

# AM Best Affirms Credit Ratings of Chubb Limited and Its Subsidiaries

OLDWICK, N.J.--([BUSINESS WIRE](#))--**AM Best** has affirmed the Financial Strength Rating (FSR) of A++ (Superior) and the Long-Term Issuer Credit Ratings (Long-Term ICR) of “aa+” (Superior) of the subsidiaries of Chubb Limited (Zurich, Switzerland) [NYSE: CB], which include the members of the Chubb US Group of Insurance Companies (Chubb US Group) and the members of **Chubb Bermuda Insurance Ltd.** (Chubb Bermuda) and **Chubb Tempest Reinsurance Ltd.** (Chubb Tempest Re) (both domiciled in Bermuda).

In addition, AM Best has affirmed the FSR of A+ (Superior) and the Long-Term ICRs of “aa-” (Superior) of **Combined Insurance Company of America** (Chicago, IL) and **Combined Life Insurance Company of New York** (Latham, NY) (together known as the Combined companies). AM Best also has affirmed the FSR of A- (Excellent) and the Long-Term ICR of “a-” of **ACE Life Insurance Company** (ACE Life) (Stamford, CT). Lastly, AM Best has affirmed the Long-Term ICRs of “a+” (Excellent) and the Long-Term Issue Credit Ratings (Long-Term IR) of Chubb Limited (CB) and Chubb INA Holdings Inc. The outlook of these Credit Ratings (ratings) is stable. (Please see the link below for a detailed listing of the companies and ratings.)

The ratings of the Chubb US Group reflect its balance sheet strength, which AM Best assesses as strongest, as well as its very strong operating performance, favorable business profile and appropriate enterprise risk management (ERM). The group’s risk-adjusted capitalization, as measured by Best’s Capital Adequacy Ratio (BCAR), consistently has remained supportive of the ratings, and it exceeds the threshold for the strongest categorization by a wide margin. The group’s balance sheet strength also reflects a consistently prudent loss reserve position and the use of a comprehensive reinsurance program with high quality reinsurance partners.

Chubb US Group’s very strong operating performance is reflected by return measures that have outperformed those of the commercial casualty composite materially over the past five years. The Chubb US Group has generated positive underwriting income, operating income and net income every year for the last 10 years, despite the impact of unusually high catastrophe losses in certain years, including the impact of pandemic-related losses in 2020. The continued robust pricing environment in the majority of its commercial business lines globally has been particularly supportive of especially strong underwriting performance in 2021, not just for Chubb US Group, but for nearly all of the group’s major operating units. Chubb US Group is a market leader in several of its principal product and customer segments, including high-net-worth personal lines, commercial and specialty insurance, including management liability and casualty lines, excess and surplus lines and multiperil crop/agricultural insurance.

The ratings of Chubb Tempest Re and its member reflect their balance sheet strength, which AM Best assesses as strongest, as well as their very strong operating performance, favorable business profile and appropriate ERM. Chubb Tempest Re principally provides property catastrophe reinsurance to insurers of commercial and personal property. Property catastrophe reinsurance is on an occurrence or aggregate basis and protects a ceding company against an accumulation of losses covered by its issued insurance policies, arising from a common event or occurrence. In addition to its external client business, Chubb Tempest Re acts as the internal global reinsurance hub for

Chubb's global operations, providing it with capital and risk management efficiencies deriving from the group's global spread of risk.

The ratings of Chubb Bermuda and its member reflect their balance sheet strength, which AM Best assesses as strongest, as well as their very strong operating performance, neutral business profile and appropriate ERM. The ratings also reflect the implicit support that they receive from Chubb Limited, the ultimate parent. Chubb Bermuda provides commercial insurance products on an excess basis including excess liability, directors and officers, professional liability, property and political risk, with 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.

The ratings of the Combined companies reflect their balance sheet strength, which AM Best assesses as very strong, as well as their strong operating performance, neutral business profile and appropriate ERM. The ratings also reflect the companies' strategic role in supporting the organization's global accident and health (A&H) segment. The Combined companies distribute specialty supplemental A&H and life insurance products targeted to middle income consumers and businesses in the United States and Canada; most of these products are primarily fixed-indemnity benefit obligations and are not directly subject to escalating medical cost inflation.

The ratings of ACE Life reflect its balance sheet strength, which AM Best assesses as very strong, as well as its marginal operating performance, very limited business profile and appropriate ERM. The ratings also reflect the continued financial support received from its parent. ACE Life's very limited business profile reflects the decision in 2010 by its then-ultimate parent, ACE Limited, to discontinue writing life reinsurance business in order to focus on its property/casualty segments.

Each of Chubb's component groups benefit from the financial flexibility provided by Chubb Limited, the publicly traded ultimate parent, which maintains financial leverage that is in line with its current ratings, as well as additional liquidity sources given its access to capital markets and lines of credit. AM Best expects that earnings and cash flows from Chubb Limited's operating subsidiaries will continue to allow it to support risk-adjusted capitalization should the need arise. At the same time, surplus growth at each group has been limited at times over the past five years due to payments of dividends. This pattern is likely to recur in 2022, presuming Chubb fully utilizes its \$5 billion of share repurchase authorization before it expires on June 30, 2022, in addition to the anticipated deployment of internal resources to fund the majority of the purchase price for Chubb Limited's pending \$5.75 billion acquisition of Cigna's Asia-Pacific life and A&H businesses, which is expected to close in the first half of 2022. Approximately \$1.1 billion of proceeds from Chubb INA Holdings' recent \$1.6 billion offering of senior notes also will be directed toward funding the acquisition. While the dividends from Chubb's operating subsidiaries vary based on their capital needs, extremely strong core operating earnings in nearly every major business segment historically have supported them.

A [complete listing](#) of Chubb Limited's FSRs, Long-Term ICRs and Long- and Short-Term IRs also is available.