percentage will be 77 percent.

- (c) Upon vesting at the end of such Restricted Period, those shares will be delivered to the Participant free of all restrictions. Except as provided in paragraph 3 for a Date of Termination that occurs because of Retirement, the Participant shall not be entitled to vesting of any Premium Performance Shares if the Date of Termination occurs before the Vesting Date for any reason.

8. Withholding. All deliveries and distributions and the vesting of shares of stock under these Performance Based Restricted Stock Award Terms are subject to withholding of all applicable taxes. At the election of the Participant, and subject to such rules and limitations as may be established by the Committee from time to time, such withholding obligations may be satisfied through the surrender of shares of Stock which the Participant already owns, or to which the Participant is otherwise entitled under the Plan; provided, however, that such shares may be used to satisfy not more than the Company's minimum statutory withholding obligation (based on minimum statutory withholding rates for Federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income).

9. Transferability. Except as otherwise provided by the Committee, awards under these Performance Based Restricted Stock Award Terms may not be sold, assigned, transferred, pledged or otherwise encumbered prior to vesting and delivery.

10. Dividends. Dividends paid with respect to the Covered Performance Shares and the Premium Performance Shares with respect to record dates on or after the Grant Date for such shares but prior to the end of the Restricted Period for such shares shall be accumulated and distributed to the Participant on the date that the Restricted Period ends with respect to the share pursuant to which such dividend was paid; provided, however that no dividends or distributions shall be payable to or for the benefit of the Participant with respect to any Covered Performance Shares or Premium Performance Shares which the Participant has forfeited. Notwithstanding the foregoing, if the right to the payment of dividends with respect to a Covered Performance Share or a Premium Performance Share would otherwise constitute nonqualified deferred compensation subject to Section 457A of the Internal Revenue Code ("Code Section 457A"), then, (i) any dividends accumulated in relation to Covered Performance Shares and Premium Performance Shares as of the date that the right to receive such payments is no longer treated as subject to a substantial risk of forfeiture for purposes of Code Section 457A (the "457A Vesting Date") shall be used to purchase additional Covered Performance Shares and Premium Performance Shares subject to the same vesting provisions of the original Covered Performance Shares and Premium Performance Shares to which such accumulated dividends relate and any remaining unused cash amounts that are not sufficient to purchase an additional share shall be distributed to the Participant and (ii) any dividends that are paid on or after the 457A Vesting Date but prior to the vesting of the Covered Performance Shares and Premium Performance Shares shall be used to purchase additional Covered Performance Shares and Premium Performance Shares subject to the same vesting provisions of the original Covered Performance Shares and Premium Performance Shares to which such dividends relate and any remaining

unused cash amounts that are not sufficient to purchase an additional share shall be distributed to the Participant.

11. Voting. The Participant shall not be prevented from voting the Covered Performance Shares merely because those shares are subject to the restrictions imposed by these Performance Based Restricted Stock Award Terms and the Plan; provided, however, that the Participant shall not be entitled to vote Covered Performance Shares with respect to record dates for any Covered Performance Shares occurring on or after the date, if any, on which the Participant has forfeited those shares. The Participant acknowledges and agrees that he or she shall not be entitled to vote any Premium Performance Shares if the record date for entitlement to voting occurs prior to the date on which such shares become vested pursuant to paragraph 7.

12. Deposit of Performance Based Restricted Stock Award. Each certificate issued in respect of the Covered Performance Shares and Premium Performance Shares awarded under these Performance Based Restricted Stock Award Terms shall be registered in the name of the Participant and shall be deposited in a bank designated by the Committee.

13. Definitions. For purposes of these Performance Based Restricted Stock Award Terms, words and phrases shall be defined as follows:

- (a) Cause. The term "Cause" shall mean – unless otherwise defined in an employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following:
- (i) a conviction of the Participant with respect to a (x) felony or (y) a misdemeanor involving moral turpitude; or
 - (ii) willful misconduct or gross negligence by the Participant resulting, in either case, in harm to the Company or any Subsidiary; or
 - (iii) failure by the Participant to carry out the lawful and reasonable directions of the Board or the Participant's immediate supervisor, as the case may be; or
 - (iv) refusal to cooperate or non-cooperation by the Participant with any governmental regulatory authority; or
 - (v) fraud, embezzlement, theft or dishonesty by the Participant against the Company or any Subsidiary or a material violation by the Participant of a policy or procedure of the Company, resulting, in any case, in harm to the Company or any Subsidiary.
- (b) Change in Control. The term "Change in Control" shall be defined as set forth in the Plan.
- (c) Change in Control Date Termination. The term "Change in Control Date of Termination" means the Participant's Date of Termination that occurs because the Company and/or any of the Related Companies terminates the Participant's employment with the Company and/or the Related Companies without Cause (other than due to death, a Long-Term
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Disability or a Retirement) or because the Participant terminates his or her employment for Good Reason, provided that such termination in accordance with this paragraph 13(c) occurs during the period commencing on the 180th day immediately preceding a Change in Control date and ending on the two-year anniversary of such Change in Control date.

- (d) Combined Ratio. The “Combined Ratio” for a given period is determined as the sum of the loss and loss expense ratio, the policy acquisition cost ratio and the administrative expense ratio in relation to the P& C insurance business. For Chubb the Combined Ratio is determined as the P&C combined ratio disclosed in the 10-K for such period (or the average of the disclosed combined ratios for each year if the period is longer than one year). For Peer Group Companies for purposes of this Agreement, the Combined Ratio is determined as the combined ratio publicly disclosed for such company, on a comparable basis, for such period (or the average of the disclosed combined ratios for each year if the period is longer than one year).
 - (e) Competitive Activity – The term “Competitive Activity” means the Participant’s: (i) engagement in an activity – whether as an employee, consultant, principal, member, agent, officer, director, partner or shareholder (except as a less than 1% shareholder of a publicly traded company) – that is competitive with any business of the Company or any Subsidiary conducted by the Company or such Subsidiary during the Participant’s employment with the Company or the two-year period following the Date of Termination; (ii) solicitation of any client and/or customer of the Company or any affiliate with respect to an activity prohibited by subparagraph (e)(i); (iii) solicitation or employment of any employee of the Company or any affiliate for the purpose of causing such employee to terminate his or her employment with the Company or such affiliate; or (iv) failure to keep confidential all Company trade secrets, proprietary and confidential information.
 - (f) Cumulative Performance. The term “Cumulative Performance” means, as to Chubb Limited, a percentage equal to the sum of (A) and (B) where (A) equals the First Performance Goal multiplied by seven-tenths (0.70) and where (B) equals the Second Performance Goal multiplied by three-tenths (0.30). For example, if the First Performance Goal equals eighty percent (80%) and the Second Performance goal Equals fifty percent (50%), then the Cumulative Performance would equal seventy-one percent (71%) determined as the sum of $(80\% \cdot 0.7)$ and $(50\% \cdot 0.3)$. The determination of the Cumulative Performance and its parameters is subject to rules established by the Committee within 90 days of the beginning of the Performance Period.
 - (g) Date of Termination. A Participant’s “Date of Termination” means, with respect to an employee, the date on which the Participant’s employment with the Company and the Subsidiaries terminates for any reason, and with respect to a Director, the date immediately following the last day on which the Participant serves as a Director; provided that a Date of Termination shall not be deemed to occur by reason of a Participant’s transfer of employment between the Company and a Subsidiary or between two Subsidiaries; further provided that a Date of Termination shall not be deemed to
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occur by reason of a Participant's cessation of service as a Director if immediately following such cessation of service the Participant becomes or continues to be employed by the Company or a Subsidiary, nor by reason of a Participant's termination of employment with the Company or a Subsidiary if immediately following such termination of employment the Participant becomes or continues to be a Director; and further provided that a Participant's employment shall not be considered terminated while the Participant is on a leave of absence from the Company or a Subsidiary approved by the Participant's employer.

- (h) Director. The term "Director" means a member of the Board, who may or may not be an employee of the Company or a Subsidiary.
 - (i) First Performance Goal. The term "First Performance Goal" for the Performance Period means the achievement by Chubb Limited of growth in tangible book value per common shares outstanding as reported under GAAP during the Performance Period, as compared to the growth in tangible book value per common shares outstanding as reported under GAAP during the same Performance Period by the Peer Companies expressed as a percentile rank as compared to the Peer Group. The determination of the First Performance Goal and its parameters is subject to rules established by the Committee within 90 days of the beginning of the applicable Performance Period. The Committee, in its discretion, may adjust the reported tangible book value for Chubb Limited or the Peer Companies for the Performance Period; provided, however, that no such adjustment may result in an increase in the number of Covered Performance Shares and Premium Performance Shares which are earned and vested at the end of the Performance Period over the number of Covered Performance Shares and Premium Performance Shares that would have been earned and vested had the reported tangible book value for either Chubb Limited or the Peer Companies not been adjusted.
 - (j) Forfeiture Payment. The term "Forfeiture Payment" means the pre-tax proceeds from sales or other transfers, if any, of the number of shares of Stock that became vested during the Restrictive Covenant Period pursuant to this Agreement and that the Participant has sold or otherwise transferred prior to the date of repayment required pursuant to subparagraph 23(b). For purposes of this definition, pre-tax proceeds for any shares of Stock that were transferred by the Participant in a transaction other than a sale on the New York Stock Exchange means the Fair Market Value of such shares on the New York Stock Exchange as of the date of such transaction.
 - (k) Forfeiture Shares. The term "Forfeiture Shares" means the number of shares of Stock that became vested during the Restrictive Covenant Period pursuant to this Agreement and that remain held by the Participant as of the date of repayment required pursuant to subparagraph 23(b). It is the Participant's responsibility to ensure that the shares of Stock delivered as Forfeiture Shares are the shares of Stock delivered previously pursuant to this Agreement. In the absence of Company records or written documentation from Participant's broker demonstrating this fact, the Participant must deliver to the Company the Forfeiture Payment determined as of the date that such shares of Stock delivered
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pursuant to this Agreement are transferred from Participant's stock account or otherwise become indistinguishable from other shares of Stock that the Participant may hold.

- (l) Good Reason. The term "Good Reason" shall mean – unless otherwise defined in an in-force employment agreement between the Participant and the Company or Subsidiary – the occurrence of any of the following within the 60-day period preceding a Date of Termination without the Participant's prior written consent:
- (i) a material adverse diminution of the Participant's titles, authority, duties or responsibilities, or the assignment to the Participant of titles, authority, duties or responsibilities that are materially inconsistent with his or her titles, authority, duties and/or responsibilities in a manner materially adverse to the Participant; or
 - (ii) a reduction in the Participant's base salary or annual bonus opportunity (other than any reduction applicable to all similarly situated Executives generally); or
 - (iii) a failure of the Company to obtain the assumption in writing of its obligations under the Plan by any successor to all or substantially all of the assets of the Company within 45 days after a merger, consolidation, sale or similar transaction that qualifies as a Change in Control.
- (m) Long-Term Disability. A Participant shall be considered to have a "Long-Term Disability" if the Participant is determined to be eligible for long-term disability benefits under the long-term disability plan in which the Participant participates and which is sponsored by the Company or a Subsidiary; or if the Participant does not participate in a long-term disability plan sponsored by the Company or a Subsidiary, then the Participant shall be considered to have a "Long-Term Disability" if the Committee determines, under standards comparable to those of the Company's long-term disability plan, that the Participant would be eligible for long-term disability benefits if he or she participated in such plan.
- (n) Peer Companies. The term "Peer Companies" means the companies which are in the Chubb Financial Performance Peer Group as determined by the Committee within 90 days of the beginning of the Performance Period and for which financial information is available for all year(s) in the Performance Period.
- (o) Performance Period. The term "Performance Period" shall mean the three-year period beginning on the Commencement Date and ending on the third anniversary of the Commencement Date.
- (p) Qualifying Termination. The term "Qualifying Termination" means the Participant's Date of Termination that occurs because the Company and/or any of the Related Companies terminates the Participant's employment with the Company and/or the Related Companies without Cause. For the avoidance of doubt, the termination of the Participant's employment due to death or Long-Term Disability, or a voluntary termination of the Participant's employment by the Participant for any reason (including
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Good Reason or Retirement) shall not constitute a Qualifying Termination for the purposes of this Agreement.

- (q) Restrictive Covenant Period. The term “Restrictive Covenant Period” means the twenty-four month period following a Date of Termination due to a Qualifying Termination or a Retirement.
- (r) Retirement. The term “Retirement” means the Participant’s Date of Termination that occurs on or after the Participant has both completed at least ten years of service with the Company or a Subsidiary and attained at least age 62; provided, however, that a Date of Termination will not be treated as a Retirement unless the Participant (i) has terminated employment in good standing with the Company or a Subsidiary, and (ii) executes an agreement and release as required by the Company which will include, without limitation, a general release, and non-competition and non-solicitation provisions. A Participant shall be deemed to have executed a release as described in clause (ii) above only if such release is returned by such time as is established by the Company; provided that to the extent benefits provided pursuant to the Plan would be considered to be provided under a nonqualified deferred compensation plan as that term is defined in Treas. Reg. §1.409A-1, such benefits shall be paid to the Participant only if the release is returned in time to permit the distribution of the benefits to satisfy the requirements of Section 409A of the Internal Revenue Code with respect to the time of payment.
- (s) Second Performance Goal. The term “Second Performance Goal” for the Performance Period means the achievement by Chubb Limited of its Combined Ratio during the Performance Period, as compared to the Combined Ratio reported publicly during the same Performance Period by the Peer Companies expressed as a percentile rank as compared to the Peer Group. The determination of the Second Performance Goal and its parameters is subject to rules established by the Committee within 90 days of the beginning of the applicable Performance Period. The Committee, in its discretion, may adjust the Combined Ratio for Chubb Limited or the combined ratio reported publicly for the Peer Companies for the Performance Period; provided, however, that no such adjustment may result in an increase in the number of Covered Performance Shares and Premium Performance Shares which are earned and vested at the end of the Performance Period over the number of Covered Performance Shares and Premium Performance Shares that would have been earned and vested had the Combined Ratio for either Chubb Limited or the Peer Companies not been adjusted.
- (t) Total Shareholder Return. The term “Total Shareholder Return” means the total return per share of stock to the Company’s shareholders or the shareholders of the applicable Peer Company, inclusive of dividends paid (regardless of whether paid in cash or property, which dividends shall be deemed reinvested in the stock), during the Performance Period. The value of the applicable company’s stock at the beginning and end of the Performance Period shall be established based on the average of the averages of the high and low trading prices of the applicable stock on the principal exchange on which the stock trades for the 15 trading days occurring immediately prior to the beginning or end of the
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Performance Period, as the case may be. The Committee shall make or shall cause to be made such appropriate adjustments to the calculation of total shareholder return for such entity (including adjusting the average at the beginning of the Performance Period) as shall be necessary or appropriate to avoid an artificial increase or decrease in such return as a result of a stock split (including a reverse stock split), recapitalization, or other similar event affecting the capital structure of such entity that does not involve the issuance of the entity's securities in exchange for money, property, or other consideration.

14. Plan Definitions. Except where the context clearly implies or indicates the contrary, a word, term, or phrase used in the Plan is similarly used in these Performance Based Restricted Stock Award Terms.

15. Heirs and Successors. These Performance Based Restricted Stock Terms shall be binding upon, and inure to the benefit of, the Company and its successors and assigns, and upon any person acquiring, whether by merger, consolidation, purchase of assets or otherwise, all or substantially all of the Company's assets and business. If any benefits deliverable to the Participant under these Performance Based Restricted Stock Terms have not been delivered at the time of the Participant's death, such benefits shall be delivered to the Designated Beneficiary, in accordance with the provisions of these Performance Based Restricted Stock Terms and the Plan. The "Designated Beneficiary" shall be the beneficiary or beneficiaries designated by the Participant in a writing filed with the Committee in such form and at such time as the Committee shall require. If a deceased Participant fails to designate a beneficiary, or if the Designated Beneficiary does not survive the Participant, any rights that would have been exercisable by the Participant and any benefits distributable to the Participant shall be distributed to the legal representative of the estate of the Participant. If a deceased Participant designates a beneficiary and the Designated Beneficiary survives the Participant but dies before the complete distribution of benefits to the Designated Beneficiary under these Performance Based Restricted Stock Terms, then any benefits distributable to the Designated Beneficiary shall be distributed to the legal representative of the estate of the Designated Beneficiary.

16. Administration. The authority to manage and control the operation and administration of these Performance Based Restricted Stock Award Terms shall be vested in the Committee, and the Committee shall have all powers with respect to these Performance Based Restricted Stock Award Terms as it has with respect to the Plan. Any interpretation of these Performance Based Restricted Stock Award Terms by the Committee and any decision made by it with respect to these Performance Based Restricted Stock Award Terms are final and binding on all persons.

17. Plan and Corporate Records Govern. Notwithstanding anything in these Performance Based Restricted Stock Award Terms to the contrary, these Performance Based Restricted Stock Award Terms shall be subject to the terms of the Plan, a copy of which may be obtained by the Participant from the office of the Secretary of the Company; and these Performance Based Restricted Stock Award Terms are subject to all interpretations, amendments, rules and regulations promulgated by the Committee from time to time pursuant to the Plan. Notwithstanding anything in the Performance Based Restricted Stock Terms to the contrary, in

the event of any discrepancies between the corporate records regarding this award and the Record-Keeping System, the corporate records shall control.

18. Clawback Policy. Notwithstanding anything in these Performance Based Restricted Stock Award Terms to the contrary, in consideration for the receipt of this Award, the Participant agrees and acknowledges that the Participant's rights with respect to this Performance Based Restricted Stock Award and any other award granted to the Participant shall be subject to the terms of the Chubb Limited Clawback Policy as amended from time to time.

19. Solicitation Activity.

- (a) In light of Participant's obligations to the Company (references in this paragraph 19 to the "Company" include the Company's Subsidiaries) and exposure in the course of Participant's duties to confidential information and customers of the Company, during the term of Participant's employment and for one year following Participant's Date of Termination (the "Non-Solicit Period"), Participant will not directly or indirectly:
- (i) solicit, or accept insurance or reinsurance business from, any customer, agent or broker of the Company: (x) that, within one year preceding the Date of Termination, had business communications with Participant or with any person directly or indirectly managed by Participant; or (y) about which Participant had access to confidential information within one year preceding the Date of Termination;
 - (ii) solicit or hire any employee of the Company to work for any other individual or entity; or
 - (iii) breach the terms of any confidentiality, non-solicitation or non-competition agreement between the Participant and the Company.
- (b) Participant hereby acknowledges that this paragraph 19 contains provisions that: (i) do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company; (ii) contain reasonable limitations as to time and scope of activity to be restrained; (iii) are not harmful to the general public; and (iv) are not unduly burdensome to Participant. In consideration of this Award and in light of Participant's education, skills and abilities, Participant agrees that he or she will not assert that, and it should not be considered that, any provisions of this paragraph 19 otherwise are void, voidable or unenforceable or should be voided or held unenforceable.
- (c) Participant acknowledges and agrees that any failure to comply with any of the terms of this paragraph 19 will irreparably harm the Company for which money damages will be an inadequate remedy. Participant agrees that the Company will have the right to enforce this paragraph 19 in any court of equity to obtain injunctive relief without the posting of a bond and without proof of actual damages. Participant agrees that the foregoing rights and remedies of Company shall be in addition to, and not in lieu of, any other remedies available to the Company at law or in equity.
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(d) The Non-Solicit Period will be tolled for any period during which Participant is in violation of any provision of this paragraph 19.

20. Not An Employment Contract. The Performance Based Restricted Stock Award will not confer on the Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate or modify the terms of such Participant's employment or other service at any time. These Performance Based Restricted Stock Award Terms are not intended to and do not supersede the terms of any previous agreement between the Participant and the Company or a Subsidiary.

21. Notices. Any written notices provided for in these Performance Based Restricted Stock Award Terms or the Plan shall be in writing and shall be deemed sufficiently given if either hand delivered or if sent by fax or overnight courier, or by postage paid first class mail. Notices sent by mail shall be deemed received three business days after mailing but in no event later than the date of actual receipt. Notices shall be directed, if to the Participant, at the Participant's address indicated by the Company's records, or if to the Company, at the Company's principal executive office.

22. Fractional Shares. In lieu of issuing a fraction of a share, resulting from an adjustment of the Performance Based Restricted Stock Award pursuant to paragraph 5.2(f) of the Plan or otherwise, the Company will be entitled to pay to the Participant an amount equal to the fair market value of such fractional share.

23. Competitive Activity.

(a) The Committee may cancel, rescind, suspend, withhold or otherwise limit or restrict the Performance Based Restricted Stock Award at any time if the Participant engages in any "Competitive Activity".

(b) Immediately prior to the vesting of the shares of Stock pursuant to this Agreement, the Participant shall certify, to the extent required by the Committee, in a manner acceptable to the Committee, that the Participant is not engaging and has not engaged in any Competitive Activity. In the event a Participant has engaged in any Competitive Activity during the Restrictive Covenant Period, then the Participant shall be required to transfer the Forfeiture Shares to the Company and, if applicable, pay the Forfeiture Payment to the Company, in such manner and on such terms and conditions as may be required by the Committee, and the Company shall be entitled to set-off such amounts against any amount owed to the Participant by the Company and/or Subsidiary.

24. Amendment. These Performance Based Restricted Stock Award Terms may be amended in accordance with the provisions of the Plan, and may otherwise be amended by written agreement of the Participant and the Company without the consent of any other person.

IN WITNESS WHEREOF, the Company has caused these presents to be executed in its name and on its behalf, all as of the Grant Date.
CHUBB LIMITED

By:
Its:

**CHUBB LIMITED
CLAWBACK POLICY**

The following clawback policy (the “**Policy**”) of Chubb Limited and its subsidiaries (the “**Company**”) applies to Covered Awards held by Covered Officers, as provided below. This Policy replaces the Executive Officer Recoupment Policy, which is void as of adoption of this Policy with no further action or documentation required.

1. **Purpose.** The purpose of this Policy is to promote adherence to the highest standards of integrity and professional excellence by requiring, at the discretion of the Compensation Committee of the Company’s Board of Directors (the “**Committee**”), forfeiture of unvested, unexercised or unsettled Covered Awards and recoupment of previously vested, exercised or settled Covered Awards when a Covered Officer:

- (a) Engages in fraud or other intentional misconduct that is materially related to a financial restatement by the Company; or
- (b) Engages in fraud or other intentional misconduct in connection with the Covered Officer’s scope of employment that results in material financial or reputational harm to the Company.

2. **Covered Officers.** This Policy applies to each individual who is an “officer” of the Company under Section 16 of the Securities Exchange Act of 1934 (as amended, the “**Exchange Act**”) and each other Company officer designed by the Committee (a “**Covered Officer**”). Covered Officers that cease to be employed by the Company for any reason or are no longer “officers” under Section 16 of the Exchange Act will continue to be subject to this Policy with respect to their Covered Awards; provided that the Committee may in its discretion remove an individual’s designation as a Covered Officer.

3. **Covered Awards.** This Policy applies to all “**Covered Awards**”, which is all incentive compensation (including cash bonuses and equity awards, including options, restricted stock, performance share target awards and performance share premium awards) from the Company that is (i) awarded, earned, vested or settled during or after the fiscal year in which a Clawback Event occur; or (ii) outstanding during the fiscal year in which the Clawback Event occurs. Covered Awards do not include other compensation such as base salary, elective deferrals of base salary or grants or purchases under the Company’s Employee Stock Purchase Plan. This Policy applies to a Covered Award regardless of whether it is granted before or after adoption of this Policy and regardless of whether it is granted before or after an individual becomes a Covered Officer.

4. **Clawback Event.** A “**Clawback Event**” occurs when, at any time during his or her employment by the Company (including before becoming a Covered Officer):

- (a) the Covered Officer engages in fraud or other intentional misconduct that is materially related to a restatement of the financial statements of the Company; or
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- (b) the Covered Officer engages in fraud or other intentional misconduct in connection with the Covered Officer's scope of employment that results in material financial or reputational harm to the Company.

5. Forfeiture and Recoupment. As determined by the Committee pursuant to Section 7, when a Clawback Event occurs with respect to a Covered Officer, the Covered Officer's unsettled Covered Awards will be subject to forfeiture and the Covered Officer's settled Covered Awards will be subject to recoupment.

6. Recoupment of Settled Amounts. For settled Covered Awards subject to recoupment under Section 5, the amount permitted to be recouped for such awards is equal to (i) for Covered Awards settled in cash, the amount of the cash payment made to the Covered Officer in settlement of such Covered Award; and (ii) for Covered Awards settled with shares of the Company or other equity, the fair market value of the shares or other equity distributed to the Covered Officer in settlement of such Covered Award on the date of distribution, minus any amount paid by the Covered Officer for such shares or other equity.

7. Committee Administration and Discretion.

- (a) The authority to manage the operation and administration of this Policy is vested in the Committee. This authority includes the obligation to determine whether conduct amounts to fraud or intentional misconduct, whether conduct is materially related to a financial restatement, and whether conduct results in material financial or reputational harm. The Committee may retain and rely upon the advice and determinations of legal counsel, accountants and other relevant experts to operate and administer this Policy. Any interpretation of this Policy by the Committee and any decision made by it with respect to the Policy will be final, binding and conclusive on all persons.
- (b) Enforcement of this Policy is subject to the Committee's discretion. In particular, after taking into account such considerations as it determines to be relevant, the Committee may reduce or eliminate a forfeiture or recoupment that may otherwise apply to a Covered Award, or otherwise enforce or decline to enforce (including through legal action) the provisions of this Policy.

8. Suspension of Outstanding Covered Awards.

- (a) After a determination by the Committee that a Clawback Event may have occurred, the Committee may suspend all Covered Awards the Committee determines may be forfeited under this Policy, in which case and subject to the terms of this Section, Covered Awards subject to the suspension: (i) if unvested, will not vest, and (ii) otherwise will not be distributed or permitted to be exercised. In the event the term of an option award will expire during a period of suspension, the Covered Officer will be permitted to exercise the option before it expires; however the shares resulting from that exercise will remain suspended and subject to forfeiture under the terms of this Policy.
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- (b) Following suspension of a Covered Award under item (a) above, the Committee will determine as promptly as practicable whether the suspended Covered Award is to be forfeited or whether the suspension of the Covered Award is to be ended. For Covered Awards that are ultimately not forfeited, the following provisions will apply upon the Committee's determination to lift the suspension:
- (i) Unvested awards that would not otherwise have vested during the suspension by their original terms will be thereafter subject to vesting under their original terms;
 - (ii) Unvested awards that otherwise would have vested during the suspension will vest as soon as practicable and otherwise consistent with their original terms ;
 - (iii) Cash awards such as annual bonus withheld during the suspension will be immediately payable, together with interest on the award amount determined at a rate equal to the average rate on 1 year U.S. Treasury notes for the period beginning on the day the award would have otherwise been paid and ending on the last business day before payment is made; and
 - (iv) In no event will distribution of cash or shares be made to a Covered Officer with respect to a Covered Award if, by reason of termination of employment or otherwise, the Covered Officer would have forfeited the Covered Award if the Covered Award had not been suspended.

9. Repayment Notification. The Committee shall provide written notice of its determination of amounts required to be repaid by the Covered Officer under this Policy, and the Covered Officer will have sixty days (or longer period as determined by the Committee) to repay those amounts to the Company.

10. Tax Matters.

- (a) Notwithstanding any other provision of the Policy to the contrary, distribution with respect to a Covered Award or settlement of a Covered Award will be made no later than the latest date on which such distribution would be required to avoid additional tax by reason of Section 409A and Section 457A of the Internal Revenue Code; provided, however, that if such settlement occurs during a period when such Covered Award remains suspended pursuant to Section 8, then the after-tax proceeds of such distribution or settlement shall be held in escrow until such time as such Covered Award is no longer subject to a suspension or such amounts are determined to have been forfeited by the Committee.
 - (b) The amount of Covered Awards recouped from an individual under this Policy will be reduced by the excess, if any, of the amount of any taxes due from the individual with respect to payments (including amounts taxable as a result of the exercise of an option) previously made to him or her, minus the amount of the tax benefits to him or her attributable to the recoupment.
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11. General.

- (a) Amendment. This Policy may be amended at any time by the Company's Board of Directors and any such amendment shall be binding on each Covered Officer; provided that no such amendment may adversely affect the Covered Officer with respect to Covered Awards with a grant date (as determined for financial accounting purposes) that is before the date on which the Board adopts the amendment without the Covered Officer's consent except for amendments that are required to comply with applicable law, governmental regulations, or stock exchange requirements, including regulations of the U.S. Securities and Exchange Commission and listing standards of the New York Stock Exchange.
 - (b) Applicable Law. The Policy will be governed by and construed in accordance with the laws of New York without reference to principles of conflict of laws.
 - (c) Dispute Resolution. Notwithstanding the Chubb Companies Employment Dispute Arbitration Rules and Procedures or any other agreement between a Covered Officer and the Company (including any agreement with any of its subsidiaries) regarding arbitration or dispute resolution to the contrary, all aspects of any dispute between a Covered Officer and the Company (including a dispute with any of its subsidiaries) that includes a controversy or claim arising out of or relating to this Policy or the breach thereof (including any aspects of such dispute that are in addition to those relating to this Policy or breach thereof) shall be settled by final, binding and non-appealable arbitration in New York, New York by three arbitrators pursuant to the terms of this Section 10(c). The arbitration shall be conducted in accordance with the applicable arbitration rules and procedures of Judicial Arbitration and Mediation Services ("JAMS") then in effect. One of the arbitrators shall be appointed by the Company, one shall be appointed by the Covered Officer, and the third shall be appointed by the first two arbitrators. If the first two arbitrators cannot agree on the third arbitrator within 30 days of the appointment of the second arbitrator, they shall ask JAMS to provide a list of seven arbitrators qualified in this area, and the Company and the Covered Officer shall alternate striking one arbitrator (with the Covered Officer striking first) until only one arbitrator remains, who shall be the third arbitrator. Judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. The arbitrators shall have the authority to award any remedy or relief that a court of competent jurisdiction could order or grant, including, without limitation, the issuance of an injunction. However, either party may, without inconsistency with this arbitration provision, apply to any court having jurisdiction over such dispute or controversy and seek interim provisional, injunctive or other equitable relief until the arbitration award is rendered or the controversy is otherwise resolved. Except as necessary in court proceedings to enforce this arbitration provision or an award rendered hereunder, to obtain interim relief or as otherwise required by law, neither a party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written consent of the Company; provided that nothing in this Policy shall prohibit the Company from disclosing such information as it deems necessary or advisable to comply with applicable law or
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regulations, governmental or regulatory requests or investigations, or stock exchange regulations or listing standards.

Chubb Limited
Ratio of Earnings to Fixed Charges

(in millions of U.S. dollars, except ratios)	Years Ended December 31				
	2017	2016	2015	2014	2013
Net income	\$ 3,861	\$ 4,135	\$ 2,834	\$ 2,853	\$ 3,758
Add:					
Provision for income taxes ⁽¹⁾	(139)	815	462	634	480
Fixed charges	677	675	342	322	318
Earnings for computation	\$ 4,399	\$ 5,625	\$ 3,638	\$ 3,809	\$ 4,556
Fixed charges					
Interest expense ^{(1) (2)}	607	605	300	280	275
Portion of rental expense deemed to be interest	70	70	42	42	43
Total fixed charges	\$ 677	\$ 675	\$ 342	\$ 322	\$ 318
Ratio of earnings to fixed charges	6.5	8.3	10.6	11.8	14.4

(1) Chubb Limited recognizes accruals for interest and penalties, if any, related to unrecognized tax benefits in income tax expense (i.e., excluded from interest expense).

(2) 2017 and 2016 included a \$49 million and \$48 million benefit, respectively, related to amortization of the purchase accounting fair value adjustment to long-term debt assumed in connection with The Chubb Corporation acquisition, respectively.

Exhibit 21.1

Set forth below are subsidiaries of Chubb and their respective jurisdiction of ownership and percentage ownership, in each case as of December 31, 2017. Any legal entity name changes occurring subsequent to December 31, 2017 through the date of this filing have been reflected below. Each of the named subsidiaries is not necessarily a significant subsidiary as defined in Rule 1-02(w) of Regulation S-X, and Chubb has several additional subsidiaries not named below. The unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary at the end of the year covered by this report.

Name	Jurisdiction of Organization	Percentage Ownership
Chubb Limited	Switzerland	Publicly held
Chubb Insurance (Switzerland) Limited	Switzerland	100%
Chubb Reinsurance (Switzerland) Limited	Switzerland	100%
Chubb Group Management and Holdings Ltd.	Bermuda	100%
Chubb Bermuda Insurance Ltd.	Bermuda	100%
Paget Reinsurance Ltd.	Bermuda	100%
ACE Capital Title Reinsurance Company	USA (New York)	100%
Green & Grey Financial Solutions International, Ltd.	Bermuda	100%
Corporate Officers & Directors Assurance Ltd.	Bermuda	100%
Oasis Real Estate Company Ltd.	Bermuda	100%
Scarborough Property Holdings Ltd.	Bermuda	40%
Sovereign Risk Insurance Limited	Bermuda	100%
Sovereign Risk Insurance (Dubai) Limited	UAE (Dubai)	100%
Chubb Realty Holdings Limited	Bermuda	100%
Freisenbruch Meyer Insurance Ltd.	Bermuda	40%
Freisenbruch-Meyer Insurance Services Ltd.	Bermuda	40%
Chubb Market Company Limited	England & Wales	100%
Chubb Group Holdings Limited	England & Wales	100%
Chubb Tarquin	England & Wales	100%
Chubb Capital V Limited	England & Wales	100%
Chubb Leadenhall Limited	England & Wales	100%
Chubb Underwriting Agencies Limited	England & Wales	100%
Chubb London Group Limited	England & Wales	100%
Chubb Capital I Limited	England & Wales	100%
Chubb Capital III Limited	England & Wales	100%
Chubb Capital IV Limited	England & Wales	100%
Chubb London Holdings Limited	England & Wales	100%
Chubb Capital II Limited	England & Wales	100%
Chubb London Investments Limited	England & Wales	100%
Chubb London Aviation Limited	England & Wales	100%
Chubb London Limited	England & Wales	100%
Chubb Company Services Limited	England & Wales	100%
Chubb London Services Limited	England & Wales	100%
Chubb Capital VI Limited	England & Wales	100%
Chubb Intermediaries Bermuda Ltd	Bermuda	100%
Chubb Services Limited	Cayman Islands	100%
Oasis Insurance Services Ltd.	Bermuda	100%
Chubb Tempest Life Reinsurance Ltd	Bermuda	100%
Chubb Tempest Reinsurance Ltd	Bermuda	100%
ACE Europe Life Limited	England & Wales	100%

Chubb Tempest Re Escritório de Representação no Brasil Ltda.	Brazil	99.9999999% .000001% (Chubb Tempest Life Reinsurance Ltd.)
ABR Reinsurance Capital Holdings Ltd.	Bermuda	11.26%
Oasis Investments Limited	Bermuda	67% 33% (Chubb Bermuda Insurance Ltd.)
Oasis Investments 2 Ltd.	Bermuda	67% 33% (Chubb Bermuda Insurance Ltd.)
Chubb Group Holdings Inc.	USA (Delaware)	100%
Chubb (CR) Holdings	England & Wales	100%
Chubb Capital VII Limited	England & Wales	100%
Chubb (RGB) Holdings Limited	England & Wales	100%
Chubb (CIDR) Limited	England & Wales	100%
Ridge Underwriting Agencies Limited	England & Wales	100%
Chubb Asset Management Inc.	USA (Delaware)	100%
ACE Life Insurance Company	USA (Connecticut)	100%
Chubb INA Holdings Inc.	USA (Delaware)	80% 20% (Chubb Limited)
Chubb Atlantic Indemnity Ltd.	Bermuda	100%
DHC Corporation	USA (Delaware)	100%
Pacific Indemnity Company	USA (Wisconsin)	100%
Executive Risk Indemnity Inc.	USA (Delaware)	100%
Executive Risk Specialty Insurance Company	USA (Connecticut)	100%
Chubb Custom Insurance Company	USA (New Jersey)	100%
Chubb Global Financial Services Corporation	USA (Delaware)	100%
Harbor Island Indemnity Ltd.	Bermuda	100%
Chubb Investment Holdings (Hong Kong) Ltd.	Hong Kong	100%
Chubb Investment Services Limited	UK	100%
Chubb Custom Market Inc.	USA (New Jersey)	100%
Chubb Financial Solutions, Inc.	USA (Delaware)	100%
Transit Air Services, Inc.	USA (New Jersey)	100%
Chubb Multinational Manager Inc.	USA (New York)	100%
Chubb Computer Services, Inc.	USA (New Jersey)	100%
Chubb Re, Inc.	USA (New Jersey)	100%
Chubb Executive Risk Inc.	USA (Delaware)	100%
Executive Risk Management Associates	USA (Connecticut)	70% 30% (Sullivan Kelly, Inc.)
Sullivan Kelly, Inc.	USA (California)	100%
Bellemead Development Corporation	USA (Delaware)	100%
Bellemead/Marina Del Rey Corp.	USA (Delaware)	100%
Halifax Plantation Golf Management, Inc.	USA (Florida)	100%
Halifax Plantation, Inc.	USA (Florida)	100%

Halifax Plantation Golf, Inc.	USA (Florida)	100%
Halifax Plantation Realty, Inc.	USA (Florida)	100%
1717 Naperville Corp.	USA (Illinois)	100%
1250 Diehl Corp.	USA (Illinois)	100%
Federal Insurance Company	USA (Indiana)	100%
Chubb Indemnity Insurance Company	USA (New York)	100%
Chubb National Insurance Company	USA (Indiana)	100%
Chubb Insurance Company of New Jersey	USA (New Jersey)	100%
Chubb Lloyds Insurance Company of Texas	USA (Texas)	100%
Great Northern Insurance Company	USA (Indiana)	100%
Vigilant Insurance Company	USA (New York)	100%
Chubb Financial Solutions (Bermuda) Ltd.	Bermuda	100%
Chubb Investment Holdings Inc.	USA (New Jersey)	100%
Chubb Insurance Company Limited	China	100%
Chubb European Investment Holdings, SLP	Scotland	100%
Chubb Europe Finance Ltd.	England & Wales	100%
Federal Insurance Company Escritório de Representação no Brasil Ltd.	Brazil	99.99% 0.01% (Chubb & Son, Inc.)
Chubb Seguros Holdings Chile Inc.	USA (Delaware)	100%
Chubb Seguros Holdings Chile Inc., Agencia en Chile	Chile	100%
Chubb de Chile Compañía de Seguros Generales, S.A.	Chile	99.97% 0.03% (Chubb INA Holdings Inc.)
Chubb Direct Marketing Company Ltd.	Korea	100%
Chubb Life Insurance Korea Company Ltd.	Korea	100%
Combined Insurance Company of America	USA (Illinois)	100%
Combined Insurance Company of Europe Limited	Ireland	100%
Combined Life Insurance Company of New York	USA (New York)	100%
Chiewchanwit Company Limited	Thailand	49%
CoverHound, Inc.	USA (Delaware)	24.5%
Huatai Insurance Group Company, Limited	China	5.8293% 9.7755% (Chubb Tempest Reinsurance Ltd.) 4.3952% (Chubb US Holdings Inc.)
Huatai Property & Casualty Insurance Co., Ltd	China	100%
Huatai Life Insurance Company, Limited	China	79.5746% 20% (Chubb INA Holdings Inc.)
INA Corporation	USA (Pennsylvania)	100%
INA Tax Benefits Reporting, Inc.	USA (Delaware)	100%
INA Financial Corporation	USA (Delaware)	100%
Brandywine Holdings Corporation	USA (Delaware)	100%
Cravens, Dargan & Company, Pacific Coast	USA (Delaware)	100%
Century Indemnity Company	USA (Pennsylvania)	100%

INA Holdings Corporation	USA (Delaware)	100%
INA International Holdings, LLC	USA (Delaware)	100%
Chubb INA Properties, Inc.	USA (Delaware)	100%
Conference Facilities, Inc.	USA (Pennsylvania)	100%
ESIS, Inc.	USA (Pennsylvania)	100%
ESIS Canada Inc.	Canada (Ontario)	100%
ESIS Environmental Health and Safety Consulting (Shanghai) Company Limited	China	100%
ESIS Asia Pacific PTE. Ltd.	Singapore	100%
ESIS Academy PTE. Ltd.	Singapore	100%
Proclaim America, Inc.	USA (Texas)	100%
Chubb INA Excess and Surplus Insurance Services, Inc.	USA (Pennsylvania)	100%
Chubb Excess and Surplus Insurance Services Inc.	USA (California)	100%
Chubb Alternative Risk Solutions Inc.	USA (Delaware)	100%
ACE American Insurance Company	USA (Pennsylvania)	100%
Bankers Standard Insurance Company	USA (Pennsylvania)	100%
Indemnity Insurance Company of North America	USA (Pennsylvania)	100%
Penn Millers Holding Corporation	USA (Pennsylvania)	100%
PMMHC Corp.	USA (Pennsylvania)	100%
Penn Millers Insurance Company	USA (Pennsylvania)	100%
Penn Millers Agency, Inc.	USA (Pennsylvania)	100%
Pacific Employers Insurance Company	USA (Pennsylvania)	100%
Illinois Union Insurance Company	USA (Illinois)	100%
Rain and Hail Insurance Service, Inc.	USA (Iowa)	100%
Agri General Insurance Company	USA (Iowa)	100%
Rain and Hail L.L.C.	USA (Iowa)	100%
Agri General Insurance Service, Inc.	USA (Iowa)	100%
Rain and Hail Insurance Service International, Inc.	USA (Iowa)	100%
Rain and Hail Insurance Service, Ltd.	Canada	100%
Rain and Hail Insurance Service de Mexico, S.A. de C.V.	Mexico	100%
Rain and Hail Financial, Inc.	USA (Iowa)	100%
Insurance Company of North America	USA (Pennsylvania)	100%
Chubb & Son Inc.	USA (New York)	100%
Chubb Insurance Solutions Agency Inc.	USA (New Jersey)	100%
Chubb Services Corporation	USA (Illinois)	100%
ACE Property and Casualty Insurance Company	USA (Pennsylvania)	100%
ACE Fire Underwriters Insurance Company	USA (Pennsylvania)	100%
Atlantic Employers Insurance Company	USA (New Jersey)	100%
ACE Insurance Company of the Midwest	USA (Indiana)	100%
Chubb Tempest Re USA LLC	USA (Connecticut)	100%
Chubb Structured Products, Inc.	USA (Delaware)	100%

Recovery Services International, Inc.	USA (Delaware)	100%
Chubb INA International Holdings Ltd.	USA (Delaware)	100%
Chubb Europe Services Ltd.	UK	100%
Chubb Managing Agent Ltd.	UK	100%
Chubb Insurance Service Company Ltd.	UK	100%
Chubb Capital Ltd.	UK	100%
Combined Life Insurance Company of Australia, Ltd.	Australia	100%
Chubb Arabia Cooperative Insurance Company	Saudi Arabia	30%
Chubb Servicios Panama S.A.	Panama	100%
Chubb Fianzas Holdings Inc.	USA (Delaware)	100%
FM Holdco LLC	USA (Delaware)	100%
Chubb de México, Compañía Afianzadora, S.A. de C.V.	Mexico	99.99% 0.01% (Chubb Global Financial Services Corporation)
ACE Fianzas Monterrey, S.A.	Mexico	99.95% 0.05% (AFIA Finance Corporation)
Operadora FMA, S.A. de C.V.	Mexico	99.99% .01%(AFIA Finance Corporation)
Chubb Seguros Mexico Holdings Inc.	USA (Delaware)	100%
Ally Insurance Holdings LLC	USA (Delaware)	100%
ABA Seguros, S.A. de C.V.	Mexico	99.9999999% 0.0000001% (AFIA Finance Corp)
ABA Servicios Corporativos, S.A. de C.V.	Mexico	99.998% 0.002% (ABA Garantias S.A. de C.V.)
ABA Mexico Holdings LLC	USA (Delaware)	100%
ABA Garantias S.A. de C.V.	Mexico	99.99% 0.01% (AFIA Finance Corporation)
ACE Seguros S.A.	Mexico	99.9999998% .0000002% (AFIA Finance Corporation)
Chubb de México, Compañía de Seguros, S.A. de C.V.	Mexico	99.9999993% 0.0000007% (Chubb Global Financial Services Corporation)
Chubb Life Insurance Company Ltd.	Bermuda	100%
Chubb Insurance Malaysia Berhad	Malaysia	100%
INACOMB S.A. de C.V.	Mexico	99.998% 0.002% (AFIA Finance Corporation)
Chubb Holdings Australia Pty Limited	Australia	100%
Chubb Insurance Australia Limited	Australia	100%
Chubb Insurance Company of Australia Limited	Australia	100%
PT Chubb Life Insurance Indonesia	Indonesia	98.21%
Chubb Life Insurance Vietnam Company Limited	Vietnam	100%

Chubb Life Fund Management Company Limited	Vietnam	100%
Chubb Insurance Vietnam Company Limited	Vietnam	100%
Chubb Seguros Brasil S.A.	Brazil	83.17% 16.82% (DHC Corporation) 0.01% (Chubb Brazil Holdings Ltd.)
Chubb Serviços Brasil Ltda	Brazil	99% 1% (AFIA Finance Corporation)
Chubb Servicios México, S.A. de C.V.	Mexico	99.9% 0.1% (AFIA Finance Corporation)
Chubb Seguros Argentina S.A.	Argentina	23.4741% 75.7651% (Federal Insurance Company) 0.7561% (AFIA Finance Corporation) 0.0047% (non-Chubb Owners)
Chubb INA International Holdings Ltd. Agencia Chile	Chile	100%
Chubb Seguros de Vida Chile S.A.	Chile	97.9% 2.1% (AFIA Finance Corporation Agencia en Chile)
Ventas Personales Limitada	Chile	99% 1% (AFIA Finance Corporation Agencia en Chile)
Chubb Servicios Chile Limitada	Chile	99% 1.00%(AFIA Finance Corporation Agencia en Chile)
ACE Seguros S.A.	Chile	93.76% 3.77% (AFIA Finance Corporation Agencia en Chile) 2.38% (AFIA Finance Corporation Chile Limitada) 0.9% (Non-Chubb shareholders)
PT Chubb General Insurance Indonesia	Indonesia	80% 20% (PT Adi Citra Mandiri)

PT Asuransi Chubb Syariah Indonesia	Indonesia	75% 25% (PT Mitrajaya Amanah Cemerlang)
PT Jaya Prima Auto Center	Indonesia	75%
Chubb INA Overseas Holdings Inc.	USA (Delaware)	100%
ACE European Holdings Limited	England & Wales	100%
Chubb Underwriting (DIFC) Limited	Dubai International Financial Centre	100%
ACE European Holdings No 2 Limited	England & Wales	100%
Chubb Insurance Investment Holdings Ltd.	UK	100%
Chubb Insurance S.A.-N.V.	Belgium	99.94923% 0.05076% (ACE European Holdings Ltd.)
Chubb European Group Limited	England & Wales	47.9% 27.6% (Chubb Insurance Investment Holdings Ltd.) 21.39% (ACE European Holdings Limited) 3.11% (ACE European Holdings No 2 Limited)
Masterpiece Nederlands B.V.	Netherlands	90.1% 9.9% (Stichting Administratiekantoor Masterpiece Nederland)
Symmetry Private Insurance Limited	England & Wales	19.35%
Stichting Administratiekantoor Masterpiece Nederland	Netherlands	100%
Hostagrove Limited	England & Wales	100%
Domus vie Quotidienne SAS	France	5%
Chubb Pension Trustee Limited	England & Wales	100%
Chubb Russia Investments Limited	England & Wales	99.999999995% 0.000000005%(Chubb INA Intl. Holdings Ltd.)
Russian Reinsurance Company	Russia	23.34%
LLC Chubb Life Insurance Company	Russia	100%
LLC Chubb Insurance Company	Russia	100%
Chubb Seguradora Macau S.A.	Macau	99.9897%
Chubb Holdings Limited	Cayman Islands	100%
Chubb Insurance Company Egypt S.A.E.	Egypt	98.014% 0.551% (Chubb Services UK Ltd) 0.551% (ACE European Holdings Ltd)

Chubb Life Insurance - Egypt Ltd. S.A.E.	Egypt	98.35% 0.98% (Chubb Holdings Limited) 0.67% (AFIA Finance Corporation)
ACE INA Berhad	Malaysia	100%
Chubb Seguros Colombia S.A.	Colombia	99.999932%
Chubb Seguros Ecuador S.A.	Ecuador	99.99% 0.01% (AFIA Finance Corporation)
Chubb Seguros Panama S.A.	Panama	100%
Chubb Péru S.A. Compañía de Seguros y Reaseguros	Peru	99.99% 0.01% (AFIA Finance Corporation)
Nam Ek Company Limited	Thailand	49%
Eksupsiri Company Limited	Thailand	50.99% 49% (Chubb INA International Holdings Ltd)
Chubb Life Assurance Public Company Limited	Thailand	75.01% 24.99% (Oriental Equity Holdings)
Chubb Samaggi Insurance Public Company Limited	Thailand	99.2868% 0.7132% (non-affiliates)
Siam Marketing & Analytics Company Limited	Thailand	50.99% 49% (Chubb Asia Pacific Services Pte. Limited)
Siam Liberty Insurance Broker Co., Ltd.	Thailand	74.8% 24.99% (AFIA Finance Corporation)
Chubb Insurance South Africa Limited	South Africa	100%
Chubb Insurance New Zealand Limited	New Zealand	100%
Chubb Brazil Holdings Ltd.	Delaware	100%
Crafts Corretora de Seguros Ltda.	Brazil	99% 1.00% (Chubb INA International Holdings Ltd.)
Chubb Resseguradora Brasil S.A.	Brazil	99.99% 0.01% (Chubb INA International Holdings Ltd.)
Chubb International Management Corporation	USA (Pennsylvania)	100%
Cover Direct, Inc.	USA (Delaware)	100%
PT Adi Citra Mandiri	Indonesia	100%
Chubb INA G.B. Holdings Ltd	USA (Delaware)	100%
Chubb Services U.K. Limited	UK	100%
Century Inversiones, S.A.	Panama	100%
ACE Arabia Insurance Company Limited B.S.C. (C)	Bahrain	50%
Chubb Insurance Pakistan Limited	Pakistan	100%

ACE INA Overseas Insurance Company Ltd.	Bermuda	100%
Chubb Insurance Singapore Limited	Singapore	100%
Chubb Insurance Japan	Japan	100%
Chubb SSI Japan	Japan	100%
H.S. Life Small Amount & Short Term Ins. Co. Ltd.	Japan	12.90%
ACE Marketing Group, C.A.	Venezuela	100%
Chubb Canada Holdings Inc.	USA (Delaware)	68.47% 31.53% (ACE INA Overseas Insurance Company Ltd.)
Chubb Holdings Canada Ltd.	Canada	100%
Chubb Insurance Company of Canada	Canada	100%
Chubb Life Insurance Company of Canada	Canada	100%
Chubb Tempest Re Canada Inc.	Canada	100%
Chubb Insurance Company of Puerto Rico	Puerto Rico	100%
Chubb Insurance Agency Inc.	Puerto Rico	100%
Chubb Insurance Hong Kong Limited	Hong Kong	99.99% 0.01% (ACE INA Overseas Insurance Company Ltd.)
Chubb Alternative Risk Ltd.	Bermuda	100%
DELPANAMA S.A.	Panama	100%
INAMEX S.A.	Mexico	100%
Oriental Equity Holdings Limited	British Virgin Islands	100%
AFIA Finance Corporation	USA (Delaware)	100%
AFIA Finance Corporation Agencia en Chile	Chile	100%
Inversiones Continental S.A de C.V.	Honduras	1.29%
AFIA Venezolana C.A.	Venezuela	100%
ACE Servicios S.A.	Argentina	95% 5% (Chubb INA Int'l Holdings Ltd.)
AFIA Finance Corp. Chile Limitada	Chile	98% 2% (Chubb INA Int'l Holdings Ltd. Agencia Chile)
Pembroke Reinsurance, Inc.	USA (Delaware)	100%
RIYAD Insurance Co. Ltd.	Bermuda	80%
Chubb Asia Pacific Services Pte. Ltd.	Singapore	100%
Chubb IT Development Center Sdn. Bhd	Malaysia	100%
AFIA (INA) Corporation, Limited	USA (Delaware)	100%
AFIA	Unincorporated Association	60% 40% AFIA (Chubb)
AFIA (Chubb) Corporation Limited	USA (Delaware)	100%
INAVEN, C.A. "Venezuela"	Venezuela	100%
Chubb US Holdings Inc.	USA (Delaware)	100%
Westchester Fire Insurance Company (F/K/A ACE Indemnity Insurance Company)	USA (Pennsylvania)	100%
Westchester Surplus Lines Insurance Company	USA (Georgia)	100%
Westchester Specialty Insurance Services, Inc.	USA (Nevada)	100%

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-200838 and 333-207570) and Form S-8 (Nos. 333-218233, 333-211644, 333-208998, 333-188949, 333-182062, 333-153239, 333-116532, 333-1404, 333-46301, 333-93867, 333-72301, 333-61038, 333-134504, and 333-168795) of Chubb Limited of our report dated February 23, 2018 relating to the financial statements, financial statement schedules, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 23, 2018

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

I, Evan G. Greenberg, certify that:

- 1) I have reviewed this annual report on Form 10-K of Chubb Limited;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman, President and Chief Executive Officer

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

I, Philip V. Bancroft, certify that:

- 1) I have reviewed this annual report on Form 10-K of Chubb Limited;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 23, 2018

/s/ Philip V. Bancroft

Philip V. Bancroft

Executive Vice President and Chief Financial Officer

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

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2017, fully complies with the applicable reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: February 23, 2018

/s/ Evan G. Greenberg

Evan G. Greenberg
Chairman, President and Chief Executive Officer

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

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Annual Report on Form 10-K for the year ended December 31, 2017, fully complies with the applicable reporting requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Dated: February 23, 2018

/s/ Philip V. Bancroft

Philip V. Bancroft

Executive Vice President and Chief Financial Officer