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EDITED TRANSCRIPT

CB.N - Q1 2026 Chubb Limited Earnings Call

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Thank you for standing by. My name is J-L, and I will be your conference operator today. At this time, I would like to welcome everyone to the Chubb Limited first-quarter 2026 earnings call. (Operator Instructions)

I would now like to turn the conference over to Susan Spivak, Senior Vice President, Investor Relations. You may begin.

Susan Spivak - *Chubb Limited - Senior Vice President, Investor Relations*

Thank you, and welcome to our March 31, 2026 First Quarter Earnings Conference Call.

Our report today will contain forward-looking statements, including statements relating to the company performance, pricing and business mix, growth opportunities and economic and market conditions, which are subject to risks and uncertainties, and actual results may differ materially. See our recent SEC filings, earnings release and financial supplement, which are all available on our website at investors.chubb.com for more information on factors that could affect these matters.

We will also refer today to non-GAAP financial measures, reconciliations of which to the most direct comparable GAAP measures and related details are provided in our earnings release and financial supplement.

Now I'd like to introduce our speakers. First, we have Evan Greenberg, Chairman and Chief Executive Officer, followed by Peter Enns, our Chief Financial Officer. Then, we'll take your questions. Also with us to assist with your questions are several members of our management team. And now, it's my pleasure to turn the call over to Evan.

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Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Good morning. We had an excellent quarter and start to the year. Our results speak to the strength and resilience of our company in a period of elevated uncertainty. They also speak to our globally diversified business opportunities, on the one hand, and our disciplined approach underwriting, on the other.

I want to first start with a few words about the external environment. War in the Middle East raises the specter, globally, of higher inflation and potentially slower economic growth. To what degree, the timing and the pattern are all unknowable at this time. However, the impact of the war adds a degree of pressure to certain financial, fiscal and economic stresses: such as underlying inflation, fiscal deficits and sovereign debt, global supply chains, and financial valuations, including equity and credit, and a growing energy shortage to name a few.

In times of stress, I like Chubb's position, given the strength of our balance sheet, earning power and liquidity.

Now turning to our results, strong growth in P&C underwriting, investment and life income led to core operating earnings of $2.7 billion or $6.82 per share, both up substantially over the prior year first quarter, which was of course impacted by the California wildfires. Adjusting for this, and so excluding CAT losses, core operating income was up 10.7% and EPS was up 13.5%. And most important, tangible book value per share grew 21.5%.

Total company net premiums grew 10.7% for the quarter to more than $14 billion. P&C premiums grew 7.2% and Life grew more than 33%. Both benefited from foreign exchange.

Our underwriting performance in the quarter was excellent. P&C underwriting income was $1.8 billion with a combined ratio of 84%. And on a current accident year basis excluding CATs, underwriting income grew 9.8%, with a combined ratio of 82.1%.

On the investment side of our business, adjusted net investment income of $1.8 billion was up more than 10%. Our fixed income portfolio yield was 5.1%, and our current new money rate average was 5.5% as of March 31. Our invested asset now stands at $170 billion, up from $152 billion a year ago.

Again, these results, top and bottom line, put a point on the broad-based, diversified nature of the company by geography and product, by both commercial and consumer customer segment, and by distribution channel.

Our annualized core operating return on tangible equity was 20.6%, and our core operating ROE was 14%. Peter is going to have more to say about financial items.

Turning to growth, pricing, and the rate environment, P&C premiums grew 7.2% with consumer up 14.2% and commercial up 4.6%. Overseas General grew 14.4%, or 6.1% in constant dollars. Total North America was up 4.1% or 7.8%, excluding large account property, both admitted and E&S, which we purposely shrank given what we judge to be inadequate pricing levels. In a number of important markets, property and financial lines pricing conditions are soft, with property pricing in those markets softening at a pace that, frankly, I'll only describe as dumb.

With that, as a baseline, I'll give you some more color on the quarter by division and region. I'm going to begin, as I did last quarter, with our international P&C business.

Premiums in our international retail business, which operates in 51 countries and is 90% of Overseas General were up more than 15%. Consumer-related premiums, both A&H and personal lines, were up over 20% with commercial lines up over 11%. Europe grew 17.5%, with consumer and commercial both up double digit. Asia grew more than 12%, and Latin America grew almost 18%.

In our international retail commercial business, P&C rates were down 2.5% and financial lines rates were down 7.4%. Our selected loss cost trends in our international retail business was 3.7%, or 130 basis points lower than 2025.

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In our London wholesale business, the market has become highly competitive, particularly, but not only, in property, and we purposely shrank our open market property business. Premiums in our London wholesale business, which is 10% of international P&C were up almost 8%.

Turning to North America, total premiums, again, grew 4.1%, including 8.3% growth in personal lines and 2.8% in commercial. Excluding large account property, both admitted and E&S, and that's shared and layered property, total North America commercial premiums rose 7.7%, a very good underlying result.

Breaking it down further, premiums in Major Accounts & Specialty, or E&S grew 1.5%, or 10.9%, excluding shared and layered property, which, again, we shrank. Growth was driven by a broad range of our casualty, marine, surety and risk management businesses.

Premiums in middle market and small grew 3.3%, with P&C lines up almost 5.5% and financial lines down 5.7%, or flat when adjusting for the impact of additional reinsurance we chose to purchase. In North America, pricing for commercial property and casualty, excluding fin lines and comp was up 4.6%, with rates up 2.2% and exposure change of 2.3%. Property pricing was down 2.6%, with rates down 6.3% and exposure up 4%. However, going a step further, property pricing was down 14.3%, in shared and layered Major and Specialty, for the business we wrote. Market pricing for the business we gave up or passed on was down between 30% and 40%. The larger the premium, the greater the price discount. On the other hand, in middle market and small commercial, property pricing was up 1.5%.

Casualty pricing in North America was up 9.6%, with rates up 8.4% and exposure up 1.1%. Work comp pricing was up 4.3%, and fin lines pricing was about flat.

Our overall selected loss cost trend in North America commercial was little changed, with no change in casualty at other long-tail lines.

On the consumer side of North America, our high-net-worth personal lines business had a very good quarter with premium growth of 8.3% and renewal retention on an account basis of 92%. Homeowners pricing was up 7.7% in the quarter.

In our international life insurance business, premiums rose 37%. Premiums in North America Chubb Worksite Benefits business were up almost 16%. Our life division produced $316 million of pre-tax income in the quarter, up 8.5%, and adjusted for a few one-time items that benefited last year's first quarter, life was up 11.5%.

In sum, we're off to a very good start in '26. And we had an excellent first quarter. From a macro perspective, over time, difficult environments generally advantage strong companies over weaker ones. Chubb's diversification, market-leading presence and capabilities, and operating discipline provide us with resilience when the macro environment is uncertain.

We are patient and have many sources of opportunity on both the liability and the asset side of the balance sheet. From what I can see, CATs etc. aside, I remain confident and our ability to continue generating strong growth in operating earnings, and double-digit growth in EPS and, most important, tangible book value.

I'll turn the call over to Peter, and then we're going to come back and take your questions.

Peter Enns - *Chubb Limited - Chief Financial Officer, Executive Vice President*

Thank you, Evan. Our first quarter results were strong, and we concluded March in an excellent financial position, supported by balance sheet strength and liquidity, including record cash and invested assets of nearly $173 billion and $3.8 billion of adjusted operating cash flow.

During the quarter we issued 200 million Swiss francs or approximately $250 million U.S. dollars, of 6-year debt at a very attractive cost of 1%. We returned $1.5 billion of capital to shareholders, including $1.1 billion in share repurchases at an average price of $325.06 per share and $380 million in dividends. We ended the period with an all-time high in book value of nearly $74 billion or $189.93 per share

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Book and tangible book value per share, excluding AOCI, grew 12.1% and 16.5% from last year.

Our core operating return on tangible equity and core operating ROE in the quarter were 20.6% and 14%.

Pre-tax catastrophe losses were $500 million for the quarter, principally from weather-related events split 87% U.S. and 13% international.

Pre-tax prior period development in the quarter in our active companies was favorable $301 million, comprising $322 million of favorable development in short-tail lines and $21 million of unfavorable development in long tail-lines. Our corporate runoff portfolio had adverse development of $15 million.

Our paid-to-incurred ratio for the quarter was 87%, and our net loss reserves increased to nearly $69 billion, representing growth of 5% from first quarter last year.

Turning to our investments, our A-rated portfolio increased about $1.5 billion from strong operating cash flow and positive foreign exchange gains partially offset by $1.6 billion of net unrealized losses from an increase in interest rates and widening of credit spreads.

Adjusted net investment income of $1.84 billion was at the top end of our previously guided range, primarily due to the increase in our invested asset base and stronger private equity returns. We expect adjusted net investment income in the second quarter to be between $1.825 billion to $1.85 billion.

Our core operating effective tax rate of 19.3% for the quarter, which was slightly below our previously guided range primarily due to compensation-related equity awards, which vested in the first quarter. We continue to expect core operating effective tax rate for the full year to be in the range of 19.5% to 20%.

I'll now turn the call back over to Susan.

Susan Spivak - *Chubb Limited - Senior Vice President, Investor Relations*

Thank you, Peter. At this point, we're happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Bob Huang, Morgan Stanley.

Bob Jian Huang - *Morgan Stanley & Co Ltd - Analyst*

Hi, good morning. My first question is on the geopolitical commentaries you had in your opening remarks. Can you maybe help us unpack this concept a little bit? Just -- we're hearing inflationary concerns out of Asia, out of parts of Europe due to the conflict in Iran. Do you see that at some point in time affect pricing expectations in the U.S. market if the conflict kind of drags on longer than expected? Just curious your thoughts on that.

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Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

As I said, the degree, the pattern, the timing is unknowable. However, global supply chains depend substantially, you mentioned Asia, in the U.S., we depend on supply chain through Asia. We depend on supply chain through Mexico and other parts of the world. The impact of the Gulf on supply chain availability of commodities and other inputs and the impact to shipping, of course, is going to have an inflationary impact.

How that passes through to inflation in the U.S., the degree of it and where it actually shows up is not really knowable at this time. But it isn't going to be 0. That's for sure. And how transient it is, is unknowable also. Longer it goes on, stickier it will be. That's sort of the mental model I have. How it will pass through on insurance, I don't know. I'm not -- it's not something that I'm really wringing my hands about and I'm concerned about. It will likely be short-term transient. We'll see what it is when it shows up, and we will respond to it accordingly.

Bob Jian Huang - *Morgan Stanley & Co Ltd - Analyst*

Got it. Really appreciate the thoughts. My second question is on the small market E&S business and AI. So when we think about Chubb's small market E&S business, that has grown fairly well over the past. And as we think about you deploying more AI capabilities either maybe through distribution or just internal capabilities on underwriting. Can you maybe help us to think about the growth trajectory over the next five years. Is it fair to say the E&S market for you, specifically the smaller end of that can grow multiple times bigger in five years' time? Is that the right way to think about it?

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

I think about it a little differently. I think about the small commercial market, retail, and E&S. And I actually think the greater opportunity for growth is in the vast retail end of it versus the E&S. But it's both. And what we have done to transform that business and what we're continuing to do to transform it including with the use of AI and now with what's in front of us with agentics within AI, and evolving large language model capabilities and enterprise software that emerges from that as well.

Yes, it is a real growth area for our company over the next five years. And by the way, not simply North America, we expect significant growth in various markets internationally that may ultimately dwarf North America.

Operator

Mike Zaremski, BMO Capital Markets.

Michael Zaremski - *Bank of Montreal - Analyst*

Hi, thanks, good morning. Question regarding some of your commentary around the pricing cycle, specifically in the larger account marketplaces where you called out pricing power is declining, I think, more than you feel makes sense to Chubb.

You also called out kind of the London specialty market is getting more competitive. Curious, you've been through lots of -- you and your team have been through lots of cycles. What's causing the competition this time? Is it just simply what you've seen before, and folks are getting excited about increasing their top line growth in a softening marketplace? Or is there some other causes this time that you want to call out?

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Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Yeah. Thank you. And let's step back and put a perspective on it too. The market rates, so I gave you, Chubb, I gave you what we lost business for. If I sort of step back and look at overall market rate in shared and layered in North America and in London, pricing overall is off 25% in the quarter, heading to 30%. It's -- you can actually see it's accelerating in that trend.

It's -- and by the way, loss cost, to put a point on it, loss cost, they're moving at about 4% to 5% in shared and layered property. So you can work out the math there. It's always supply-demand. So it's -- the amount of supply, which is capital, that is chasing a relatively finite amount of business. And by the way, in a concentrated way, if it's E&S and it's London or it's in the United States, it's boxed up and brought to underwriters. You can access it. It's not like retail business generally.

You can -- and it's urban-based. It doesn't take a lot of capability. It takes some balance sheet capital and a couple of underwriters. And you're in the market. So it's a hunger that way, the difference -- and I wrote about it in the shareholder letter, so you can read that. I won't repeat it all. This structural difference this time is simply how the capital is showing up. And it's showing up a lot of it in a volume-based incentive system, MGAs. The majority of them, it's just volume based. What do they bring? They bring a cheaper price and a higher commission. And it's the reinsurance market, and it's alternative capital. And the number of bites of the apple in the supply chain by -- taken by intermediation. That is what you are reflecting here. And by the way, the loser at the end of the day is the ultimate risk taker who puts up the capital, and this is short-tail business. The report card comes home rather quickly, so stay tuned.

Michael Zaremski - *Bank of Montreal - Analyst*

That's helpful. And my follow-up is just on Chubb's digital transformation. You gave us an update back in December, but you've been talking about digital transformation for many, many years, probably much longer than peers.

Just curious, is there -- has your views changed in recent months given advances in technology on the kind of the pace of the cadence of the digital transformation, front-end loaded, back-end loaded or just pro rata over time? And also just do you feel that your digital transformation goals since they're longer term could change fairly materially over time given the pace of change in technology? Thanks.

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

I haven't changed my view of our goals in the last three months, and it is steady, and we are executing and we are on track. The technology is evolving at a rapid pace. And the most interesting in the last number of months that will, frankly, is still emerging. There's a lot of talk about it, but how it actually operationalizes is the notion of what agentics now really brings. And the notion of enterprise solutions that some of the developers of frontier large language models are working to actually monetize all that they've spent in development.

And I think those trends as they emerge, will only accelerate, improve, lower cost, make it easier. So I'll stop right there. It's -- it's an exciting time. And you have to spend and I spend much more time on this subject than I did even two years ago or a year ago. You need to have knowledge. You can't just be listening to others. You got to have firsthand knowledge. And otherwise, you yourself start to become irrelevant. So as a leader, all that's on my mind.

Operator

Gregory Peters, Raymond James.

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Gregory Peters - *Raymond James Financial Inc - Analyst*

Well, good morning, everyone. So I'm going to ask a follow-up question to the -- some of your comments you just made. And some of your shareholders have reached out to me. And specifically, there's so much news in the marketplace about the rapid evolution of technology, specifically the new piece of information we're all processing is the Anthropic’s Mythos.

And I'm just curious how you view this type of technology and its risks to like the cyber insurance market, how you think it might affect contingent business interruption. And then these tech companies are rolling out this technology. And if it causes problems, I'm sure they're going to face some liability costs. So just trying to come at it from a slightly different angle, but anyways, your views would be appreciated.

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Sure, Greg. And that's not a slightly different angle. That's a different angle, and it's the right question. First, just on Mythos and it's the notion of finding vulnerabilities and we've redefined vulnerabilities, the threshold for vulnerability has been lowered. What were minor vulnerabilities can now be aggregated in a much more insightful way.

Anthropic is a code generator. So it can read code. So it's -- it shouldn't be shocking that since it can read code, look at another use that has emerged. And then there are others, think Gemini's models. And the company's business model, they go and they do searches for information. That means they know systems, computers. They know how to access, the system does.

So frankly, it can look at code. Finding vulnerabilities in your -- right now, it's not just -- and just on level setting. It's not just that you can use this to find your own vulnerabilities. But many companies, most companies also use open source in their estates and so third party. And to the degree it's open source that way in the estate, you can find vulnerabilities, maybe even before suppliers do. Doesn't mean the patch has been created. So in a word, the arms race is on.

Now it is about hygiene and services to monitor and to support clients and identifying and fixing. And clearly, how diligent are you? Do you identify and patch? And imagine now the tools to patch are more automated and that automation is improving quickly. So you can patch faster. You can identify, you can patch if you choose to, see how faster speed. So that's the defense side of it, while we know the offense side is just around the corner.

By the way, from what we can tell so far in AI, in cyber attacks using AI there really is only one instance we're aware of so far where it didn't involve a human. Other than that, humans are in the cockpit when they were using agentics so far. From an underwriter's point of view, obviously, policy conditions and pricing are on our minds. Large account will be much better at hygiene and have much stronger perimeters to get through, to penetrate than small companies. Small companies, on the other hand, are less targeted individually, but create more systemic concern.

And then finally, the biggest meat ball there is middle market companies. They're a target. They got more money, and they're less capable at hygiene and focus on it less and defense. And so all of that is on our -- and they have weaker perimeters. All that is on our minds as underwriters. And I give you all this, so you have a sense that we're thoughtful about this.

Gregory Peters - *Raymond James Financial Inc - Analyst*

Thank you. That's good detail. For my follow-up question, I'm going to -- I'm just going to focus on -- if you look at the P&C consolidated operations, you're generating in the first quarter an 84 combined ratio. You're on track to have a heck of a year. How do you think, broadly speaking, about the new business penalty, the fact that writing new business could be dilutive to that 84% combined ratio versus retention. So just walk us through your mental model on some of the points in that.

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Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Well, we run in our various businesses, call it, 85% and north of retention. Large account E&S, the property I talked about is where we're -- well, we shed half the volume. And by the way, that half the volume we shed, most of it was because we walked away. We also purchased additional reinsurance that impacted our premium growth and reduced our exposure. But we always have the new business, quote, unquote, penalty. So I don't see -- I'm thinking about what you're saying, and I don't really see much of an impact. I don't see any impact, frankly.

And when I'm maintaining underwriting discipline in property, if anything, what I'm doing is ameliorating impacts to combined ratio in our minds because we're only shedding business that is woefully inadequately priced if we were to write it.

Gregory Peters - *Raymond James Financial Inc - Analyst*

Thank you for your answers.

Operator

Meyer Shields, KBW.

Meyer Shields - *Keefe Bruyette & Woods Inc - Analyst*

Great. Thank you, so much and good morning. I guess one modeling question to start with. Obviously, you called out the savings-oriented single premiums in life insurance in terms of written premiums. And we saw a similar, I guess, uptick in policy benefits. Does that stay elevated in future quarters also if the sales of these products normalize or go back what it was before?

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Do you want to take that offline? Do you want to answer?

Peter Enns - *Chubb Limited - Chief Financial Officer, Executive Vice President*

Yeah, I'll just do it real quick. So the savings-oriented products, as you know, are more spread-based than underwriting margin based, and that's how you have to think about it. And so if you will, if we're selling elevated amounts of premium, there'll be a policy benefit that would match it. But over time, the margin comes through the investment product.

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

I don't -- just to understand, it's Asia. And first quarter in Asia, classically an agency business, very fast start. I don't expect to see this kind of growth continue in single premium business. Return on capital for it is brilliant. I'm not in love with the margin of it. But I'll tell you what, it's like mutual fund business, you write a lot of it, and you make some money. But I expect more of growth in regular premium on risk-based product as we go forward in the year.

Meyer Shields - *Keefe Bruyette & Woods Inc - Analyst*

Okay. Fantastic. That's very helpful. And if I can sort of switch gears back to AI. One of the debates out there right now is whether -- if the insurance brokers collectively use AI to lower their own expenses or expand their margins. Does that provide an opportunity for companies like Chubb to reduce acquisition expenses?

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Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Pick your moment and at the right moment, it does. I mean, ultimately, I have to tell you, and I have been in this business a long time. And this industry has certain idiosyncrasies about it. And there is a belief that, therefore, these things will be durable like the cost of intermediation.

The cost of intermediation in many parts of the industry, and this is not a slam against brokers. They're our partners, but the intermediation costs overall in numerous parts of the business are excessive. And in an age of digitalization, in an age of AI and what technology does, one of the hallmarks of that is that it ought to ultimately, and it will, in so many areas, bring down cost. And if you look at the economics of the business and the cost of intermediation, I think in the longer term, it will -- it should decline.

Meyer Shields - *Keefe Bruyette & Woods Inc - Analyst*

Okay. Thank you very much.

Operator

Tracy Benguigui, Wolfe Research.

Tracy Benguigui - *Wolfe Research LLC - Equity Analyst*

Hey, good morning. My question is for Tim Boroughs. There's been a noticeable change in tone by the market around private credit recently. From your perspective, has that influence how you're thinking about the role of private credit to play in your portfolio going forward? And if you could also touch on the health of the existing book, particularly any trends you may be seeing in underlying borrower performance or early signs of stress?

Timothy Boroughs - *Chubb Limited - Vice Chairman, Chubb Group Executive Chairman, Asset Management*

Good morning, Tracy. Yeah. Sure. On our private credit, our credit -- our exposure to private credit is less than 4% of total investments and just over 50% of that total is in direct lending consisting of first lien senior secured loans that are at the top of the capital structure.

This portfolio is in separately managed accounts. And I think that, that's important, not BDCs, where we have control of deployment and enforce conservative guidelines to our managers. While the direct lending sector has grown rapidly, as you know, in the last few years, we've remained disciplined and have not grown our allocation. Our small group of experienced managers has consistently delivered strong conservative results with a loss experience we estimate to be only one-third of the broader direct lending universe.

This discipline is further evident in our very modest exposure to software, which at less than $150 million or 4% of the direct lending portfolio is a fraction of the 20% average across the sector and less than 0.25% of our total investment portfolio.

Tracy Benguigui - *Wolfe Research LLC - Equity Analyst*

That's super helpful. I'm also -- I'd love to get your thoughts on how you're thinking about the duration of this soft cycle. Does that steep pace of property pricing decline suggest something shorter-lived, maybe less sustainable? Or do the structural and capital factors you discussed with Mike point to a longer soft cycle? And if you could also touch on if you've seen any deterioration on terms and conditions that may play into the duration of this soft cycle.

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Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Yeah. Terms and conditions just on the margin, not 0, but on the margin. And as to duration, well, look, I don't know. What I do know is you underprice business in property, and I haven't noticed that the attritional loss environment, property premium, property pricing is made up of two things: attritional loss, so you got price to support attritional loss in premium and then you got CAT.

I haven't noticed a diminution in the attritional loss environment. That's pretty steady, and it has a little volatility to it because of the size of losses, but pretty darn steady. And on the CAT side, well, unless you believe that the models are wrong or that somehow the climate environment is going to change or has changed and is going to become something other than what it has been, then -- then we have an adequate pricing and an adequate pricing in property tends to reveal itself pretty quickly.

And the only way out for capital providers at that point is to adjust pricing and to ensure they got the right terms and conditions. And so generally, in my mind, you go to a dumb place pretty quick, then the reaction the other way ought to be quicker. But you know what, I don't know with certainty. But that's kind of my mental model.

Tracy Benguigui - *Wolfe Research LLC - Equity Analyst*

Thank you. Very helpful.

Operator

David Motemaden, Evercore.

David Motemaden - *Evercore Inc - Analyst*

Thanks, good morning. I had another market question for North America Commercial. I noticed that the casualty pricing has held in pretty well here and actually accelerated a little bit this quarter. I get that it's nuanced, but as property returns come under pressure, do you expect to see increased competitive behavior shifting into casualty. Are you seeing any early signs of that? Just sort of wondering your outlook there.

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

No. The -- so far, the pattern in pricing is about what I observed to you in prior quarters. In the cohorts that need price, you're getting price in excess of loss cost. And where the pricing is adequate, it is generally flat to, or in some instances, below loss cost increases. But I see it at this point as I look through the stack as pretty rational, not everywhere, of course. It's a market. But overall, I do. And I even have been surprised in certain areas where the market response has been the correct response and it creates more opportunity where rate adequacy is required and the market has respected that.

David Motemaden - *Evercore Inc - Analyst*

Got it. Thanks. That's encouraging there. Maybe just switching gears, the Chubb worksite benefits the 16% growth there, that's pretty solid, I think, especially after similar growth last year. Could you just talk a little bit about the strategic role of the worksite benefits business within the broader portfolio and how you're thinking about the key building blocks to scale it from here, whether that's distribution product expansion or maybe even potentially M&A?

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Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Yeah. There's no M&A on there on the horizon. As we see, we've built it organically, and we're continuing to -- it's fundamentally part of our Accident & Health strategy. We pursue it in two ways. We have the legacy agency force of combined that we have retooled to not sell individual insurance, but small group, worksite benefits business.

And it is predominantly supplemental A&H business that you know us for, dread disease, hospital cash, et cetera, to really lower middle income to middle income people and provides a supplemental product to them. It's the same but with a different distribution for larger account, middle market, upper middle market to large jumbo now where we're awarded business. And it works very closely with our P&C distribution and our P&C distribution and the brokers who represent us that way. They have expanded greatly over the years into employee benefits.

And the notion that you couldn't cross sell one to the other is an old myth. Because, in fact, the relationships and the accounts, we are benefiting from that in the growth of Chubb worksite benefits. And it, again, is a similar product mix with maybe a bit more of term life built into it as well. It's risk-based products.

When I look at -- and it's on life paper. So when you look at the broader story, of our life business and you look at our international life business, which, as I've told you, is over two-thirds risk-based supplemental A&H type business growing through agency distribution, digital distribution, banks, et cetera, and has as well savings and other protection products within it. It's just part of a coherent story of what we are pursuing between Accident & Health and Life, which both are growth areas for the company.

David Motemaden - *Evercore Inc - Analyst*

That's helpful. Thank you.

Operator

Alex Scott, Barclays.

Alex Scott - *Barclays Services Corp - Equity Analyst*

Hey, thanks. First one I have is on the Middle East conflict. Can you talk about your involvement in some of the solutions that are being contemplated for marine and trade credit and so forth? And to what degree that could support some growth near term?

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

And to what degree, what?

Alex Scott - *Barclays Services Corp - Equity Analyst*

It could just help with, I guess, the growth opportunity.

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

I was approached by our government to put together the program that you have read about, that we announced. The government wanted to support shipping through the Gulf and open when they think that the risk environment is such that they can support, with military convoys, ships that would transit the Gulf and that has yet to occur.

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The program is to ensure shipping under those conditions and the purchase of our insurance program is a condition to being part of a convoy that the U.S. would run. The U.S. military would run. The program is supported by U.S. insurers taking 50% of the risk and the other half of the risk is taken by an arm of the federal government.

We have done it, number one, to support our country and to support our military. Number two, to support the global commons and the economy, to the degree that we, practicing our craft, can provide that service. And it's in place and when conditions are such. If they are, then this will obviously generate -- would potentially generate premium revenue. And stay tuned.

Alex Scott - *Barclays Services Corp - Equity Analyst*

That's all helpful. Thank you. Second one I had is on your partnership with KKR and some of the funds that you're putting together. And I just wanted to check in on the timing of it, when some of those newer things you've been working on are going to potentially contribute to NII or if they're already contributing to NII. It just wasn't clear. And I guess related to that, has some of the AI disruption changed anything about timing of all of that and the work you're doing?

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Yeah. I think you're missing something. We have disclosed quite clearly, particularly the last at the investor dinner and in quarters before, quite a bit of detail about our alternative assets and the investment activity there, what's our strategy.

We -- half of it is in our partnership called Strategic Holdings. And we described what that is about. And by the way, we've been very clear about the income that it is producing and the income we expect it to produce over the next few years that we expect to achieve as we deploy. We've talked about the capital deployment. So that's all out there, but we're happy to separately take it offline and give you detail around it. I think Peter wanted to give you, did you want to give it to him?

Peter Enns - *Chubb Limited - Chief Financial Officer, Executive Vice President*

No, that's fine, Alex. I can talk to you offline, but it does show up in our adjusted NII, and you can see it on the income statement and income from private equity partnerships. That's a substantial part.

Alex Scott - *Barclays Services Corp - Equity Analyst*

Yeah, understood. Thank you.

Operator

Matthew Heimermann, Citi.

Matthew Heimermann - *Citibank Cameroon SA (Douala Branch) - Analyst*

Hey, good morning, everybody. Just one on reinsurance. I'm just curious, should we think about relative to any softening in pricing relative to how you're thinking about rate adequacy, just more opportunistic reinsurance purchases on a go-forward basis? Or is it just this was so acute, particularly on the property side, you felt compelled to do so?

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Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Can you just repeat that, Matt? We have something changing. Can you hear me?

Matthew Heimermann - *Citibank Cameroon SA (Douala Branch) - Analyst*

I can hear you, and I'm on a headset. So --

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

We just gave ourselves a head fake in here. But go ahead. Can you repeat?

Matthew Heimermann - *Citibank Cameroon SA (Douala Branch) - Analyst*

Just how to think about how likely additional opportunistic reinsurance purchases are? And I don't want to overreact to what you did in property because the declines were pretty significant. But just how likely -- because I don't view as an arbitrage reinsurance buyer, but obviously it's available. So just trying to think about how your thinking around risk management evolves vis-a-vis the reinsurance pricing spread. And the follow-on really, which I'm really more curious about is like where does this allow you, if anywhere, to take more risk, asset side, et cetera?

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Yeah. I'm not really going there, except to say to you that axiomatic in here. When pricing becomes marginal or inadequate, we have various tools to manage exposure and our appetite for exposure. It's not about premium. And so reinsurance is simply one of those. Could you hear that answer because we're having some audio problems right here.

Matthew Heimermann - *Citibank Cameroon SA (Douala Branch) - Analyst*

You were clear to me. Willing to add anything with respect to if shrinking risk appetite in places in proper response to market conditions, does that create some flexibility to take more risk asset side? Or are there any things from a complexion change in the portfolio that influence that?

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

No. The way we run a business doesn't think -- we don't think that. We've got plenty of capital, and we maximize the amount of risk we take based on how we judge risk reward, and there's no trade-off one to the other.

Matthew Heimermann - *Citibank Cameroon SA (Douala Branch) - Analyst*

Appreciate it. Thank you.

Operator

Brian Meredith, UBS.

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Brian Meredith - *UBS AG - Analyst*

Yes, thanks. Evan, we keep hearing a lot about price, what's happening in the property markets. I wonder if you could talk about terms and conditions. Hearing a little bit more about some softening terms and conditions from people. Are you seeing that? And maybe you can maybe dive into that a little bit because that can be kind of scary.

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

Welcome to the insurance business, Brian. It's not scary. It just is what it always turns out to be. No, as I said earlier, we're seeing it only on the margin right now. Other than that, we're not, at this point, seeing changes to terms and conditions. And we're quite mindful and there you go. And by the way, when we look at pricing changes, we value term and condition changes. So we don't just sort of say price goes this. And by the way, change in BI waiting periods, deductibles, CPI, et cetera, that's just off to the side. No, we actually put value on it in pricing. We're not seeing it. We're seeing it very marginally at this point.

Brian Meredith - *UBS AG - Analyst*

Great. And then the second question is I've heard a little bit from some other companies about admitted markets getting call it, more competitive in taking business back from the E&S or wholesale non-admitted markets. Are you seeing that at this point?

Evan Greenberg - *Chubb Limited - Chairman and Chief Executive Officer*

I am on the margin of it so far. And frankly, it's what's so interesting to me. I look at middle market and small commercial E&S versus admitted. Admitted, much, much more disciplined. E&S less so. And that is, again, back to the comments I made about distribution, capital, and the incentive system for volume. It's, to some degree, terribly illogical to me. I'm seeing some go back towards the admitted. It wouldn't surprise me to see more. It's a classic pattern in softening market. Where I'm seeing it is more on the margin in the property side. retail that will all of a sudden get so excited to write habitational wood frame business in Texas. Okay. Good luck to you.

Operator

Thank you. We've run out of time for questions. This concludes today's Q&A session. I'll now pass the conference back over to Susan Spivak for closing remarks.

Susan Spivak - *Chubb Limited - Senior Vice President, Investor Relations*

Thank you, everyone, for joining us today. If you have any follow-up questions, we will be around to take your call enjoy the day, and thanks again.

Operator

This concludes today's conference call. You may now disconnect.

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