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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 2022

OR

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

For the Transition Period from to

Commission File No. 1-11778

CHUBB LIMITED

(Exact name of registrant as specified in its charter)

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares, par value CHF 24.15 per share	CB	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.30% Senior Notes due 2024	CB/24A	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.875% Senior Notes due 2027	CB/27	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 1.55% Senior Notes due 2028	CB/28	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 0.875% Senior Notes due 2029	CB/29A	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 1.40% Senior Notes due 2031	CB/31	New York Stock Exchange
Guarantee of Chubb INA Holdings Inc. 2.50% Senior Notes due 2038	CB/38A	New York Stock Exchange

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

Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files).

Yes ☑ No ☐

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

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

Yes ☐ No ☑

The number of registrant's Common Shares (CHF 24.15 par value) outstanding as of April 22, 2022 was 423,711,369.

CHUBB LIMITED
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PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

CONSOLIDATED BALANCE SHEETS (Unaudited)
Chubb Limited and Subsidiaries

(in millions of U.S. dollars, except share and per share data)	March 31 2022	December 31 2021
Assets		
Investments		
Fixed maturities available for sale, at fair value, net of valuation allowance - $27 and $14 (amortized cost – $91,526 and $90,493)	$ 89,479	$ 93,108
Fixed maturities held to maturity, at amortized cost, net of valuation allowance - $34 and $35 (fair value – $9,888 and $10,647)	9,818	10,118
Equity securities, at fair value	3,596	4,782
Short-term investments, at fair value (amortized cost – $3,408 and $3,147)	3,407	3,146
Other investments, at fair value	11,947	11,169
Total investments	118,247	122,323
Cash	1,734	1,659
Restricted cash	180	152
Securities lending collateral	1,800	1,831
Accrued investment income	822	821
Insurance and reinsurance balances receivable, net of valuation allowance - $50 and $46	11,452	11,322
Reinsurance recoverable on losses and loss expenses, net of valuation allowance - $329 and $329	17,761	17,366
Reinsurance recoverable on policy benefits	208	213
Deferred policy acquisition costs	5,587	5,513
Value of business acquired	231	236
Goodwill	15,244	15,213
Other intangible assets	5,399	5,455
Deferred tax assets	333	—
Prepaid reinsurance premiums	3,068	3,028
Investments in partially-owned insurance companies	3,161	3,130
Other assets	12,763	11,792
Total assets	$ 197,990	$ 200,054
Liabilities		
Unpaid losses and loss expenses	$ 73,844	$ 72,943
Unearned premiums	19,586	19,101
Future policy benefits	5,974	5,947
Insurance and reinsurance balances payable	7,401	7,243
Securities lending payable	1,800	1,831
Accounts payable, accrued expenses, and other liabilities	14,914	15,004
Deferred tax liabilities	—	389
Repurchase agreements	1,406	1,406
Short-term debt	1,474	999
Long-term debt	14,585	15,169
Trust preferred securities	308	308
Total liabilities	141,292	140,340
Commitments and contingencies (refer to Note 7)		
Shareholders' equity		
Common Shares (CHF 24.15 par value; 459,555,714 and 474,021,114 shares issued; 423,675,327 and 426,572,612 shares outstanding)	10,666	10,985
Common Shares in treasury (35,880,387 and 47,448,502 shares)	(5,700)	(7,464)
Additional paid-in capital	7,988	8,478
Retained earnings	47,148	47,365
Accumulated other comprehensive income (loss) (AOCI)	(3,404)	350
Total shareholders' equity	56,698	59,714
Total liabilities and shareholders' equity	$ 197,990	$ 200,054

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Unaudited)
Chubb Limited and Subsidiaries

(in millions of U.S. dollars, except per share data)	Three Months Ended March 31 2022	2021
Revenues		
Net premiums written	**$ 9,199**	$ 8,662
Increase in unearned premiums	**(453)**	(441)
Net premiums earned	**8,746**	8,221
Net investment income	**822**	863
Net realized gains (losses) (includes $(136) and $24 reclassified from AOCI)	**101**	887
Total revenues	**9,669**	9,971
Expenses		
Losses and loss expenses	**4,787**	5,053
Policy benefits	**145**	167
Policy acquisition costs	**1,737**	1,665
Administrative expenses	**778**	744
Interest expense	**132**	122
Other (income) expense	**(310)**	(490)
Amortization of purchased intangibles	**71**	72
Total expenses	**7,340**	7,333
Income before income tax	**2,329**	2,638
Income tax expense (includes $(22) and $4 on unrealized gains and losses reclassified from AOCI)	**355**	338
Net income	**$ 1,974**	$ 2,300
Other comprehensive loss		
Unrealized depreciation	**$ (4,788)**	$ (2,293)
Reclassification adjustment for net realized (gains) losses included in net income	**136**	(24)
	(4,652)	(2,317)
Change in:		
Cumulative foreign currency translation adjustment	**67**	22
Postretirement benefit liability adjustment	**19**	(28)
Other comprehensive loss, before income tax	**(4,566)**	(2,323)
Income tax benefit related to OCI items	**812**	412
Other comprehensive loss	**(3,754)**	(1,911)
Comprehensive income (loss)	**$ (1,780)**	$ 389
Earnings per share		
Basic earnings per share	**$ 4.64**	$ 5.10
Diluted earnings per share	**$ 4.59**	$ 5.07

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (Unaudited)

Chubb Limited and Subsidiaries

(in millions of U.S. dollars)	Three Months Ended March 31 2022	2021
Common Shares		
Balance – beginning of period	**$ 10,985**	$ 11,064
Cancellation of treasury shares	**(319)**	—
Balance – end of period	**10,666**	11,064
Common Shares in treasury		
Balance – beginning of period	**(7,464)**	(3,644)
Common Shares repurchased	**(1,001)**	(519)
Cancellation of treasury shares	**2,510**	—
Net shares issued under employee share-based compensation plans	**255**	262
Balance – end of period	**(5,700)**	(3,901)
Additional paid-in capital		
Balance – beginning of period	**8,478**	9,815
Net shares issued under employee share-based compensation plans	**(199)**	(187)
Exercise of stock options	**(21)**	(24)
Share-based compensation expense	**70**	66
Funding of dividends declared to Retained earnings	**(340)**	(352)
Balance – end of period	**7,988**	9,318
Retained earnings		
Balance – beginning of period	**47,365**	39,337
Net income	**1,974**	2,300
Cancellation of treasury shares	**(2,191)**	—
Funding of dividends declared from Additional paid-in capital	**340**	352
Dividends declared on Common Shares	**(340)**	(352)
Balance – end of period	**47,148**	41,637
Accumulated other comprehensive income (loss) (AOCI)		
Net unrealized appreciation (depreciation) on investments		
Balance – beginning of period	**2,256**	4,673
Change in period, before reclassification from AOCI, net of income tax benefit of $834 and $401	**(3,954)**	(1,892)
Amounts reclassified from AOCI, net of income tax (expense) benefit of $(22) and $4	**114**	(20)
Change in period, net of income tax benefit of $812 and $405	**(3,840)**	(1,912)
Balance – end of period	**(1,584)**	2,761
Cumulative foreign currency translation adjustment		
Balance – beginning of period	**(2,146)**	(1,637)
Change in period, net of income tax benefit of $4 and $2	**71**	24
Balance – end of period	**(2,075)**	(1,613)
Postretirement benefit liability adjustment		
Balance – beginning of period	**240**	(167)
Change in period, net of income tax (expense) benefit of $(4) and $5	**15**	(23)
Balance – end of period	**255**	(190)
Accumulated other comprehensive income (loss)	**(3,404)**	958
Total shareholders' equity	**$ 56,698**	$ 59,076

See accompanying notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Chubb Limited and Subsidiaries

(in millions of U.S. dollars)	Three Months Ended March 31 2022	2021
Cash flows from operating activities		
Net income	**$ 1,974**	$ 2,300
Adjustments to reconcile net income to net cash flows from operating activities		
Net realized (gains) losses	**(101)**	(887)
Amortization of premiums/discounts on fixed maturities	**91**	76
Amortization of purchased intangibles	**71**	72
Equity in net income of partially-owned entities	**(361)**	(497)
Deferred income taxes	**93**	—
Unpaid losses and loss expenses	**957**	1,368
Unearned premiums	**502**	503
Future policy benefits	**36**	47
Insurance and reinsurance balances payable	**147**	(36)
Accounts payable, accrued expenses, and other liabilities	**(338)**	(663)
Income taxes payable	**128**	101
Insurance and reinsurance balances receivable	**(125)**	(209)
Reinsurance recoverable	**(456)**	(290)
Deferred policy acquisition costs	**(96)**	(81)
Other	**(82)**	301
Net cash flows from operating activities	**2,440**	2,105
Cash flows from investing activities		
Purchases of fixed maturities available for sale	**(5,933)**	(7,738)
Purchases of fixed maturities held to maturity	**(143)**	(102)
Purchases of equity securities	**(380)**	(351)
Sales of fixed maturities available for sale	**1,838**	1,343
Sales of equity securities	**1,110**	351
Maturities and redemptions of fixed maturities available for sale	**3,003**	4,289
Maturities and redemptions of fixed maturities held to maturity	**398**	604
Net change in short-term investments	**(267)**	595
Net derivative instruments settlements	**74**	87
Private equity contributions	**(669)**	(427)
Private equity distributions	**207**	206
Payment for Huatai Group interest	**(113)**	(65)
Other	**(120)**	(44)
Net cash flows used for investing activities	**(995)**	(1,252)
Cash flows from financing activities		
Dividends paid on Common Shares	**(341)**	(352)
Common Shares repurchased	**(1,001)**	(519)
Proceeds from issuance of repurchase agreements	**146**	450
Repayment of repurchase agreements	**(146)**	(450)
Proceeds from share-based compensation plans	**114**	115
Policyholder contract deposits and other	**118**	133
Policyholder contract withdrawals and other	**(111)**	(124)
Tax withholding payments for share-based compensation plans	**(81)**	(65)
Net cash flows used for financing activities	**(1,302)**	(812)
Effect of foreign currency rate changes on cash and restricted cash	**(40)**	(36)
Net increase in cash and restricted cash	**103**	5
Cash and restricted cash – beginning of period	**1,811**	1,836
Cash and restricted cash – end of period	**$ 1,914**	$ 1,841
Supplemental cash flow information		
Taxes paid	**$ 132**	$ 236
Interest paid	**$ 85**	$ 90

See accompanying notes to the Consolidated Financial Statements

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

1. General

a) Basis of presentation

Chubb Limited is a holding company incorporated in Zurich, Switzerland. Chubb Limited, through its subsidiaries, provides a broad range of insurance and reinsurance products to insureds worldwide. 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 12 for additional information.

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

The results of operations and cash flows for any interim period are not necessarily indicative of the results for the full year. These consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in our 2021 Form 10-K.

b) Restricted cash

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

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

(in millions of U.S. dollars)		**March 31 2022**		December 31 2021
Cash	**$**	**1,734**	$	1,659
Restricted cash		**180**		152
Total cash and restricted cash shown in the Consolidated statements of cash flows	**$**	**1,914**	$	1,811

c) Goodwill

During the three months ended March 31, 2022, Goodwill increased $31 million, primarily reflecting the impact of foreign exchange.

d) Accounting guidance not yet adopted

Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the FASB issued guidance to improve the existing recognition, measurement, presentation, and disclosure requirements for long-duration contracts issued by an insurance entity. The amendments in this update require more frequent updating of assumptions and a standardized discount rate for the future policy benefit liability, a requirement to use the fair value measurement model for policies with market risk benefits, simplified amortization of deferred acquisition costs, and enhanced disclosures. This standard will be effective in the first quarter of 2023 with early adoption permitted. We are currently assessing the effect of adopting this guidance on our financial condition and results of operations. We will be better able to quantify the effect of adopting this standard as we progress in our implementation process and draw nearer to the date of adoption.

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

2. Acquisitions

Cigna's Life and Accident and Health (A&H) Insurance Business in Asia-Pacific Markets

On October 7, 2021, we entered into a definitive agreement to acquire the life and non-life insurance companies that house the personal accident, supplemental health and life insurance business of Cigna in six Asia-Pacific markets, for approximately $5.72 billion in cash, subject to certain post-closing purchase adjustments. The transaction is expected to be completed in 2022. The timing of completion is subject to required regulatory approvals and customary closing conditions.

Huatai Group

Chubb maintains a direct investment in Huatai Insurance Group Co., Ltd. (Huatai Group). Huatai Group is the parent company of, and owns 100 percent of, Huatai Property & Casualty Insurance Co., Ltd. (Huatai P&C), approximately 80 percent of Huatai Life Insurance Co., Ltd. (Huatai Life), and approximately 82 percent of Huatai Asset Management Co., Ltd. (collectively, Huatai). Huatai Group's insurance operations have more than 600 branches and approximately 19 million customers in China.

As of March 31, 2022, Chubb's aggregate ownership interest in Huatai Group was approximately 47.3 percent. Chubb applies the equity method of accounting to its investment in Huatai Group by recording its share of net income or loss in Other (income) expense in the Consolidated statements of operations.

During 2021, Chubb entered into agreements with several counterparties to purchase incremental ownership interests in Huatai Group totaling approximately 31.8 percent for approximately $2.2 billion. In connection with these agreements, Chubb paid approximately $1.1 billion in deposits. In January 2022, we paid $113 million relating to these agreements. Chubb entered into an agreement to acquire an approximate 7.1 percent ownership interest in Huatai Group for approximately $0.5 billion, which was paid as a deposit in 2020. The purchase of the additional ownership interests is contingent upon important conditions. As Chubb's ownership interest increases, we will continue to evaluate the appropriateness of consolidation accounting in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidation*, and other applicable regulations.

3. Investments

a) Fixed maturities

March 31, 2022 (in millions of U.S. dollars)	Amortized Cost	Valuation Allowance	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
Available for sale					
U.S. Treasury / Agency	$ 2,111	$ —	$ 31	$ (40)	$ 2,102
Non-U.S.	25,304	(16)	380	(884)	24,784
Corporate and asset-backed securities	38,469	(11)	360	(1,149)	37,669
Mortgage-backed securities	20,511	—	90	(796)	19,805
Municipal	5,131	—	49	(61)	5,119
	$ 91,526	$ (27)	$ 910	$ (2,930)	$ 89,479

	Amortized Cost	Valuation Allowance	Net Carrying Value	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
Held to maturity						
U.S. Treasury / Agency	$ 1,180	$ —	$ 1,180	$ 12	$ (18)	$ 1,174
Non-U.S.	1,185	(5)	1,180	19	(8)	1,191
Corporate and asset-backed securities	1,913	(28)	1,885	56	(6)	1,935
Mortgage-backed securities	1,689	—	1,689	8	(13)	1,684
Municipal	3,885	(1)	3,884	24	(4)	3,904
	$ 9,852	$ (34)	$ 9,818	$ 119	$ (49)	$ 9,888

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)

Chubb Limited and Subsidiaries

December 31, 2021 (in millions of U.S. dollars)	Amortized Cost	Valuation Allowance	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
Available for sale					
U.S. Treasury / Agency	$ 2,111	$ —	$ 109	$ (6)	$ 2,214
Non-U.S.	25,156	(8)	953	(272)	25,829
Corporate and asset-backed securities	37,844	(6)	1,410	(185)	39,063
Mortgage-backed securities	20,080	—	532	(123)	20,489
Municipal	5,302	—	216	(5)	5,513
	$ 90,493	$ (14)	$ 3,220	$ (591)	$ 93,108

	Amortized Cost	Valuation Allowance	Net Carrying Value	Gross Unrealized Appreciation	Gross Unrealized Depreciation	Fair Value
Held to maturity						
U.S. Treasury / Agency	$ 1,213	$ —	$ 1,213	$ 34	$ (3)	$ 1,244
Non-U.S.	1,201	(5)	1,196	66	—	1,262
Corporate and asset-backed securities	2,032	(28)	2,004	197	—	2,201
Mortgage-backed securities	1,731	(1)	1,730	74	(1)	1,803
Municipal	3,976	(1)	3,975	162	—	4,137
	$ 10,153	$ (35)	$ 10,118	$ 533	$ (4)	$ 10,647

The following table presents the amortized cost of our HTM securities according to S&P rating:

	March 31, 2022		December 31, 2021	
(in millions of U.S. dollars, except for percentages)	**Amortized cost**	**% of Total**	Amortized cost	% of Total
AAA	**$ 2,021**	**21 %**	$ 2,089	21 %
AA	**5,210**	**52 %**	5,303	52 %
A	**1,922**	**20 %**	1,964	19 %
BBB	**676**	**7 %**	773	8 %
BB	**23**	**— %**	23	— %
Other	**—**	**— %**	1	— %
Total	**$ 9,852**	**100 %**	$ 10,153	100 %

The following table presents fixed maturities by contractual maturity:

	March 31, 2022		December 31, 2021	
(in millions of U.S. dollars)	**Net Carrying Value**	**Fair Value**	Net Carrying Value	Fair Value
Available for sale				
Due in 1 year or less	**$ 4,393**	**$ 4,393**	$ 4,498	$ 4,498
Due after 1 year through 5 years	**25,136**	**25,136**	25,542	25,542
Due after 5 years through 10 years	**27,033**	**27,033**	28,207	28,207
Due after 10 years	**13,112**	**13,112**	14,372	14,372
	69,674	**69,674**	72,619	72,619
Mortgage-backed securities	**19,805**	**19,805**	20,489	20,489
	$ 89,479	**$ 89,479**	$ 93,108	$ 93,108
Held to maturity				
Due in 1 year or less	**$ 871**	**$ 872**	$ 888	$ 894
Due after 1 year through 5 years	**3,754**	**3,742**	3,744	3,846
Due after 5 years through 10 years	**2,004**	**2,015**	2,242	2,349
Due after 10 years	**1,500**	**1,575**	1,514	1,755
	8,129	**8,204**	8,388	8,844
Mortgage-backed securities	**1,689**	**1,684**	1,730	1,803
	$ 9,818	**$ 9,888**	$ 10,118	$ 10,647

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

b) Gross unrealized loss

Fixed maturities in an unrealized loss position at March 31, 2022 and December 31, 2021 comprised both investment grade and below investment grade securities for which fair value declined, principally due to rising interest rates since the date of purchase. Refer to Note 3 in the 2021 Form 10-K for further information on factors considered in the evaluation of expected credit losses.

The following tables present, for Available for Sale (AFS) fixed maturities in an unrealized loss position (including securities on loan) that are not deemed to have expected credit losses, the aggregate fair value and gross unrealized loss by length of time the security has been in an unrealized loss position:

	0 – 12 Months		**Over 12 Months**		**Total**	
March 31, 2022 (in millions of U.S. dollars)	**Fair Value**	**Gross Unrealized Loss**	**Fair Value**	**Gross Unrealized Loss**	**Fair Value**	**Gross Unrealized Loss**
U.S. Treasury / Agency	**$ 946**	**$ (31)**	**$ 98**	**$ (9)**	**$ 1,044**	**$ (40)**
Non-U.S.	**12,654**	**(608)**	**2,385**	**(222)**	**15,039**	**(830)**
Corporate and asset-backed securities	**21,082**	**(899)**	**2,041**	**(216)**	**23,123**	**(1,115)**
Mortgage-backed securities	**13,657**	**(646)**	**1,589**	**(150)**	**15,246**	**(796)**
Municipal	**1,225**	**(60)**	**16**	**(1)**	**1,241**	**(61)**
Total AFS fixed maturities	**$ 49,564**	**$ (2,244)**	**$ 6,129**	**$ (598)**	**$ 55,693**	**$ (2,842)**

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

December 31, 2021 (in millions of U.S. dollars)	0 – 12 Months Fair Value	0 – 12 Months Gross Unrealized Loss	Over 12 Months Fair Value	Over 12 Months Gross Unrealized Loss	Total Fair Value	Total Gross Unrealized Loss
U.S. Treasury / Agency	$ 363	$ (3)	$ 70	$ (3)	$ 433	$ (6)
Non-U.S.	6,917	(196)	1,093	(62)	8,010	(258)
Corporate and asset-backed securities	9,449	(145)	806	(32)	10,255	(177)
Mortgage-backed securities	8,086	(116)	190	(7)	8,276	(123)
Municipal	226	(5)	—	—	226	(5)
Total AFS fixed maturities	$ 25,041	$ (465)	$ 2,159	$ (104)	$ 27,200	$ (569)

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

(in millions of U.S. dollars)	Three Months Ended March 31 2022	2021
Fixed maturities:		
Gross realized gains	**$ 39**	$ 37
Gross realized losses	**(127)**	(19)
Net (provision for) recovery of expected credit losses	**(12)**	6
Impairment [1]	**(36)**	—
Total fixed maturities	**(136)**	24
Equity securities	**56**	367
Other investments	**55**	38
Foreign exchange	**75**	76
Investment and embedded derivative instruments	**47**	109
Fair value adjustments on insurance derivative	**35**	319
S&P futures	**42**	(44)
Other derivative instruments	**1**	(1)
Other [2]	**(74)**	(1)
Net realized gains (losses) (pre-tax)	**$ 101**	$ 887

[1] Relates to certain securities we intended to sell and securities written to market entering default.
[2] Other realized losses include impairment of assets related to Chubb's Russian entities.

Realized gains and losses from Equity securities and Other investments from the table above include sales of securities and unrealized gains and losses from fair value changes as follows:

(in millions of U.S. dollars)	Three Months Ended March 31 2022 Equity Securities	2022 Other Investments	2022 Total	2021 Equity Securities	2021 Other Investments	2021 Total
Net gains recognized during the period	**$ 56**	**$ 55**	**$ 111**	$ 367	$ 38	$ 405
Less: Net gains recognized from sales of securities	**255**	**—**	**255**	45	—	45
Unrealized gains (losses) recognized for securities still held at reporting date	**$ (199)**	**$ 55**	**$ (144)**	$ 322	$ 38	$ 360

The following table presents a roll-forward of valuation allowance for expected credit losses on fixed maturities:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Available for sale		
Valuation allowance for expected credit losses - beginning of period	**$ 14**	$ 20
Provision for expected credit loss	**17**	4
Recovery of expected credit loss	**(4)**	(9)
Valuation allowance for expected credit losses - end of period	**$ 27**	$ 15
Held to maturity		
Valuation allowance for expected credit losses - beginning of period	**$ 35**	$ 44
Recovery of expected credit loss	**(1)**	(1)
Valuation allowance for expected credit losses - end of period	**$ 34**	$ 43

d) Alternative investments

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

		March 31, 2022		December 31, 2021	
(in millions of U.S. dollars)	**Expected Liquidation Period of Underlying Assets**	**Fair Value**	**Maximum Future Funding Commitments**	Fair Value	Maximum Future Funding Commitments
Financial	**2 to 10 Years**	**$ 1,146**	**$ 153**	$ 1,096	$ 267
Real assets	**2 to 13 Years**	**1,544**	**735**	1,193	766
Distressed	**2 to 8 Years**	**886**	**920**	753	641
Private credit	**3 to 8 Years**	**84**	**280**	84	279
Traditional	**2 to 14 Years**	**6,928**	**5,121**	6,647	5,200
Vintage	**1 to 2 Years**	**65**	**—**	68	—
Investment funds	**Not Applicable**	**294**	**—**	267	—
		$ 10,947	**$ 7,209**	$ 10,108	$ 7,153

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	funds where the initial fund term has expired

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 are up to 270 days. Chubb can redeem its investment funds without consent from the investment fund managers.

e) Restricted assets

Chubb is required to maintain assets on deposit with various regulatory authorities to support its insurance and reinsurance operations. These requirements are generally promulgated in the statutory regulations of the individual jurisdictions. The assets on deposit are available to settle insurance and reinsurance liabilities. Chubb is also required to restrict assets pledged under repurchase agreements, which represent Chubb's agreement to sell securities and repurchase them at a future date for a predetermined price. We 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 have investments in segregated portfolios primarily to provide collateral or guarantees for LOC and derivative transactions. Included in restricted assets at March 31, 2022 and December 31, 2021 are investments, primarily fixed maturities, totaling $15,954 million and $17,092 million, respectively, and cash of $180 million and $152 million, respectively.

The following table presents the components of restricted assets:

(in millions of U.S. dollars)		**March 31 2022**		December 31 2021
Trust funds	**$**	**8,785**	$	9,915
Deposits with U.S. regulatory authorities		**2,370**		2,402
Deposits with non-U.S. regulatory authorities		**2,802**		2,873
Assets pledged under repurchase agreements		**1,443**		1,420
Other pledged assets		**734**		634
Total	**$**	**16,134**	$	17,244

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.

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 or pricing models, 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) and may require the use of models to be priced. The lack of market based inputs may increase the potential that an investment's estimated fair value is not reflective of the price at which an actual transaction would occur. The overwhelming majority of fixed maturities are classified within Level 2 because the most significant inputs used in the pricing techniques are observable. For a small number of fixed maturities, we obtain a single broker quote (typically from a market maker). Due to the disclaimers on the quotes that indicate that the price is indicative only, we include these fair value estimates in Level 3.

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

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

Other investments
Fair values for the majority of Other investments including investments in partially-owned investment companies, investment funds, and limited partnerships are based on their respective 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 supplemental retirement plans and are classified within the valuation hierarchy on the same basis as other equity securities and fixed maturities.

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.

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

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

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

Guaranteed living benefits
The GLB arises from life reinsurance programs covering living benefit guarantees whereby we assume the risk of guaranteed minimum income benefits (GMIB) associated with variable annuity contracts. GLBs are recorded in Accounts payable, accrued expenses, and other liabilities 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. Because of the significant use of unobservable inputs including policyholder behavior, GLB reinsurance is classified within Level 3.

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

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

March 31, 2022 (in millions of U.S. dollars)	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities available for sale				
U.S. Treasury / Agency	$ 1,562	$ 540	$ —	$ 2,102
Non-U.S.	—	24,166	618	24,784
Corporate and asset-backed securities	—	35,440	2,229	37,669
Mortgage-backed securities	—	19,785	20	19,805
Municipal	—	5,119	—	5,119
	1,562	85,050	2,867	89,479
Equity securities	3,514	—	82	3,596
Short-term investments	1,954	1,449	4	3,407
Other investments [1]	253	452	—	705
Securities lending collateral	—	1,800	—	1,800
Investment derivative instruments	163	—	—	163
Other derivative instruments	3	—	—	3
Separate account assets	5,468	92	—	5,560
Total assets measured at fair value [1]	$ 12,917	$ 88,843	$ 2,953	$ 104,713
Liabilities:				
Investment derivative instruments	$ 212	$ —	$ —	$ 212
Other derivative instruments	63	—	—	63
GLB [2]	—	—	696	696
Total liabilities measured at fair value	$ 275	$ —	$ 696	$ 971

[1] Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of $10,947 million, policy loans of $244 million and other investments of $51 million at March 31, 2022 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.

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

December 31, 2021 (in millions of U.S. dollars)	Level 1	Level 2	Level 3	Total
Assets:				
Fixed maturities available for sale				
U.S. Treasury / Agency	$ 1,680	$ 534	$ —	$ 2,214
Non-U.S.	—	25,196	633	25,829
Corporate and asset-backed securities	—	37,014	2,049	39,063
Mortgage-backed securities	—	20,463	26	20,489
Municipal	—	5,513	—	5,513
	1,680	88,720	2,708	93,108
Equity securities	4,705	—	77	4,782
Short-term investments	1,744	1,395	7	3,146
Other investments [1]	286	481	—	767
Securities lending collateral	—	1,831	—	1,831
Investment derivative instruments	58	—	—	58
Separate account assets	5,461	99	—	5,560
Total assets measured at fair value [1]	$ 13,934	$ 92,526	$ 2,792	$ 109,252
Liabilities:				
Investment derivative instruments	$ 166	$ —	$ —	$ 166
Other derivative instruments	16	—	—	16
GLB [2]	—	—	745	745
Total liabilities measured at fair value	$ 182	$ —	$ 745	$ 927

[1] Excluded from the table above are partially-owned investments, investment funds, and limited partnerships of $10,108 million, policy loans of $243 million and other investments of $51 million at December 31, 2021 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.

Level 3 financial instruments
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. The majority of our fixed maturities classified as Level 3 used external pricing when markets are less liquid due to the lack of market inputs (i.e., stale pricing, broker quotes).

(in millions of U.S. dollars, except for percentages)	Fair Value March 31, 2022	Fair Value December 31, 2021	Valuation Technique	Significant Unobservable Inputs	Ranges	Weighted Average [1]
GLB [1]	**$ 696**	$ 745	**Actuarial model**	**Lapse rate**	**3% – 31%**	**4.4 %**
				Annuitization rate	**0% – 100%**	**3.7 %**

[1] The weighted-average lapse and annuitization rates are determined by weighting each treaty's rates by the GLB contracts fair value.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)

Chubb Limited and Subsidiaries

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 by blending the experience with data received from other ceding companies. 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. For the three months ended March 31, 2022 and 2021, no material refinements were made to the model. For detailed information on our lapse and annuitization rate assumptions, refer to Note 4 to the Consolidated Financial Statements of our 2021 Form 10-K.

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

					Assets	Liabilities
	Available-for-Sale Debt Securities					
Three Months Ended March 31, 2022 (in millions of U.S. dollars)	Non-U.S.	Corporate and asset-backed securities	Mortgage-backed securities	Equity securities	Short-term investments	GLB [1]
Balance, beginning of period	$ 633	$ 2,049	$ 26	$ 77	$ 7	$ 745
Transfers into Level 3	18	29	—	1	—	—
Transfers out of Level 3	(23)	(50)	(5)	—	—	—
Change in Net Unrealized Gains/Losses in OCI	(13)	(22)	—	—	—	—
Net Realized Gains/Losses	(2)	—	—	4	—	(35)
Purchases	43	315	—	3	2	—
Sales	(6)	(27)	—	(3)	—	—
Settlements	(32)	(65)	(1)	—	(5)	—
Other	—	—	—	—	—	(14)
Balance, end of period	$ 618	$ 2,229	$ 20	$ 82	$ 4	$ 696
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet date	$ (2)	$ —	$ —	$ 4	$ —	$ (35)
Change in Net Unrealized Gains/Losses included in OCI at the Balance Sheet date	$ (13)	$ (22)	$ —	$ —	$ —	$ —

[1] Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)

Chubb Limited and Subsidiaries

Three Months Ended March 31, 2021 (in millions of U.S. dollars)	Available-for-Sale Debt Securities			Assets			Liabilities
	Non-U.S.	Corporate and asset-backed securities	Mortgage-backed securities	Equity securities	Short-term investments	Other investments	GLB [1]
Balance, beginning of period	$ 546	$ 1,573	$ 60	$ 73	$ 5	$ 10	$ 1,089
Transfers into Level 3	—	17	—	—	—	—	—
Change in Net Unrealized Gains/Losses in OCI	8	6	—	—	—	—	—
Net Realized Gains/Losses	—	(3)	—	2	—	—	(319)
Purchases	121	169	—	3	1	—	—
Sales	(7)	(25)	—	(3)	—	—	—
Settlements	(18)	(125)	(9)	—	(5)	—	—
Other	—	—	—	—	—	—	(10)
Balance, end of period	$ 650	$ 1,612	$ 51	$ 75	$ 1	$ 10	$ 760
Net Realized Gains/Losses Attributable to Changes in Fair Value at the Balance Sheet date	$ —	$ (3)	$ —	$ 2	$ —	$ —	$ (319)
Change in Net Unrealized Gains/Losses included in OCI at the Balance Sheet date	$ 10	$ 11	$ —	$ —	$ —	$ —	$ —

[1] Our GLB reinsurance product meets the definition of a derivative instrument for accounting purposes and is accordingly carried at fair value.

b) Financial instruments disclosed, but not measured, at fair value

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

The carrying values of cash, other assets, other liabilities, and other financial instruments not included below approximated their fair values. Refer to the 2021 Form 10-K for information on the fair value methods and assumptions for investments in partially-owned insurance companies, short-term and long-term debt, repurchase agreements, and trust-preferred securities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)
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The following tables present fair value, by valuation hierarchy, and carrying value of the financial instruments not measured at fair value:

March 31, 2022 (in millions of U.S. dollars)	Level 1	Level 2	Level 3	Fair Value Total	Net Carrying Value
Assets:					
Fixed maturities held to maturity					
U.S. Treasury / Agency	$ 1,126	$ 48	$ —	$ 1,174	$ 1,180
Non-U.S.	—	1,191	—	1,191	1,180
Corporate and asset-backed securities	—	1,935	—	1,935	1,885
Mortgage-backed securities	—	1,684	—	1,684	1,689
Municipal	—	3,904	—	3,904	3,884
Total assets	$ 1,126	$ 8,762	$ —	$ 9,888	$ 9,818
Liabilities:					
Repurchase agreements	$ —	$ 1,406	$ —	$ 1,406	$ 1,406
Short-term debt	—	1,484	—	1,484	1,474
Long-term debt	—	14,702	—	14,702	14,585
Trust preferred securities	—	425	—	425	308
Total liabilities	$ —	$ 18,017	$ —	$ 18,017	$ 17,773

December 31, 2021 (in millions of U.S. dollars)	Level 1	Level 2	Level 3	Fair Value Total	Net Carrying Value
Assets:					
Fixed maturities held to maturity					
U.S. Treasury / Agency	$ 1,192	$ 52	$ —	$ 1,244	$ 1,213
Non-U.S.	—	1,262	—	1,262	1,196
Corporate and asset-backed securities	—	2,201	—	2,201	2,004
Mortgage-backed securities	—	1,803	—	1,803	1,730
Municipal	—	4,137	—	4,137	3,975
Total assets	$ 1,192	$ 9,455	$ —	$ 10,647	$ 10,118
Liabilities:					
Repurchase agreements	$ —	$ 1,406	$ —	$ 1,406	$ 1,406
Short-term debt	—	1,019	—	1,019	999
Long-term debt	—	16,848	—	16,848	15,169
Trust preferred securities	—	460	—	460	308
Total liabilities	$ —	$ 19,733	$ —	$ 19,733	$ 17,882

5. Reinsurance

Reinsurance recoverable on ceded reinsurance

(in millions of U.S. dollars)	March 31, 2022 Net Reinsurance Recoverable [1]	March 31, 2022 Valuation allowance	December 31, 2021 Net Reinsurance Recoverable [1]	December 31, 2021 Valuation allowance
Reinsurance recoverable on unpaid losses and loss expenses	$ 16,646	$ 276	$ 16,184	$ 271
Reinsurance recoverable on paid losses and loss expenses	1,115	53	1,182	58
Reinsurance recoverable on losses and loss expenses	$ 17,761	$ 329	$ 17,366	$ 329
Reinsurance recoverable on policy benefits	$ 208	$ 4	$ 213	$ 4

[1] Net of valuation allowance for uncollectible reinsurance.

The increase in reinsurance recoverable on losses and loss expenses was primarily due to unfavorable prior period development in certain lines and higher underlying ceded exposures due to premium growth.

The following table presents a roll-forward of valuation allowance for uncollectible reinsurance related to Reinsurance recoverable on loss and loss expenses:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Valuation allowance for uncollectible reinsurance - beginning of period	**$ 329**	$ 314
Provision for uncollectible reinsurance	**3**	3
Write-offs charged against the valuation allowance	**(4)**	—
Foreign exchange revaluation	**1**	—
Valuation allowance for uncollectible reinsurance - end of period	**$ 329**	$ 317

For additional information, refer to Note 1 d) to the Consolidated Financial Statements of our 2021 Form 10-K.

6. Unpaid losses and loss expenses

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

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Gross unpaid losses and loss expenses – beginning of period	**$ 72,943**	$ 67,811
Reinsurance recoverable on unpaid losses – beginning of period [1]	**(16,184)**	(14,647)
Net unpaid losses and loss expenses – beginning of period	**56,759**	53,164
Net losses and loss expenses incurred in respect of losses occurring in:		
Current year	**5,192**	5,249
Prior years [2]	**(405)**	(196)
Total	**4,787**	5,053
Net losses and loss expenses paid in respect of losses occurring in:		
Current year	**792**	732
Prior years	**3,569**	3,161
Total	**4,361**	3,893
Foreign currency revaluation and other	**13**	71
Net unpaid losses and loss expenses – end of period	**57,198**	54,395
Reinsurance recoverable on unpaid losses [1]	**16,646**	14,860
Gross unpaid losses and loss expenses – end of period	**$ 73,844**	$ 69,255

[1] Net of valuation allowance 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 $165 million and $4 million for the three months ended March 31, 2022 and 2021, respectively.

Gross and net unpaid losses and loss expenses increased $901 million and $439 million, respectively, for the three months ended March 31, 2022, driven by an increase in underlying exposure due to premium growth, partially offset by catastrophe loss payments, favorable prior period development, and crop activity.

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Prior Period Development
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. Long-tail lines include lines such as workers' compensation, general liability, and financial lines; while short-tail lines include lines such as most property lines, energy, personal accident, and agriculture.

The following table summarizes (favorable) and adverse PPD by segment.

	Three Months Ended March 31		
(in millions of U.S. dollars)	**Long-tail**	**Short-tail**	**Total**
2022			
North America Commercial P&C Insurance	**$ (20)**	**$ (88)**	**$ (108)**
North America Personal P&C Insurance	**—**	**(51)**	**(51)**
North America Agricultural Insurance	**—**	**(26)**	**(26)**
Overseas General Insurance	**—**	**(60)**	**(60)**
Global Reinsurance	**—**	**(3)**	**(3)**
Corporate	**8**	**—**	**8**
Total	**$ (12)**	**$ (228)**	**$ (240)**
2021			
North America Commercial P&C Insurance	$ (46)	$ (81)	$ (127)
North America Personal P&C Insurance	—	(40)	(40)
North America Agricultural Insurance	—	(2)	(2)
Overseas General Insurance	—	(25)	(25)
Global Reinsurance	—	(7)	(7)
Corporate	9	—	9
Total	$ (37)	$ (155)	$ (192)

Significant prior period movements by segment, principally driven by reserve reviews completed during each respective period, are discussed in more detail below. The remaining net development for long-tail lines and short-tail business for each segment and Corporate comprises numerous favorable and adverse movements across a number of lines and accident years, none of which is significant individually or in the aggregate.

North America Commercial P&C Insurance
2022
For the three months ended March 31, 2022, net favorable PPD was $108 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 $20 million in long-tail business, primarily from:
  - Net favorable development of $38 million in workers' compensation, mainly in accident years 2017 and prior, which were impacted by lower than expected loss emergence and related updates to loss development patterns;
  - Net favorable development of $38 million in personal casualty business, mainly in accident years 2020 and 2021, which had lower than expected reported loss emergence and lower than expected loss frequency; and
  - Net adverse development of $60 million in excess and umbrella portfolios, in accident years 2019 and prior, driven by higher than expected loss emergence.

- Net favorable development of $88 million in short-tail business, primarily from:
  - Net favorable development of $76 million in A&H, in accident years 2020 and 2021, driven by lower than expected loss emergence;
  - Net favorable development of $38 million in surety, mainly in accident year 2020, driven by lower than expected loss emergence; and
  - Net adverse development of $21 million in small commercial property lines, mainly in accident year 2021, driven by higher than expected loss emergence.

2021
For the three months ended March 31, 2021, net favorable PPD was $127 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 $46 million in long-tail business, primarily from:
  - Net favorable development of $51 million in financial lines (errors & omissions and third-party cyber risk), in accident years 2016 and 2017, from lower than expected loss emergence, partly offset by higher than expected development in accident year 2019;
  - Net favorable development of $35 million in voluntary environmental lines, in accident years 2017 and prior, from lower than expected loss emergence, partly offset by higher than expected development in accident year 2019; and
  - Net adverse development of $57 million in excess and umbrella portfolios, with accident years 2015 through 2019 continuing to experience higher than expected loss development, partly offset by favorable development in accident years 2014 and prior.
- Net favorable development of $81 million in short-tail business, primarily from:
  - Net favorable development of $49 million in surety, mainly in accident years 2018 and 2019, driven by lower than expected loss emergence;
  - Net favorable development of $48 million in A&H, in accident years 2019 and 2020, where loss emergence was lower than expected;
  - Net favorable development of $25 million in property and marine coverages in accident year 2020, driven by lower than expected non-catastrophe loss development; and
  - Net adverse development of $41 million in first-party cyber risk, in accident years 2019 and 2020, which experienced higher than expected loss development as well as heightened frequency and severity.

North America Personal P&C Insurance
2022
For the three months ended March 31, 2022, net favorable PPD was $51 million, in accident year 2021, which experienced better than expected loss emergence in homeowners.

2021
For the three months ended March 31, 2021, net favorable PPD was $40 million, in accident year 2020, which experienced better than expected non-catastrophe loss emergence in homeowners and valuables.

North America Agricultural Insurance
2022
For the three months ended March 31, 2022, net favorable PPD was $26 million, mainly due to better than expected crop yield results related to the 2021 crop year.

Overseas General Insurance
2022
For the three months ended March 31, 2022, net favorable PPD was $60 million, across short-tail lines, mainly in accident years 2020 and 2021, primarily from:

- Net favorable development of $24 million in property lines driven by favorable loss emergence in Continental Europe; and

- Net favorable development of $22 million in A&H lines driven by favorable loss developments across all regions.

2021
For the three months ended March 31, 2021, net favorable PPD was $25 million, which reflects favorable loss experience across several lines, mainly in accident year 2020, none of which were significant individually or in the aggregate.

7. 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, principally GMIB, 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 GLB reinsurance product meets the definition of a derivative instrument and 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 book 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.

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

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:

		March 31, 2022			December 31, 2021		
		Fair Value		Notional Value/ Payment Provision	Fair Value		Notional Value/ Payment Provision
(in millions of U.S. dollars)	Consolidated Balance Sheet Location	Derivative Asset	Derivative (Liability)		Derivative Asset	Derivative (Liability)	
Investment and embedded derivative instruments:							
Foreign currency forward contracts	OA / (AP)	$ 58	$ (154)	$ 7,478	$ 25	$ (139)	$ 6,182
Options/Futures contracts on notes, bonds, and equities	OA / (AP)	105	(58)	9,282	33	(27)	12,944
Convertible securities [1]	FM AFS / ES	16	—	19	11	—	12
		$ 179	$ (212)	$ 16,779	$ 69	$ (166)	$ 19,138
Other derivative instruments:							
Futures contracts on equities [2]	OA / (AP)	$ —	$ (63)	$ 814	$ —	$ (16)	$ 905
Other	OA / (AP)	3	—	79	—	—	3
		$ 3	$ (63)	$ 893	$ —	$ (16)	$ 908
GLB [3]	(AP)	$ —	$ (696)	$ 1,558	$ —	$ (745)	$ 1,432

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

At March 31, 2022 and December 31, 2021, net derivative liabilities of $107 million and $123 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.

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

	Three Months Ended March 31	
(in millions of U.S. dollars)	2022	2021
Investment and embedded derivative instruments:		
Foreign currency forward contracts	$ (54)	$ (16)
All other futures contracts, options, and equities	102	125
Convertible securities [1]	(1)	—
Total investment and embedded derivative instruments	$ 47	$ 109
GLB and other derivative instruments:		
GLB	$ 35	$ 319
Futures contracts on equities [2]	42	(44)
Other	1	(1)
Total GLB and other derivative instruments	$ 78	$ 274
	$ 125	$ 383

(1) Includes embedded derivatives.
(2) Related to GMDB and GLB book of business.

b) Derivative instrument objectives
(i) Foreign currency exposure management
A foreign currency forward contract (forward) is an agreement between participants to exchange specific 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 future policy benefit reserves for GMDB and an increase in the fair value liability for 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 our 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, level of interest rates, 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.

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, from time to time, both for their total return and for the flexibility they provide related to our mortgage-backed security strategy.

(v) GLB
Under the GLB program, as the assuming entity, Chubb is obligated to provide coverage until the expiration or maturity of the underlying deferred annuity contracts or the expiry of the reinsurance treaty. The GLB is accounted for as a derivative and is recorded at fair value. 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 U.S. and/or international 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.

To mitigate adverse changes in the capital markets, we maintain positions in exchange-traded equity futures contracts, as noted under section "(ii) Futures" above. These futures increase in fair value when the S&P 500 index decreases (and decrease in fair

value when the S&P 500 index increases). The net impact of gains or losses related to changes in fair value of the GLB liability and the exchange-traded equity futures are included in Net realized gains (losses).

c) Securities lending and secured borrowings

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

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:

	Remaining contractual maturity	
	March 31, 2022	December 31, 2021
(in millions of U.S. dollars)		Overnight and Continuous
Collateral held under securities lending agreements:		
Cash	**$ 1,000**	$ 931
U.S. Treasury / Agency	**106**	128
Non-U.S.	**663**	752
Corporate and asset-backed securities	**23**	12
Mortgage-backed securities	**—**	1
Equity securities	**8**	7
	$ 1,800	$ 1,831
Gross amount of recognized liability for securities lending payable	**$ 1,800**	$ 1,831

At March 31, 2022 and December 31, 2021, our repurchase agreement obligations of $1,406 million were fully collateralized. In contrast to securities lending programs, the use of cash received is not restricted for the repurchase obligations. The fair value of the underlying securities sold remains in Fixed maturities available for sale, and the repurchase agreement obligation is recorded in Repurchase agreements in the Consolidated balance sheets.

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

	Remaining contractual maturity						
	March 31, 2022				December 31, 2021		
(in millions of U.S. dollars)	**Up to 30 Days**	**30-90 Days**	**Greater than 90 Days**	**Total**	30-90 Days	Greater than 90 Days	Total
Collateral pledged under repurchase agreements:							
Cash	**$ 43**	**$ —**	**$ —**	**$ 43**	$ —	$ 29	$ 29
U.S. Treasury / Agency	**—**	**—**	**102**	**102**	103	—	103
Mortgage-backed securities	**358**	**466**	**474**	**1,298**	—	1,288	1,288
	$ 401	**$ 466**	**$ 576**	**$ 1,443**	$ 103	$ 1,317	$ 1,420
Gross amount of recognized liabilities for repurchase agreements				**$ 1,406**			$ 1,406
Difference [1]				**$ 37**			$ 14

[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.

d) Fixed maturities
At March 31, 2022, we have commitments to purchase fixed income securities of $622 million over the next several years.

e) Other investments
At March 31, 2022, included in Other investments in the Consolidated balance sheet are investments in limited partnerships and partially-owned investment companies with a carrying value of $10.7 billion. In connection with these investments, we have commitments that may require funding of up to $7.2 billion over the next several years. At December 31, 2021, these investments had a carrying value of $9.8 billion with a commitment that may require funding of up to $7.2 billion.

f) Income taxes
At March 31, 2022, $64 million of unrecognized tax benefits remain outstanding. It is reasonably possible that, over the next twelve months, the amount of unrecognized tax benefits may change resulting from the re-evaluation of unrecognized tax benefits arising from examinations by taxing authorities, settlements and the lapses of statutes of limitations. With few exceptions, Chubb is no longer subject to income tax examinations for years before 2012.

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

h) Lease commitments
At March 31, 2022, and December 31, 2021, the right-of-use asset was $437 million and $445 million, respectively, recorded within Other assets and the lease liability was $470 million and $484 million, respectively, recorded within Accounts payable, accrued expenses, and other liabilities on the Consolidated balance sheets. These leases consist principally of real estate operating leases that are amortized on a straight-line basis over the term of the lease, which expire at various dates.

8. Shareholders' equity

All of Chubb's Common Shares are authorized under Swiss corporate law. Though the par value of Common Shares is stated in Swiss francs, Chubb continues to use U.S. dollars as its reporting currency for preparing the Consolidated Financial statements. Under Swiss corporate law, dividends, including distributions from legal reserves or 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. At March 31, 2022, our Common Shares had a par value of CHF 24.15 per share.

At our May 2021 and 2020 annual general meeting, our shareholders approved annual dividends for the following year of up to $3.20 per share and $3.12 per share, respectively, which were paid in four quarterly installments of $0.80 per share and $0.78 per share, respectively, at dates determined by the Board of Directors (Board) after the annual general meetings by way of a distribution from capital contribution reserves, transferred to free reserves for payment.

Dividend distributions per Common Share for the three months ended March 31, 2022 and 2021 were $0.80 (CHF 0.74) and $0.78 (CHF 0.70), respectively.

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, purchases under the Employee Stock Purchase Plan (ESPP), and share cancellations. At the Chubb Limited Extraordinary General Meeting of Shareholders, held on November 3, 2021, shareholders approved the cancellation of 14,465,400 shares repurchased under our share repurchase program during the first six months of 2021. The capital reduction by cancellation of shares was subject to publication requirements and a two-month waiting period in accordance with Swiss law and became effective on January 17, 2022. During the three months ended March 31, 2022, 4,869,900 shares were repurchased, 14,465,400 shares were canceled, and 1,972,615 net shares were issued under employee share-based compensation plans. At March 31, 2022, 35,880,387 Common Shares remain in treasury.

Chubb Limited securities repurchase authorizations
The Board has authorized share repurchase programs as follows:

- $1.5 billion of Chubb Common Shares from November 19, 2020 through December 31, 2021;
- $1.0 billion increase to the November 2020 share repurchase program to a total of $2.5 billion in February 2021, effective through December 31, 2021; and
- One-time incremental share repurchase program of $5.0 billion of Chubb Common Shares from July 19, 2021 through June 30, 2022.

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)	Three Months Ended March 31		April 1, 2022 through April 28, 2022
	2022	2021	
Number of shares repurchased	**4,869,900**	3,110,000	**115,000**
Cost of shares repurchased	**$ 1,001**	$ 519	**$ 24**
Repurchase authorization remaining at end of period	**$ 1,648**	$ 1,982	**$ 1,624**

9. Share-based compensation

The Chubb Limited 2016 Long-Term Incentive Plan, as amended and restated (the Amended 2016 LTIP), permits grants of both incentive and non-qualified stock options principally at an option price per share equal to the grant date fair value of Chubb's Common Shares. Stock options are generally granted with a 3-year vesting period and a 10-year term. Stock options typically vest in equal annual installments over the respective vesting period, which is also the requisite service period. On February 24, 2022, Chubb granted 1,702,679 stock options with a weighted-average grant date fair value of $35.21 each. The fair value of the options issued is estimated on the grant date using the Black-Scholes option pricing model.

The Amended 2016 LTIP also permits grants of service-based restricted stock and restricted stock units as well as performance-based restricted stock awards. Chubb generally grants service-based restricted stock and restricted stock units with a 4-year vesting period, based on a graded vesting schedule. The performance-based restricted stock awards granted comprise target awards and premium awards that cliff vest at the end of a 3-year performance period based on both tangible book value (shareholders' equity less goodwill and intangible assets, net of tax) per share growth and P&C combined ratio compared to a defined group of peer companies. Premium awards are subject to an additional vesting provision based on total shareholder return compared to our peer group. The restricted stock is principally granted at market close price on the grant date. On February 24, 2022, Chubb granted 809,644 service-based restricted stock awards, 295,195 service-based restricted stock units, and 294,229 performance-based stock awards to employees and officers with a grant date fair value of $199.03 each. Each restricted stock unit represents our obligation to deliver to the holder one Common Share upon vesting.

10. Postretirement benefits

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

	Pension Benefit Plans				Other Postretirement Benefit Plans	
	2022		2021		**2022**	2021
Three Months Ended March 31 (in millions of U.S. dollars)	**U.S. Plans**	**Non-U.S. Plans**	U.S. Plans	Non-U.S. Plans		
Service cost	**$ —**	**$ 1**	$ —	$ 1	**$ —**	$ —
Non-service cost (benefit):						
Interest cost	**21**	**6**	18	5	**—**	—
Expected return on plan assets	**(71)**	**(11)**	(64)	(11)	**—**	—
Amortization of net actuarial loss	**—**	**—**	—	1	**—**	—
Amortization of prior service cost	**—**	**—**	—	—	**—**	(20)
Settlements	**—**	**—**	—	—	**—**	—
Total non-service cost (benefit)	**(50)**	**(5)**	(46)	(5)	**—**	(20)
Net periodic benefit cost (benefit)	**$ (50)**	**$ (4)**	$ (46)	$ (4)	**$ —**	$ (20)

The line items in which the service cost and non-service cost (benefit) components of net periodic benefit cost (benefit) are included in the Consolidated statements of operations were as follows:

	Pension Benefit Plans		Other Postretirement Benefit Plans	
	2022	2021	**2022**	2021
Three Months Ended March 31 (in millions of U.S. dollars)				
Service cost:				
Losses and loss expenses	**$ —**	$ —	**$ —**	$ —
Administrative expenses	**1**	1	**—**	—
Total service cost	**1**	1	**—**	—
Non-service cost (benefit):				
Losses and loss expenses	**(5)**	(5)	**—**	(2)
Administrative expenses	**(50)**	(46)	**—**	(18)
Total non-service cost (benefit)	**(55)**	(51)	**—**	(20)
Net periodic benefit cost (benefit)	**$ (54)**	$ (50)	**$ —**	$ (20)

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

11. Other income and expense

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Equity in net income of partially-owned entities [1]	**$ 361**	$ 497
Gains (losses) from fair value changes in separate account assets [2]	**(31)**	4
Federal excise and capital taxes	**(4)**	(5)
Other	**(16)**	(6)
Total	**$ 310**	$ 490

[1] Equity in net income of partially-owned entities includes $40 million and $49 million attributable to our investments in Huatai (Huatai Group, Huatai P&C, and Huatai Life) for the three months ended March 31, 2022 and 2021, respectively.

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

Other income and expense includes equity in net income of partially-owned entities, which includes our share of net income or loss, both underlying operating income and mark-to-market movement, related to partially-owned investment companies (private equity) and partially-owned insurance companies. Also included in Other income and 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 and expense as these are considered capital transactions and are excluded from underwriting results. Bad debt expense for uncollectible premiums is also included in Other income and expense.

12. Segment information

Chubb operates through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. Corporate results primarily include income and expenses not attributable to reportable segments and losses and loss expenses of asbestos and environmental (A&E) liabilities and certain other non-A&E run-off exposures.

Management uses underwriting income (loss) as the basis for segment performance. Chubb calculates underwriting income (loss) by subtracting Losses and loss expenses, Policy benefits, Policy acquisition costs, and Administrative expenses from Net premiums earned. Segment income (loss) includes underwriting income (loss), net investment income (loss), 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. Our main measure of segment performance is Segment income (loss), which also includes amortization of purchased intangibles acquired by the segment. We determined that this definition of segment income (loss) is appropriate and aligns with how the business is managed. We continue to evaluate our segments as our business continues to evolve and may further refine our segments and segment income (loss) measures. Certain items are presented in a different manner for segment reporting purposes than in the Consolidated Financial Statements. These items are reconciled to the consolidated presentation in the Segment measure reclass column below and include:

- Losses and loss expenses include realized gains and losses on crop derivatives. These derivatives were purchased to provide economic benefit, in a manner similar to reinsurance protection, in the event that a significant decline in commodity pricing impacts underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations, and therefore realized gains (losses) from these derivatives are reclassified to losses and loss expenses.

- Policy benefits include fair value changes on separate accounts that do not qualify for separate accounting under GAAP. These gains and losses have been reclassified from Other (income) expense. We view gains and losses from fair value changes in both separate account assets and liabilities as part of the results of our underwriting operations, and therefore these gains and losses are reclassified to policy benefits.

- Net investment income includes investment income reclassified from Other (income) expense related to partially-owned investment companies (private equity partnerships) where our ownership interest is in excess of three percent. We view investment income from these equity-method private equity partnerships as net investment income for segment reporting purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – continued (Unaudited)

Chubb Limited and Subsidiaries

The following tables present the Statement of Operations by segment:

For the Three Months Ended March 31, 2022 (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	Segment Measure Reclass	Chubb Consolidated
Net premiums written	$ 4,039	$ 1,180	$ 62	$ 3,079	$ 253	$ 586	$ —	$ —	$ 9,199
Net premiums earned	4,114	1,247	(29)	2,628	235	551	—	—	8,746
Losses and loss expenses	2,497	713	(92)	1,389	115	154	10	1	4,787
Policy benefits	—	—	—	—	—	176	—	(31)	145
Policy acquisition costs	573	260	12	679	62	151	—	—	1,737
Administrative expenses	265	69	(1)	269	9	84	83	—	778
Underwriting income (loss)	779	205	52	291	49	(14)	(93)	30	1,299
Net investment income (loss)	489	59	7	147	85	103	(5)	(63)	822
Other (income) expense	6	1	—	2	—	(28)	(259)	(32)	(310)
Amortization expense of purchased intangibles	—	2	7	14	—	2	46	—	71
Segment income	$ 1,262	$ 261	$ 52	$ 422	$ 134	$ 115	$ 115	$ (1)	$ 2,360
Net realized gains (losses)							100	1	101
Interest expense							132	—	132
Income tax expense							355	—	355
Net income (loss)							$ (272)	$ —	$ 1,974

For the Three Months Ended March 31, 2021 (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	Segment Measure Reclass	Chubb Consolidated
Net premiums written	$ 3,664	$ 1,098	$ 183	$ 2,890	$ 207	$ 620	$ —	$ —	$ 8,662
Net premiums earned	3,674	1,184	110	2,478	180	595	—	—	8,221
Losses and loss expenses	2,560	819	85	1,263	120	198	9	(1)	5,053
Policy benefits	—	—	—	—	—	163	—	4	167
Policy acquisition costs	514	247	12	668	45	179	—	—	1,665
Administrative expenses	254	60	3	266	8	82	71	—	744
Underwriting income (loss)	346	58	10	281	7	(27)	(80)	(3)	592
Net investment income (loss)	540	65	7	141	70	98	(17)	(41)	863
Other (income) expense	2	1	—	1	—	(34)	(415)	(45)	(490)
Amortization expense of purchased intangibles	—	3	7	12	—	1	49	—	72
Segment income	$ 884	$ 119	$ 10	$ 409	$ 77	$ 104	$ 269	$ 1	$ 1,873
Net realized gains (losses)							888	(1)	887
Interest expense							122	—	122
Income tax expense							338	—	338
Net income							$ 697	$ —	$ 2,300

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

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

13. Earnings per share

(in millions of U.S. dollars, except share and per share data)	Three Months Ended March 31 2022	2021
Numerator:		
Net income	**$ 1,974**	$ 2,300
Denominator:		
Denominator for basic earnings per share:		
Weighted-average shares outstanding	**425,805,105**	450,539,568
Denominator for diluted earnings per share:		
Share-based compensation plans	**3,985,729**	2,795,971
Weighted-average shares outstanding and assumed conversions	**429,790,834**	453,335,539
Basic earnings per share	**$ 4.64**	$ 5.10
Diluted earnings per share	**$ 4.59**	$ 5.07
Potential anti-dilutive share conversions	**681,032**	1,952,612

Excluded from weighted-average shares outstanding and assumed conversions is the impact of securities that would have been anti-dilutive during the respective periods. These securities consisted of stock options in which the underlying exercise prices were greater than the average market prices of our Common Shares. Refer to Note 12 to the Consolidated Financial Statements of our 2021 Form 10-K for additional information on stock options.

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

The following is a discussion of our results of operations, financial condition, and liquidity and capital resources as of and for the three months ended March 31, 2022.

All comparisons in this discussion are to the corresponding prior year period unless otherwise indicated. All dollar amounts are rounded. However, percent changes and ratios are calculated using whole dollars. Accordingly, calculations using rounded dollars may differ.

Our results of operations and cash flows for any interim period are not necessarily indicative of our results for the full year. This discussion should be read in conjunction with our consolidated financial statements and related notes and our Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2021 (2021 Form 10-K).

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

MD&A Index

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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. The words "believe," "anticipate," "estimate," "project," "should," "plan," "expect," "intend," "hope," "feel," "foresee," "will likely result," "will continue," and variations thereof and similar expressions, identify forward-looking statements. These forward-looking statements are subject to certain risks, uncertainties, and other factors that could, should potential events occur, cause actual results to differ materially from such statements. These risks, uncertainties, and other factors, which are described in more detail elsewhere herein and in other documents we file with the U.S. Securities and Exchange Commission (SEC), include but are not limited to:

- actual amount of new and renewal business, premium rates, underwriting margins, market acceptance of our products, and risks associated with the introduction of new products and services and entering new markets; 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;
- losses arising out of natural or man-made catastrophes; 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;
- infection rates and severity of COVID-19 and related risks, and their effects on our business operations and claims activity, and any adverse impact to our insureds, brokers, agents, and employees; actual claims may exceed our best estimate of ultimate insurance losses incurred which could change including as a result of, among other things, the impact of legislative or regulatory actions taken in response to COVID-19;
- 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 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;
- uncertainties relating to governmental, legislative and regulatory policies, developments, actions, investigations, and treaties; judicial decisions and rulings, new theories of liability, legal tactics, and settlement terms; the effects of data privacy or cyber laws or regulation; global political conditions and possible business disruption or economic contraction that may result from such events;
- 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; changing rates of inflation; and other general economic and business conditions, including the depth and duration of potential recession;
- the availability of borrowings and letters of credit under our credit facilities; the adequacy of collateral supporting funded high deductible programs; the amount of dividends received from subsidiaries;
- 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;
- 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 effects of public company bankruptcies and accounting restatements, as well as disclosures by and investigations of public companies relating to possible accounting irregularities, and other corporate governance issues;
- acquisitions made 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, including with respect to our announced acquisitions not closing; risks and uncertainties relating to our planned purchases of additional interests in Huatai Insurance Group Co., Ltd. (Huatai Group), including our ability to receive Chinese insurance regulatory approval and complete the purchases;
- 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; share repurchase plans and share cancellations;

- loss of the services of any of our executive officers without suitable replacements being recruited in a reasonable time frame;
- the ability of our technology resources, including information systems and security, to perform as anticipated such as with respect to preventing material information technology failures or third-party infiltrations or hacking resulting in consequences adverse to Chubb or its customers or partners; the ability of our company to increase use of data analytics and technology as part of our business strategy and adapt to new technologies; and
- management's response to these factors and actual events (including, but not limited to, those described above).

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

Overview

Chubb Limited is the Swiss-incorporated holding company of the Chubb Group of Companies. Chubb Limited, which is headquartered in Zurich, Switzerland, and its direct and indirect subsidiaries (collectively, the Chubb Group of Companies, Chubb, we, us, or our) are a global insurance and reinsurance organization, serving the needs of a diverse group of clients worldwide. At March 31, 2022, we had total assets of $198 billion and shareholders' equity of $57 billion. Chubb was incorporated in 1985 at which time it opened its first business office in Bermuda and continues to maintain operations in Bermuda. We operate through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. For more information on our segments refer to "Segment Information" under Item 1 in our 2021 Form 10-K.

Consolidated Operating Results – Three Months Ended March 31, 2022 and 2021

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21
Net premiums written	**$ 9,199**	$ 8,662	6.2 %
Net premiums written - constant dollars [1]			8.1 %
Net premiums earned	**8,746**	8,221	6.4 %
Net investment income	**822**	863	(4.8)%
Net realized gains (losses)	**101**	887	(88.6)%
Total revenues	**9,669**	9,971	(3.0)%
Losses and loss expenses	**4,787**	5,053	(5.3)%
Policy benefits	**145**	167	(13.1)%
Policy acquisition costs	**1,737**	1,665	4.3 %
Administrative expenses	**778**	744	4.6 %
Interest expense	**132**	122	7.4 %
Other (income) expense	**(310)**	(490)	(36.7)%
Amortization of purchased intangibles	**71**	72	(2.0)%
Total expenses	**7,340**	7,333	0.1 %
Income before income tax	**2,329**	2,638	(11.7)%
Income tax expense	**355**	338	5.2 %
Net income	**$ 1,974**	$ 2,300	(14.2)%

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

Financial Highlights for the Three Months Ended March 31, 2022

- Net income was $2.0 billion compared with $2.3 billion in the prior year period. Net income in the current quarter was driven by strong underwriting results, including growth in net premiums earned and improvements in our combined ratios. Net income is lower in the current year from lower year-over-year after-tax net realized gains on equity securities of $257 million and a lower gain of $198 million on our variable annuity reinsurance portfolio.

- Consolidated net premiums written were $9.2 billion, up 6.2 percent, or 8.1 percent in constant dollars, primarily from growth in both commercial lines and consumer lines of 7.9 percent and 2.9 percent, respectively, or 9.4 percent and 5.5 percent in constant dollars, respectively.

- Consolidated net premiums earned were $8.7 billion, up 6.4 percent, or 8.0 percent in constant dollars, primarily from growth in both commercial lines and consumer lines of 9.9 percent and 0.2 percent, respectively, or 11.1 percent and 2.7 percent in constant dollars, respectively.

- Total pre-tax and after-tax catastrophe losses were $333 million (4.0 percentage points of the P&C combined ratio) and $290 million, respectively, compared with $700 million (9.1 percentage points of the P&C combined ratio) and $570 million, respectively, in the prior year period.

- Total pre-tax and after-tax favorable prior period development were $240 million (3.2 percentage points of the P&C combined ratio) and $195 million, respectively, compared with $192 million (2.5 percentage points of the P&C combined ratio) and $156 million, respectively, in the prior year period.

- The P&C combined ratio was 84.3 percent compared with 91.8 percent in the prior year period. P&C current accident year (CAY) combined ratio excluding catastrophe losses was 83.5 percent compared with 85.2 percent in the prior year period. The current year ratios decreased due to underlying loss ratio improvement and the favorable impact of higher net premiums earned on the expense ratio.

- Net investment income was $822 million compared with $863 million in the prior year period, reflecting lower reinvestment rates on new and reinvested fixed maturities.

- Operating cash flow was $2.4 billion for the quarter compared with $2.1 billion in the prior year period.

- Shareholders' equity decreased by $3.0 billion in the quarter, as net income of $2.0 billion was more than offset by net unrealized losses on investments of $3.8 billion after-tax from rising interest rates. In addition, shareholders' equity reflected total capital returned to shareholders in the quarter of $1.3 billion, including share repurchases of $1.0 billion, at an average purchase price of $205.53 per share, and dividends of $340 million.

Net Premiums Written	Three Months Ended March 31		% Change	
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21	C$ Q-22 vs. Q-21
Commercial casualty	**$ 1,837**	$ 1,649	11.4 %	12.8 %
Workers' compensation	**603**	563	7.2 %	7.2 %
Financial lines	**1,182**	1,090	8.5 %	10.1 %
Surety	**153**	158	(3.1)%	(1.7)%
Commercial multiple peril [1]	**290**	263	10.0 %	10.0 %
Property and other short-tail lines	**1,777**	1,594	11.5 %	14.3 %
Total Commercial P&C lines	**5,842**	5,317	9.9 %	11.5 %
Agriculture	**62**	183	(65.9)%	(65.9)%
Personal automobile	**412**	387	6.5 %	9.0 %
Personal homeowners	**830**	775	7.1 %	7.7 %
Personal other	**495**	468	5.7 %	8.4 %
Total Personal lines	**1,737**	1,630	6.5 %	8.2 %
Total Property and Casualty lines	**7,641**	7,130	7.2 %	8.8 %
Global A&H lines [2]	**975**	982	(0.6)%	2.8 %
Reinsurance lines	**253**	207	22.0 %	22.4 %
Life	**330**	343	(4.0)%	(0.2)%
Total consolidated	**$ 9,199**	$ 8,662	6.2 %	8.1 %

(1) Commercial multiple peril represents retail package business (property and general liability).
(2) For purposes of this schedule only, A&H results from our Combined North America and International businesses, normally included in the Life Insurance and Overseas General Insurance segments, respectively, as well as the A&H results of our North America Commercial P&C segment, are included in Global A&H lines above.

The increase in consolidated net premiums written for the three months ended March 31, 2022 reflects growth across most lines of business. Commercial lines growth was 7.9 percent and consumer lines growth was 2.9 percent, or 9.4 percent and 5.5 percent, respectively, on a constant dollar basis, driven by higher new business, positive rate increases, and strong renewal retention. Agriculture growth was impacted by $161 million of return of premium to the U.S. government under the profit-sharing agreement reflecting the profitable 2021 crop year. Commercial lines growth excluding Agriculture increased 10.3 percent, or 11.9 percent in constant dollars.

- Commercial casualty grew primarily in North America, Europe and Asia, driven by higher new business, strong retention and positive rate increases.
- Workers' compensation growth was due to higher renewal business, including exposure increases, in North America.
- Financial lines grew in North America, Asia, and Europe, reflecting higher new business, strong retention and positive rate increases.
- Commercial multiple peril increased due to higher renewal business, including exposure and rate increases, in North America.
- Property and other short-tail lines grew due to higher new business, strong retention, and positive rate increases in North America, Europe, Latin America and Asia.
- Agriculture decreased due to return of premium to the U.S. government noted above. Excluding this return of premium, there was underlying growth in crop insurance and Chubb Agribusiness, reflecting higher commodity prices and volatility factors, which improved pricing, and policy count growth.
- Personal lines increased due to new business and strong renewal retention, from both rate and exposure increases, mainly in homeowners; partially offset by cancellations in parts of California exposed to wildfires. In addition, the prior year included the unfavorable impact of reinstatement premiums related to 2021 winter storm losses and automobile return premiums. This prior year impact and adverse impact of the cancellations noted above, contributed 1.8 percentage points to the year-over-year growth.

- Global A&H lines increased on a constant-dollar basis as lines in Latin America, Europe, and Asia began to recover from less travel volume and reduced consumer activity in the prior year. Our North American Combined Insurance supplemental A&H business decreased due to the continued impact of the COVID-19 pandemic on face-to-face and worksite sales.
- The increase in reinsurance was due to continued growth in the portfolio reflecting the impact of new treaties bound in the current quarter and in 2021, as well as favorable premium adjustments.
- International life operations declined, as new business in Asia was offset by a decline Latin America.

For additional information on net premiums written, refer to the segment results discussions.

Net Premiums Earned

Net premiums earned for short-duration contracts, typically P&C contracts, generally reflect the portion of net premiums written that was 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. For the three months ended March 31, 2022, net premiums earned increased $525 million, or 6.4 percent, comprising 9.9 percent positive growth in commercial lines and 0.2 percent positive growth in consumer lines. Partially offsetting the increase in net premiums earned is the return of premium under the profit-sharing agreement related to the profitable 2021 crop year as described above.

Catastrophe Losses and Prior Period Development

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 losses and affects a significant number of insureds. For events outside of the U.S. and Canada, we generally use a similar definition. We also define losses from certain pandemics, such as COVID-19, as a catastrophe loss.

Prior period development includes adjustments relating to either profit commission reserves or policyholder dividend reserves based on actual claim experience that develops after the policy period ends. The expense adjustments correlate to the prior period loss development on these same policies. Refer to the Non-GAAP Reconciliation section for further information on reinstatement premiums on catastrophe losses and adjustments to prior period development.

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Catastrophe losses	**$ 333**	$ 700
Favorable prior period development	**$ 240**	$ 192

Catastrophe losses through March 31, 2022 and 2021 were primarily from the following events:

- 2022: Australia storms, Colorado wildfires, and other severe weather-related events in the U.S. and internationally.
- 2021: Winter storm losses in the U.S. and other severe weather-related events in the U.S. and internationally.

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.

Pre-tax net favorable PPD for the three months ended March 31, 2022 was $240 million, with five percent in long-tail lines, principally from accident years 2018 and prior, and 95 percent in short-tail lines, primarily in A&H, property, and surety lines.

Pre-tax net favorable PPD for the three months ended March 31, 2021 was $192 million, with 19 percent in long-tail lines, principally from accident years 2017 and prior, and 81 percent in short-tail lines, primarily in A&H, surety, and property lines.

Refer to the prior period development discussion in Note 6 to the Consolidated Financial Statements for additional information.

P&C Combined Ratio

In evaluating our segments excluding Life Insurance financial performance, we use the P&C combined ratio. We calculate this ratio by dividing the respective expense amounts by net premiums earned. We do not calculate this ratio for the Life Insurance segment as we do not use this measure to monitor or manage that segment. A P&C combined ratio under 100 percent indicates underwriting income, and a combined ratio exceeding 100 percent indicates underwriting loss.

	Three Months Ended March 31	
	2022	2021
Loss and loss expense ratio		
CAY loss ratio excluding catastrophe losses	**56.3 %**	57.2 %
Catastrophe losses	**4.1 %**	9.1 %
Prior period development	**(3.9)%**	(2.6)%
Loss and loss expense ratio	**56.5 %**	63.7 %
Policy acquisition cost ratio	**19.3 %**	19.5 %
Administrative expense ratio	**8.5 %**	8.6 %
P&C Combined ratio	**84.3 %**	91.8 %

The loss and loss expense ratio and the CAY loss ratio excluding catastrophe losses decreased 7.2 percentage points and 0.9 percentage points, respectively, for the three months ended March 31, 2022, reflecting underlying loss ratio improvement, including earned rate exceeding loss cost trends. The loss and loss expense ratio for the three months ended March 31, 2022 also benefited from lower catastrophe losses and higher favorable prior period development.

The policy acquisition cost ratio and administrative expense ratio were relatively flat for the three months ended March 31, 2022.

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. Refer to the Life Insurance segment operating results section for further discussion.

For the three months ended March 31, 2022 and 2021, Policy benefits were $145 million and $167 million, respectively, which included (gains) losses from fair value changes in separate account liabilities that do not qualify for separate account reporting under GAAP of $(31) million and $4 million, respectively. The offsetting movements of these liabilities are recorded in Other (income) expense on the Consolidated statements of operations. Excluding the separate account gains and losses, Policy benefits were $176 million and $163 million for the three months ended March 31, 2022 and 2021, respectively.

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

Segment Operating Results – Three Months Ended March 31, 2022 and 2021

We operate through six business segments: North America Commercial P&C Insurance, North America Personal P&C Insurance, North America Agricultural Insurance, Overseas General Insurance, Global Reinsurance, and Life Insurance. For more information on our segments refer to "Segment Information" under Item 1 in our 2021 Form 10-K.

North America Commercial P&C Insurance

The North America Commercial P&C Insurance segment comprises operations that provide property and casualty (P&C) and accident & health (A&H) 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 (large corporate accounts and wholesale business), and the North America Commercial Insurance division (principally middle market and small commercial accounts).

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21
Net premiums written	**$ 4,039**	$ 3,664	10.2 %
Net premiums earned	**4,114**	3,674	12.0 %
Losses and loss expenses	**2,497**	2,560	(2.4)%
Policy acquisition costs	**573**	514	11.5 %
Administrative expenses	**265**	254	4.0 %
Underwriting income	**779**	346	125.0 %
Net investment income	**489**	540	(9.4)%
Other (income) expense	**6**	2	123.0 %
Segment income	**$ 1,262**	$ 884	42.8 %
Loss and loss expense ratio:			
CAY loss ratio excluding catastrophe losses	**61.5 %**	63.4 %	(1.9) pts
Catastrophe losses	**2.0 %**	9.9 %	(7.9) pts
Prior period development	**(2.8)%**	(3.6)%	0.8 pts
Loss and loss expense ratio	**60.7 %**	69.7 %	(9.0) pts
Policy acquisition cost ratio	**13.9 %**	14.0 %	(0.1) pts
Administrative expense ratio	**6.5 %**	6.9 %	(0.4) pts
Combined ratio	**81.1 %**	90.6 %	(9.5) pts

Catastrophe Losses and Prior Period Development

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Catastrophe losses	**$ 81**	$ 362
Favorable prior period development	**$ 108**	$ 127

Catastrophe losses through March 31, 2022 and 2021 were primarily from winter storm losses and other severe weather-related events in the U.S.

Refer to the prior period development discussion in Note 6 to the Consolidated Financial Statements for additional information.

Premiums
Net premiums written increased $375 million, or 10.2 percent, for the three months ended March 31, 2022, comprising:

- Commercial lines: Positive growth of 10.5 percent reflecting strong premium retention, including rate and exposure increases, and new business across a number of retail and wholesale lines, including property, financial lines, primary and excess casualty, workers' compensation and commercial multiple peril.
- Consumer lines: Positive growth of 4.4 percent due to recovery in A&H lines from exposure declines in the prior year and strong new business.

Net premiums earned increased $440 million, or 12.0 percent for the three months ended March 31, 2022, reflecting the growth in net premiums written described above.

Combined Ratio
The loss and loss expense ratio and the CAY loss ratio excluding catastrophe losses decreased for the three months ended March 31, 2022, primarily reflecting underlying loss ratio improvement, including earned rate exceeding loss cost trends. The loss and loss expense ratio was also impacted by lower catastrophe losses, partially offset by lower favorable prior period development.

The administrative expense ratio decreased for the three months ended March 31, 2022, primarily due to the favorable impact of growth in net premiums earned, partially offset by higher employee-related benefit expenses.

North America Personal P&C Insurance

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

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21
Net premiums written	**$ 1,180**	$ 1,098	7.4 %
Net premiums earned	**1,247**	1,184	5.3 %
Losses and loss expenses	**713**	819	(13.0)%
Policy acquisition costs	**260**	247	4.9 %
Administrative expenses	**69**	60	15.6 %
Underwriting income	**205**	58	255.4 %
Net investment income	**59**	65	(8.3)%
Other (income) expense	**1**	1	—
Amortization of purchased intangibles	**2**	3	(5.2)%
Segment income	**$ 261**	$ 119	119.7 %
Loss and loss expense ratio:			
CAY loss ratio excluding catastrophe losses	**53.3 %**	53.2 %	0.1 pts
Catastrophe losses	**8.0 %**	19.3 %	(11.3) pts
Prior period development	**(4.1)%**	(3.3)%	(0.8) pts
Loss and loss expense ratio	**57.2 %**	69.2 %	(12.0) pts
Policy acquisition cost ratio	**20.8 %**	20.9 %	(0.1) pts
Administrative expense ratio	**5.5 %**	5.0 %	0.5 pts
Combined ratio	**83.5 %**	95.1 %	(11.6) pts

Catastrophe Losses and Prior Period Development

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Catastrophe losses	**$ 100**	$ 240
Favorable prior period development	**$ 51**	$ 40

Catastrophe losses through March 31, 2022 and 2021 were primarily from the following events:

- 2022: Colorado wildfires and severe weather-related events in the U.S.
- 2021: Winter storm losses and other severe weather-related events in the U.S.

Refer to the prior period development discussion in Note 6 to the Consolidated Financial Statements for additional information.

Premiums

Net premiums written increased $82 million, or 7.4 percent for the three months ended March 31, 2022, primarily driven by new business and strong renewal retention, from both rate and exposure increases, mainly in homeowners; partially offset by cancellations in parts of California exposed to wildfires. In addition, the prior year included the unfavorable impact of reinstatement premiums related to 2021 winter storm losses and automobile return premiums. This prior year impact and adverse impact of the cancellations noted above, contributed 1.8 percentage points to the year-over-year growth.

Net premiums earned increased $63 million, or 5.3 percent for the three months ended March 31, 2022, reflecting the growth in net premiums written.

Combined Ratio
The loss and loss expense ratio decreased for the three months ended March 31, 2022, due to lower catastrophe losses and higher favorable prior period development. The CAY loss ratio excluding catastrophe losses increased primarily due to slightly higher losses in automobile, offset by earned rate exceeding loss cost trends in homeowners.

The administrative expense ratio increased for the three months ended March 31, 2022, primarily due to increased spending to support growth and higher employee-related benefit expenses.

North America Agricultural Insurance

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

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21
Net premiums written	**$ 62**	$ 183	(65.9)%
Net premiums earned	**(29)**	110	NM
Losses and loss expenses	**(92)**	85	NM
Policy acquisition costs	**12**	12	—
Administrative expenses	**(1)**	3	NM
Underwriting income	**52**	10	NM
Net investment income	**7**	7	—
Amortization of purchased intangibles	**7**	7	—
Segment income	**$ 52**	$ 10	NM
Loss and loss expense ratio:			
CAY loss ratio excluding catastrophe losses	**70.6 %**	71.2 %	0.6 pts
Catastrophe losses	**NM**	7.4 %	NM
Prior period development	**NM**	(1.1)%	NM
Loss and loss expense ratio	**NM**	77.5 %	NM
Policy acquisition cost ratio	**NM**	10.7 %	NM
Administrative expense ratio	**NM**	2.7 %	NM
Combined ratio	**NM**	90.9 %	NM

NM - not meaningful

Catastrophe Losses and Prior Period Development

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Catastrophe losses	**$ —**	$ 8
Favorable prior period development	**$ 26**	$ 2

Catastrophe losses through March 31, 2021 were primarily from winter storm losses and other severe weather-related events in the U.S. in Chubb Agribusiness.

Refer to the prior period development discussion in Note 6 to the Consolidated Financial Statements for additional information.

Premiums
Net premiums written decreased $121 million, or 65.9 percent, for the three months ended March 31, 2022, primarily due to $161 million of return of premium to the U.S. government as part of the profit-sharing agreement reflecting the profitable 2021 crop year in our MPCI business. Under the profit-sharing agreement, we return additional premiums to the government because of the lower losses experienced in certain states in 2021. Excluding this return of premium, net premiums written increased 22 percent due mainly to an increase in MPCI, primarily reflecting higher commodity prices and volatility factors, both of which impact pricing, as well as higher reported acreage from policyholders and policy count growth. In addition, our Chubb Agribusiness unit contributed to growth with strong renewal retention, including rate increases, and new business.

Net premiums earned decreased $139 million for the three months ended March 31, 2022, due to the factors described above.

Combined Ratio
The combined ratio for the three months ended March 31, 2022 was impacted by higher favorable prior period development, including the return of premium to the U.S. government under the profit-sharing agreement related to the profitable 2021 crop year described above. This return of premium resulted in a reduction to net premiums earned of $161 million and a corresponding reduction to incurred losses, with no net impact to underwriting income.

The CAY loss and loss expense ratio decreased 0.6 percentage point for the three months ended March 31, 2022, primarily due to the favorable year-over-year impact of the commodity hedge gain of 1.9 percentage points, partially offset by higher premiums earned from MPCI, which have a higher loss ratio.

The CAY policy acquisition cost ratio decreased 0.9 percentage point for the three months ended March 31, 2022, primarily due to higher premiums earned from MPCI, which have a lower acquisition cost ratio.

The CAY administrative expense ratio decreased 3.7 percentage points for the three months ended March 31, 2022, primarily due to higher Administrative and Operating (A&O) reimbursements on the MPCI business, as well as expense management.

Overseas General Insurance

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

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21
Net premiums written	**$ 3,079**	$ 2,890	6.5 %
Net premiums written - constant dollars			11.9 %
Net premiums earned	**2,628**	2,478	6.0 %
Losses and loss expenses	**1,389**	1,263	10.0 %
Policy acquisition costs	**679**	668	1.6 %
Administrative expenses	**269**	266	1.2 %
Underwriting income	**291**	281	3.3 %
Net investment income	**147**	141	4.2 %
Other (income) expense	**2**	1	100.0 %
Amortization of purchased intangibles	**14**	12	10.2 %
Segment income	**$ 422**	$ 409	3.2 %
Loss and loss expense ratio:			
CAY loss ratio excluding catastrophe losses	**49.4 %**	49.9 %	(0.5) pts
Catastrophe losses	**5.8 %**	2.1 %	3.7 pts
Prior period development	**(2.3)%**	(1.0)%	(1.3) pts
Loss and loss expense ratio	**52.9 %**	51.0 %	1.9 pts
Policy acquisition cost ratio	**25.8 %**	27.0 %	(1.2) pts
Administrative expense ratio	**10.2 %**	10.7 %	(0.5) pts
Combined ratio	**88.9 %**	88.7 %	0.2 pts

Catastrophe Losses and Prior Period Development

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Catastrophe losses	**$ 151**	$ 50
Favorable prior period development	**$ 60**	$ 25

Catastrophe losses through March 31, 2022 and 2021 were primarily from the following events:

- 2022: Australia storms and international weather-related events.
- 2021: Winter storm losses in the U.S. and international weather-related events.

Refer to the prior period development discussion in Note 6 to the Consolidated Financial Statements for additional information.

Net Premiums Written by Region

Three months ended March 31

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

Region	2022	2022 % of Total	2021	2021 % of Total	C$ 2021	Q-22 vs. Q-21	C$ Q-22 vs. Q-21
Europe, Middle East, and Africa	**$ 1,654**	**54 %**	$ 1,551	54 %	$ 1,482	6.6 %	11.6 %
Latin America	**605**	**19 %**	537	19 %	512	12.8 %	18.1 %
Asia Pacific ex Japan	**668**	**22 %**	637	22 %	605	4.9 %	10.4 %
Japan	**115**	**4 %**	124	4 %	113	(7.4)%	1.6 %
Other [1]	**37**	**1 %**	41	1 %	40	(10.7)%	(7.8)%
Net premiums written	**$ 3,079**	**100 %**	$ 2,890	100 %	$ 2,752	6.5 %	11.9 %

[1] Includes the international supplemental A&H business of Combined Insurance and other international operations.

Premiums

Net premiums written increased $189 million, or $327 million on a constant-dollar basis, for the three months ended March 31, 2022, reflecting an increase in commercial lines of 8.6 percent, or 13.6 percent on a constant-dollar basis, and growth in consumer lines of 3.0 percent, or 9.0 percent on a constant-dollar basis.

Growth in Europe, Middle East, and Africa for the three months ended March 31, 2022 was primarily driven by higher new business and positive rate increases in commercial lines, including commercial casualty, property, and financial lines. Consumer lines increased primarily due to A&H, reflecting increased travel volume. Additionally, A&H in the prior year was adversely impacted by restrictions resulting from the COVID-19 pandemic.

Latin America increased for the three months ended March 31, 2022 driven by growth in consumer lines, including automobile in personal and travel in A&H. Commercial lines also grew due to exposure increases and new business in commercial lines, primarily property.

Asia Pacific ex Japan increased for the three months ended March 31, 2022 driven by higher new business, higher retention and positive rate increases in commercial lines, including financial lines, property and casualty, and growth in consumer lines, primarily specialty in personal and travel in A&H.

Japan increased for the three months ended March 31, 2022 primarily from new business in A&H.

Net premiums earned increased $150 million, or $261 million on a constant-dollar basis, for the three months ended March 31, 2022, reflecting the increase in net premiums written described above.

Combined Ratio

The loss and loss expense ratio increased for the three months ended March 31, 2022, primarily due to higher catastrophe losses, partially offset by higher favorable prior period development. The CAY loss ratio excluding catastrophe losses decreased for the three months ended March 31, 2022, primarily reflecting underlying loss ratio improvement, including earned rate exceeding loss cost trends.

The policy acquisition cost ratio decreased for the three months ended March 31, 2022, primarily due to a change in the mix of business, including less premiums earned from consumer lines that have a higher acquisition cost ratio and higher premiums earned from commercial lines that have a lower acquisition cost ratio.

The administrative expense ratio decreased for the three months ended March 31, 2022, primarily due to the favorable impact of higher net premiums earned, partially offset by increased investment to support growth.

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 primarily through reinsurance brokers under the Chubb Tempest Re brand name and provides a broad range of traditional and non-traditional reinsurance coverage to a diverse array of primary P&C companies.

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21
Net premiums written	**$ 253**	$ 207	22.0 %
Net premiums written - constant dollars			22.4 %
Net premiums earned	**235**	180	30.8 %
Losses and loss expenses	**115**	120	(4.6)%
Policy acquisition costs	**62**	45	39.3 %
Administrative expenses	**9**	8	5.3 %
Underwriting income	**49**	7	NM
Net investment income	**85**	70	20.7 %
Segment income	**$ 134**	$ 77	74.9 %
Loss and loss expense ratio:			
CAY loss ratio excluding catastrophe losses	**49.9 %**	48.3 %	1.6 pts
Catastrophe losses	**0.4 %**	23.8 %	(23.4) pts
Prior period development	**(1.5)%**	(5.2)%	3.7 pts
Loss and loss expense ratio	**48.8 %**	66.9 %	(18.1) pts
Policy acquisition cost ratio	**26.5 %**	24.9 %	1.6 pts
Administrative expense ratio	**3.7 %**	4.6 %	(0.9) pts
Combined ratio	**79.0 %**	96.4 %	(17.4) pts

NM - not meaningful

Catastrophe Losses and Prior Period Development

	Three Months Ended March 31	
(in millions of U.S dollars)	**2022**	2021
Catastrophe losses	**$ 1**	$ 40
Favorable prior period development	**$ 3**	$ 7

Catastrophe losses through March 31, 2021 were primarily from winter storm losses in the U.S.

Premiums
Net premiums written increased $46 million for the three months ended March 31, 2022, primarily due to continued growth in the portfolio reflecting the impact of new treaties bound in the current quarter and in 2021, as well as favorable premium adjustments.

Net premiums earned increased $55 million for the three months ended March 31, 2022, primarily reflecting the increase in net premiums written described above.

Combined Ratio
The loss and loss expense ratio decreased for the three months ended March 31, 2022, primarily due to lower catastrophe losses. The CAY loss ratio excluding catastrophe losses increased for the three months ended March 31, 2022, primarily due to a shift in the mix of business.

The policy acquisition cost ratio increased for the three months ended March 31, 2022, primarily due to a shift in the mix of business.

The administrative expense ratio decreased for the three months ended March 31, 2022, primarily from the favorable impact of higher net premiums earned.

Life Insurance

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

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21
Net premiums written	**$ 586**	$ 620	(5.5)%
Net premiums written - constant dollars			(3.5)%
Net premiums earned	**551**	595	(7.5)%
Losses and loss expenses	**154**	198	(22.1)%
Policy benefits	**176**	163	8.2 %
Policy acquisition costs	**151**	179	(15.8)%
Administrative expenses	**84**	82	2.0 %
Net investment income	**103**	98	5.1 %
Life Insurance underwriting income	**89**	71	24.7 %
Other (income) expense	**(28)**	(34)	(16.9)%
Amortization of purchased intangibles	**2**	1	100.0 %
Segment income	**$ 115**	$ 104	10.0 %

Premiums
Net premiums written decreased $34 million, or $21 million on a constant-dollar basis for the three months ended March 31, 2022. For our International life operations, net premiums written decreased 4.5 percent as growth in Asia from new business in Taiwan and Vietnam was offset by a decline in Latin America from lower business in Chile. Net premiums written also reflects a decline in our North American Combined Insurance business of 7.4 percent.

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

	Three Months Ended March 31			% Change	
(in millions of U.S. dollars, except for percentages)	**2022**	2021	C$ 2021	Q-22 vs. Q-21	C$ Q-22 vs. Q-21
Deposits collected on universal life and investment contracts	**$ 557**	$ 551	$ 555	0.9 %	0.3 %

Deposits collected on universal life and investment contracts (life deposits) are not reflected as revenues in our Consolidated statements of operations in accordance with GAAP. New life deposits are an important component of production, and although they do not significantly affect current period income from operations, they are key to our efforts to grow our business. Life deposits collected increased $6 million for the three months ended March 31, 2022, primarily in Taiwan.

Life Insurance underwriting income and Segment income
Life Insurance underwriting income increased $18 million for the three months ended March 31, 2022, primarily reflecting lower year-over-year COVID-related losses. Segment income increased $11 million for the three months ended March 31, 2022, primarily due to the increase in underwriting income described above, partially offset by lower income from our investment in Huatai, our partially-owned insurance entity in China.

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 and certain other non-A&E run-off exposures, including molestation.

	Three Months Ended March 31		% Change
(in millions of U.S. dollars, except for percentages)	**2022**	2021	Q-22 vs. Q-21
Losses and loss expenses	**$ 10**	$ 9	0.1 %
Administrative expenses	**83**	71	19.6 %
Underwriting loss	**93**	80	17.4 %
Net investment income (loss)	**(5)**	(17)	(73.4)%
Interest expense	**132**	122	7.4 %
Net realized gains (losses)	**100**	888	(88.8)%
Other (income) expense	**(259)**	(415)	(37.5)%
Amortization of purchased intangibles	**46**	49	(7.6)%
Income tax expense	**355**	338	5.2 %
Net income (loss)	**$ (272)**	$ 697	NM

NM - not meaningful

Administrative expenses increased $12 million for the three months ended March 31, 2022, primarily due to higher employee-related expenses and increased investment to support growth.

Refer to the respective sections that follow for a discussion of Net realized gains (losses), Net investment income (loss), Amortization of purchased intangibles, and Income tax expense (benefit). Refer to Note 11 to the Consolidated Financial Statements for additional information on Other (income) expense.

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 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, net of valuation allowance.

The effect of market movements on our fixed maturities portfolio impacts Net income (through Net realized gains (losses)) when securities are sold, when we write down an asset, or when we record a change to the valuation allowance for expected credit losses. For a further discussion related to how we assess the valuation allowance for expected credit losses and the related impact on Net income, refer to Note 1 e) to the Consolidated Financial Statements in our 2021 Form 10-K. Additionally, Net income is impacted through the reporting of changes in the fair value of equity securities, private equity funds where we own less than three percent, and 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):

	Three Months Ended March 31					
	2022			2021		
(in millions of U.S. dollars)	**Net Realized Gains (Losses)**	**Net Unrealized Gains (Losses)**	**Net Impact**	Net Realized Gains (Losses)	Net Unrealized Gains (Losses)	Net Impact
Fixed maturities	**$ (136)**	**$ (4,652)**	**$ (4,788)**	$ 24	$ (2,317)	$ (2,293)
Fixed income and equity derivatives	**47**	**—**	**47**	109	—	109
Public equity						
Sales	**255**	**—**	**255**	45	—	45
Mark-to-market	**(199)**	**—**	**(199)**	322	—	322
Private equity (less than 3 percent ownership)						
Mark-to-market	**55**	**—**	**55**	38	—	38
Total investment portfolio	**22**	**(4,652)**	**(4,630)**	538	(2,317)	(1,779)
Mark-to-market from variable annuity reinsurance derivative transactions, net of applicable hedges	**77**	**—**	**77**	275	—	275
Other derivatives	**1**	**—**	**1**	(1)	—	(1)
Foreign exchange	**75**	**67**	**142**	76	22	98
Other [1]	**(74)**	**19**	**(55)**	(1)	(28)	(29)
Net gains (losses), pre-tax	**$ 101**	**$ (4,566)**	**$ (4,465)**	$ 887	$ (2,323)	$ (1,436)

[1] Other realized losses include impairment of assets related to Chubb's Russian entities.

Pre-tax net losses of $4,630 million in our investment portfolio for the three months ended March 31, 2022 were principally the result of an increase in interest rates.

The variable annuity reinsurance derivative transactions consist of changes in the fair value of GLB liabilities and gains or losses on other derivative instruments we maintain that decrease in fair value when the S&P 500 index increases. The variable annuity reinsurance derivative transactions resulted in realized gains of $77 million for the three months ended March 31, 2022, reflecting a net gain of $35 million, primarily from a decrease in the fair value of the GLB liabilities due to higher interest rates, partially offset by lower global equity markets, and a net realized gain of $42 million related to these derivative instruments.

For the three months ended March 31, 2021, the variable annuity reinsurance derivative transactions resulted in realized gains of $275 million, reflecting a net decrease in the fair value of the GLB liabilities of $319 million due to higher interest rates and higher global equity markets, partially offset by a net realized loss of $44 million related to these derivative instruments.

Effective Income Tax Rate

Our effective tax rate (ETR) for the three months ended March 31, 2022 was 15.2 percent compared to 12.8 percent in the prior year period. Our ETR reflects a mix of income or losses in jurisdictions with a wide range of tax rates, permanent differences between GAAP and local tax laws, and the impact of discrete items. The ETR in the current year period was impacted by our mix of earnings among various jurisdictions and discrete tax benefits.

Non-GAAP Reconciliation

In presenting our results, we included and discussed certain non-GAAP measures. These non-GAAP measures, which may be defined differently by other companies, are important for an understanding of our overall results of operations and financial condition. However, they should not be viewed as a substitute for measures determined in accordance with GAAP.

Book value per common share is shareholders' equity divided by the shares outstanding. Tangible book value per common share is shareholders' equity less goodwill and other intangible assets, net of tax, divided by the shares outstanding. We believe that book value comparisons to less acquisitive peer companies are more meaningful when adjusted for goodwill and other intangible assets. The calculation of tangible book value per share does not consider the embedded goodwill attributable to our investments in partially-owned insurance companies until we consolidate.

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

P&C performance metrics 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.

P&C combined ratio is the sum of the loss and loss expense ratio, policy acquisition cost ratio and the administrative expense ratio excluding the life business and including the realized gains and losses on the crop derivatives. These derivatives were purchased to provide economic benefit, in a manner similar to reinsurance protection, in the event that a significant decline in commodity pricing impacts underwriting results. We view gains and losses on these derivatives as part of the results of our underwriting operations.

CAY P&C combined ratio excluding catastrophe losses (CATs) excludes CATs and prior period development (PPD) from the P&C combined ratio. We exclude CATs as they are not predictable as to timing and amount and PPD as these unexpected loss developments on historical reserves are not indicative of our current underwriting performance. The combined ratio numerator is adjusted to exclude CATs, net premiums earned adjustments on PPD, prior period expense adjustments and reinstatement premiums on PPD, and the denominator is adjusted to exclude net premiums earned adjustments on PPD and reinstatement premiums on CATs and PPD. In periods where there are adjustments on loss sensitive policies, these adjustments are excluded from PPD and net premiums earned when calculating the ratios. We believe this measure provides a better evaluation of our underwriting performance and enhances the understanding of the trends in our P&C business that may be obscured by these items. This measure is commonly reported among our peer companies and allows for a better comparison.

Reinstatement premiums are additional premiums paid on certain reinsurance agreements in order to reinstate coverage that had been exhausted by loss occurrences. The reinstatement premium amount is typically a pro rata portion of the original ceded premium paid based on how much of the reinsurance limit had been exhausted.

Net premiums earned adjustments within PPD are adjustments to the initial premium earned on retrospectively rated policies based on actual claim experience that develops after the policy period ends. The premium adjustments correlate to the prior period loss development on these same policies and are fully earned in the period the adjustments are recorded.

Prior period expense adjustments typically relate to adjustable commission reserves or policyholder dividend reserves based on actual claim experience that develops after the policy period ends. The expense adjustments correlate to the prior period loss development on these same policies.

The following tables present the calculation of combined ratio, as reported for each segment to P&C combined ratio, adjusted for CATs and PPD:

Three Months Ended March 31, 2022 (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	**A**	**$ 2,497**	**$ 713**	**$ (92)**	**$ 1,389**	**$ 115**	**$ 10**	**$ 4,632**
Catastrophe losses and related adjustments								
Catastrophe losses, net of related adjustments		**(81)**	**(100)**	**—**	**(151)**	**(1)**	**—**	**(333)**
Reinstatement premiums collected (expensed) on catastrophe losses		**—**	**—**	**—**	**—**	**—**	**—**	**—**
Catastrophe losses, gross of related adjustments		**(81)**	**(100)**	**—**	**(151)**	**(1)**	**—**	**(333)**
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		**108**	**51**	**26**	**60**	**3**	**(8)**	**240**
Net premiums earned adjustments on PPD - unfavorable (favorable)		**—**	**—**	**159**	**—**	**—**	**—**	**159**
Expense adjustments - unfavorable (favorable)		**6**	**—**	**(1)**	**—**	**—**	**—**	**5**
PPD reinstatement premiums - unfavorable (favorable)		**—**	**—**	**—**	**—**	**1**	**—**	**1**
PPD, gross of related adjustments - favorable (unfavorable)		**114**	**51**	**184**	**60**	**4**	**(8)**	**405**
CAY loss and loss expense ex CATs	**B**	**$ 2,530**	**$ 664**	**$ 92**	**$ 1,298**	**$ 118**	**$ 2**	**$ 4,704**
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	**C**	**$ 838**	**$ 329**	**$ 11**	**$ 948**	**$ 71**	**$ 83**	**$ 2,280**
Expense adjustments - favorable (unfavorable)		**(6)**	**—**	**1**	**—**	**—**	**—**	**(5)**
Policy acquisition costs and administrative expenses, adjusted	**D**	**$ 832**	**$ 329**	**$ 12**	**$ 948**	**$ 71**	**$ 83**	**$ 2,275**
Denominator								
Net premiums earned	**E**	**$ 4,114**	**$ 1,247**	**$ (29)**	**$ 2,628**	**$ 235**		**$ 8,195**
Net premiums earned adjustments on PPD - unfavorable (favorable)		**—**	**—**	**159**	**—**	**—**		**159**
PPD reinstatement premiums - unfavorable (favorable)		**—**	**—**	**—**	**—**	**1**		**1**
Net premiums earned excluding adjustments	**F**	**$ 4,114**	**$ 1,247**	**$ 130**	**$ 2,628**	**$ 236**		**$ 8,355**
P&C Combined ratio								
Loss and loss expense ratio	**A/E**	**60.7 %**	**57.2 %**	**318.4 %**	**52.9 %**	**48.8 %**		**56.5 %**
Policy acquisition cost and administrative expense ratio	**C/E**	**20.4 %**	**26.3 %**	**(36.8)%**	**36.0 %**	**30.2 %**		**27.8 %**
P&C Combined ratio		**81.1 %**	**83.5 %**	**281.6 %**	**88.9 %**	**79.0 %**		**84.3 %**
CAY P&C Combined ratio ex CATs								
Loss and loss expense ratio, adjusted	**B/F**	**61.5 %**	**53.3 %**	**70.6 %**	**49.4 %**	**49.9 %**		**56.3 %**
Policy acquisition cost and administrative expense ratio, adjusted	**D/F**	**20.2 %**	**26.3 %**	**8.9 %**	**36.1 %**	**30.0 %**		**27.2 %**
CAY P&C Combined ratio ex CATs		**81.7 %**	**79.6 %**	**79.5 %**	**85.5 %**	**79.9 %**		**83.5 %**
Combined ratio								
Combined ratio								**84.3 %**
Add: impact of gains and losses on crop derivatives								**—**
P&C Combined ratio								**84.3 %**

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

Three Months Ended March 31, 2021 (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	**A**	$ 2,560	$ 819	$ 85	$ 1,263	$ 120	$ 9	$ 4,856
Catastrophe losses and related adjustments								
Catastrophe losses, net of related adjustments		(362)	(240)	(8)	(50)	(40)	—	(700)
Reinstatement premiums collected (expensed) on catastrophe losses		—	(23)	—	—	5	—	(18)
Catastrophe losses, gross of related adjustments		(362)	(217)	(8)	(50)	(45)	—	(682)
PPD and related adjustments								
PPD, net of related adjustments - favorable (unfavorable)		127	40	2	25	7	(9)	192
Net premiums earned adjustments on PPD - unfavorable (favorable)		—	—	(2)	—	—	—	(2)
Expense adjustments - unfavorable (favorable)		3	—	—	—	—	—	3
PPD reinstatement premiums - unfavorable (favorable)		—	—	—	—	3	—	3
PPD, gross of related adjustments - favorable (unfavorable)		130	40	—	25	10	(9)	196
CAY loss and loss expense ex CATs	**B**	$ 2,328	$ 642	$ 77	$ 1,238	$ 85	$ —	$ 4,370
Policy acquisition costs and administrative expenses								
Policy acquisition costs and administrative expenses	**C**	$ 768	$ 307	$ 15	$ 934	$ 53	$ 71	$ 2,148
Expense adjustments - favorable (unfavorable)		(3)	—	—	—	—	—	(3)
Policy acquisition costs and administrative expenses, adjusted	**D**	$ 765	$ 307	$ 15	$ 934	$ 53	$ 71	$ 2,145
Denominator								
Net premiums earned	**E**	$ 3,674	$ 1,184	$ 110	$ 2,478	$ 180		$ 7,626
Reinstatement premiums (collected) expensed on catastrophe losses		—	23	—	—	(5)		18
Net premiums earned adjustments on PPD - unfavorable (favorable)		—	—	(2)	—	—		(2)
PPD reinstatement premiums - unfavorable (favorable)		—	—	—	—	3		3
Net premiums earned excluding adjustments	**F**	$ 3,674	$ 1,207	$ 108	$ 2,478	$ 178		$ 7,645
P&C Combined ratio								
Loss and loss expense ratio	**A/E**	69.7 %	69.2 %	77.5 %	51.0 %	66.9 %		63.7 %
Policy acquisition cost and administrative expense ratio	**C/E**	20.9 %	25.9 %	13.4 %	37.7 %	29.5 %		28.1 %
P&C Combined ratio		90.6 %	95.1 %	90.9 %	88.7 %	96.4 %		91.8 %
CAY P&C Combined ratio ex CATs								
Loss and loss expense ratio, adjusted	**B/F**	63.4 %	53.2 %	71.2 %	49.9 %	48.3 %		57.2 %
Policy acquisition cost and administrative expense ratio, adjusted	**D/F**	20.8 %	25.4 %	13.5 %	37.7 %	29.7 %		28.0 %
CAY P&C Combined ratio ex CATs		84.2 %	78.6 %	84.7 %	87.6 %	78.0 %		85.2 %
Combined ratio								
Combined ratio								91.8 %
Add: impact of gains and losses on crop derivatives								—
P&C Combined ratio								91.8 %

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.

Amortization of Purchased Intangibles and Other Amortization

Amortization expense related to purchased intangibles was $71 million and $72 million for the three months ended March 31, 2022 and 2021, respectively, and principally relates to the Chubb Corp acquisition.

The following table presents, as of March 31, 2022, the estimated pre-tax amortization expense (benefit) of purchased intangibles, at current foreign currency exchange rates, for the second through fourth quarters of 2022 and for the next five years:

	Associated with the Chubb Corp Acquisition				
For the Years Ending December 31 (in millions of U.S. dollars)	Agency distribution relationships and renewal rights	Fair value adjustment on Unpaid losses and loss expenses	Total [1]	Other intangible assets [2]	Total Amortization of purchased intangibles
Second quarter of 2022	$ 49	$ (4)	$ 45	$ 25	$ 70
Third quarter of 2022	49	(4)	45	25	70
Fourth quarter of 2022	49	(4)	45	25	70
2023	178	(7)	171	96	267
2024	160	(5)	155	90	245
2025	144	(6)	138	89	227
2026	130	(6)	124	86	210
2027	117	(7)	110	83	193
Total	$ 876	$ (43)	$ 833	$ 519	$ 1,352

[1] Recorded in Corporate.

[2] Recorded in applicable segment(s) that acquired the intangible assets.

Reduction of deferred tax liability associated with Other intangible assets

At March 31, 2022, the deferred tax liability associated with Other intangible assets (excluding the fair value adjustment on Unpaid losses and loss expense) was $1,200 million.

The following table presents as of March 31, 2022, the expected reduction to the deferred tax liability associated with the amortization of Other intangible assets, at current foreign currency exchange rates, for the second through fourth quarters of 2022 and for the next five years:

For the Years Ending December 31 (in millions of U.S. dollars)	Reduction to deferred tax liability associated with intangible assets
Second quarter of 2022	$ 16
Third quarter of 2022	16
Fourth quarter of 2022	17
2023	61
2024	55
2025	52
2026	48
2027	44
Total	$ 309

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

The following table presents at March 31, 2022, the expected amortization expense of the fair value adjustment on acquired invested assets related to the Chubb Corp acquisition, at current foreign currency exchange rates, and the expected amortization benefit from the fair value adjustment on assumed long-term debt for the second through fourth quarters of 2022 and for the next five years:

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]
Second quarter of 2022	$ (19)	$ 5
Third quarter of 2022	(17)	5
Fourth quarter of 2022	(16)	6
2023	(50)	21
2024	(9)	21
2025	—	21
2026	—	21
2027	—	21
Total	$ (111)	$ 121

[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 based on current market conditions, bond calls, overall duration of the acquired investment portfolio, and foreign exchange.

Net Investment Income

(in millions of U.S. dollars)	Three Months Ended March 31	
	2022	2021
Fixed maturities [1]	**$ 799**	$ 840
Short-term investments	**9**	9
Other interest income	**3**	2
Equity securities	**38**	36
Other investments	**19**	23
Gross investment income [1]	**868**	910
Investment expenses	**(46)**	(47)
Net investment income [1]	**$ 822**	$ 863
[1] Includes amortization expense related to fair value adjustment of acquired invested assets related to the Chubb Corp acquisition	**$ (16)**	$ (26)

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 decreased 4.8 percent for the three months ended March 31, 2022, primarily due to lower reinvestment rates on new and reinvested fixed maturities.

For private equities where we own less than three percent, investment income is included within Net investment income in the table above. For private equities where we own more than three percent, investment income is included within Other income (expense) in the Consolidated statements of operations. Excluded from Net investment income is the mark-to-market movement for private equities, which is recorded within either Other income (expense) or Net realized gains (losses) based on our percentage of ownership. The total mark-to-market movement for private equities excluded from Net investment income was as follows:

	Three Months Ended March 31	
(in millions of U.S. dollars)	**2022**	2021
Total mark-to-market gain on private equity, pre-tax	**$ 310**	$ 438

Investments

Our investment portfolio is invested primarily in publicly traded, investment grade, fixed income securities with an average credit quality of A/A as rated by the independent investment rating services Standard and Poor's (S&P)/Moody's Investors Service (Moody's) at March 31, 2022. 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 and 4.1 years at March 31, 2022 and December 31, 2021, respectively. We estimate that a 100 basis point (bps) increase in interest rates would reduce the valuation of our fixed income portfolio by approximately $4.3 billion at March 31, 2022. The following table shows the fair value and cost/amortized cost, net of valuation allowance, of our invested assets:

	March 31, 2022		December 31, 2021	
(in millions of U.S. dollars)	**Fair Value**	**Cost/ Amortized Cost, Net**	Fair Value	Cost/ Amortized Cost, Net
Fixed maturities available for sale	**$ 89,479**	**$ 91,499**	$ 93,108	$ 90,479
Fixed maturities held to maturity	**9,888**	**9,818**	10,647	10,118
Short-term investments	**3,407**	**3,408**	3,146	3,147
Fixed income securities	**102,774**	**104,725**	106,901	103,744
Equity securities	**3,596**	**3,596**	4,782	4,782
Other investments	**11,947**	**11,947**	11,169	11,169
Total investments	**$ 118,317**	**$ 120,268**	$ 122,852	$ 119,695

The fair value of our total investments decreased $4.5 billion during the three months ended March 31, 2022 due to unrealized losses on fixed maturities and share repurchases, partially offset by strong operating cash flows.

The following tables present the fair value of our fixed income securities at March 31, 2022 and December 31, 2021. The first table lists investments according to type and second according to S&P credit rating:

(in millions of U.S. dollars, except for percentages)	March 31, 2022 Fair Value	March 31, 2022 % of Total	December 31, 2021 Fair Value	December 31, 2021 % of Total
U.S. Treasury / Agency	**$ 3,276**	**3 %**	$ 3,458	3 %
Corporate and asset-backed securities	**39,604**	**39 %**	41,264	39 %
Mortgage-backed securities	**21,489**	**21 %**	22,292	21 %
Municipal	**9,023**	**9 %**	9,650	9 %
Non-U.S.	**25,975**	**25 %**	27,091	25 %
Short-term investments	**3,407**	**3 %**	3,146	3 %
Total	**$ 102,774**	**100 %**	$ 106,901	100 %
AAA	**$ 15,029**	**15 %**	$ 15,364	14 %
AA	**33,592**	**33 %**	35,179	33 %
A	**18,821**	**18 %**	20,171	19 %
BBB	**16,820**	**16 %**	17,362	16 %
BB	**9,065**	**9 %**	9,084	8 %
B	**8,983**	**9 %**	9,202	9 %
Other	**464**	**— %**	539	1 %
Total	**$ 102,774**	**100 %**	$ 106,901	100 %

Corporate and asset-backed securities

The following table presents our 10 largest global exposures to corporate bonds by fair value at March 31, 2022:

(in millions of U.S. dollars)	Fair Value
Bank of America Corp	**$ 650**
JP Morgan Chase & Co	**571**
Wells Fargo & Co	**527**
AT&T Inc	**488**
Comcast Corp	**453**
Verizon Communications Inc	**451**
Morgan Stanley	**436**
Citigroup Inc	**384**
Goldman Sachs Group Inc	**365**
Anheuser-Busch InBev SA/NV	**315**

Mortgage-backed securities

The following table shows the fair value and amortized cost, net of valuation allowance, of our mortgage-backed securities:

March 31, 2022 (in millions of U.S. dollars)	S&P Credit Rating AAA	AA	A	BBB	BB and below	Fair Value Total	Amortized Cost, Net Total
Agency residential mortgage-backed securities (RMBS)	**$ 85**	**$ 17,567**	**$ —**	**$ —**	**$ —**	**$ 17,652**	**$ 18,270**
Non-agency RMBS	**429**	**44**	**62**	**45**	**5**	**585**	**615**
Commercial mortgage-backed securities	**2,810**	**263**	**164**	**11**	**4**	**3,252**	**3,315**
Total mortgage-backed securities	**$ 3,324**	**$ 17,874**	**$ 226**	**$ 56**	**$ 9**	**$ 21,489**	**$ 22,200**

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 SE which is headquartered in France 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 45 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. 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 fair value and amortized cost, net of valuation allowance, of our non-U.S. fixed income portfolio by country/sovereign for non-U.S. government securities at March 31, 2022:

(in millions of U.S. dollars)	Fair Value	Amortized Cost, Net
Canada	$ 957	$ 995
Republic of Korea	903	895
Province of Ontario	633	654
Federative Republic of Brazil	586	598
United Mexican States	571	595
Kingdom of Thailand	510	498
United Kingdom	487	497
Socialist Republic of Vietnam	470	343
Commonwealth of Australia	455	486
Province of Quebec	395	405
Other Non-U.S. Government Securities	5,079	5,196
Total	$ 11,046	$ 11,162

The following table summarizes the fair value and amortized cost, net of valuation allowance, of our non-U.S. fixed income portfolio by country/sovereign for non-U.S. corporate securities at March 31, 2022:

(in millions of U.S. dollars)	Fair Value	Amortized Cost, Net
United Kingdom	$ 2,337	$ 2,388
Canada	1,860	1,909
United States [1]	1,254	1,284
France	1,220	1,244
Australia	961	993
Japan	763	787
Germany	578	594
Switzerland	552	566
Netherlands	527	530
China	394	408
Other Non-U.S. Corporate Securities	4,483	4,603
Total	$ 14,929	$ 15,306

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

Below-investment grade corporate fixed income portfolio

Below-investment grade securities have different characteristics than investment grade corporate debt securities. Risk of loss from default by the borrower is greater with below-investment grade securities. Below-investment grade securities are generally unsecured and are often subordinated to other creditors of the issuer. Also, issuers of below-investment grade securities usually have higher levels of debt and are more sensitive to adverse economic conditions, such as recession or increasing interest rates, than investment grade issuers. At March 31, 2022, our corporate fixed income investment portfolio included below-investment grade and non-rated securities which, in total, comprised approximately 16 percent of our fixed income portfolio. Our below-investment grade and non-rated portfolio includes 1,700 issuers, with the greatest single exposure being $143 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. Fourteen 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 debt obligations) are not permitted in the high-yield portfolio.

Critical Accounting Estimates

As of March 31, 2022, there were no material changes to our critical accounting estimates. For a full discussion of our critical accounting estimates, refer to Item 7 in our 2021 Form 10-K.

Unpaid losses and loss expenses

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

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

(in millions of U.S. dollars)	Gross Losses	Reinsurance Recoverable [1]	Net Losses
Balance at December 31, 2021	$ 72,943	$ 16,184	$ 56,759
Losses and loss expenses incurred	6,260	1,473	4,787
Losses and loss expenses paid	(5,308)	(947)	(4,361)
Other (including foreign exchange translation)	(51)	(64)	13
Balance at March 31, 2022	**$ 73,844**	**$ 16,646**	**$ 57,198**

[1] Net of valuation allowance 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).

Refer to Note 6 to the Consolidated Financial Statements for a discussion on the changes in the loss reserves.

Asbestos and Environmental (A&E)

There was no significant A&E reserve activity during the three months ended March 31, 2022. A&E reserves are included in Corporate. Refer to our 2021 Form 10-K for further information on our A&E exposures.

Fair value measurements

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

Catastrophe Management

We actively monitor and manage our catastrophe risk accumulation around the world from natural perils, including setting risk limits based on probable maximum loss (PML), and purchasing catastrophe reinsurance, to ensure sufficient liquidity and capital to meet the expectations of regulators, rating agencies and policyholders, and to provide shareholders with an appropriate risk-adjusted return. Chubb uses 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. The table below presents our modeled pre-tax estimates of natural catastrophe PML, net of reinsurance, at March 31, 2022, and does not represent our expected catastrophe losses for any one year.

	Modeled Net Probable Maximum Loss (PML) Pre-tax					
	Worldwide [1] Annual Aggregate		U.S. Hurricane [2] Annual Aggregate		California Earthquake [3] Single Occurrence	
(in millions of U.S. dollars, except for percentages)	**Chubb**	**% of Total Shareholders' Equity**	**Chubb**	**% of Total Shareholders' Equity**	**Chubb**	**% of Total Shareholders' Equity**
1-in-10	$ 2,160	3.8 %	$ 1,117	2.0 %	$ 142	0.3 %
1-in-100	$ 4,513	8.0 %	$ 2,889	5.1 %	$ 1,303	2.3 %
1-in-250	$ 7,417	13.1 %	$ 5,393	9.5 %	$ 1,487	2.6 %

[1] Worldwide aggregate is comprised of losses arising from tropical cyclones, convective storms, earthquakes, U.S. wildfires and inland floods, and excludes "non-modeled" perils such as man-made and other catastrophe risks including pandemic.

[2] U.S. hurricane losses include losses from wind and storm-surge and exclude rainfall.

[3] California earthquakes include the fire-following sub-peril.

The PML for worldwide and key U.S. peril regions are based on our in-force portfolio at January 1, 2022, and reflect the April 1, 2022 reinsurance program (see Global Property Catastrophe Reinsurance Program section) as well as inuring reinsurance protection coverages. These estimates assume that reinsurance recoverable is fully collectible.

According to the model, for the 1-in-100 return period scenario, there is a one percent chance that our pre-tax annual aggregate losses incurred in any year from U.S. hurricane events could be in excess of $2,889 million (or 5.1 percent of our total shareholders' equity at March 31, 2022). Effective December 31, 2021, our worldwide PMLs include losses from U.S. wildfire and U.S. inland flood.

The above estimates of Chubb's loss profile are inherently uncertain for many reasons, including the following:

- While the use of third-party modeling packages to simulate potential catastrophe 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;
- 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;
- The potential effects of climate change add to modeling complexity; and
- Changing climate conditions could impact our exposure to natural catastrophe risks. Published studies by leading government, academic and professional organizations combined with extensive research by Chubb climate scientists reveal the potential for increases in the frequency and severity of key natural perils such as tropical cyclones, inland flood, and wildfire. To understand the potential impacts on the Chubb portfolio, we have conducted stress tests on our peak exposure zone, namely in the U.S., using parameters outlined by the Intergovernmental Panel on Climate Change (IPCC) Climate Change 2021 report. These parameters consider the impacts of climate change and the resulting climate peril impacts over a timescale relevant to our business. The tests are conducted by adjusting our baseline view of risk for the perils of hurricane, inland flood, and wildfire in the U.S. to reflect increases in frequency and severity across the modeled domains for each of these perils. Based on these tests against the Chubb portfolio we do not expect material impacts to our baseline PMLs from climate change through December 31, 2022. These tests reflect current exposures only and exclude potentially mitigating factors such as changes to building codes, public or private risk mitigation, regulation and public policy.

Refer to Item 7 in our 2021 Form 10-K for more information on man-made and other catastrophes.

Global Property Catastrophe 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, 2022, through March 31, 2023, with no material changes in coverage from the expiring program. The program consists of three layers in excess of losses retained by Chubb on a per occurrence basis. In addition, Chubb 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, 2022, through March 31, 2023 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 – $1.15 billion	All natural perils and terrorism	(b)
United States (excluding Alaska and Hawaii)	$1.15 billion – $2.25 billion	All natural perils and terrorism	(c)
United States (excluding Alaska and Hawaii)	$2.25 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 – $1.275 billion	All natural perils and terrorism	(c)
Alaska, Hawaii, and Canada	$1.275 billion – $2.525 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 partially placed with Reinsurers.

[c] These coverages are both part of the same Second layer within the Global Property Catastrophe Reinsurance Program and are fully placed with Reinsurers.

[d] These coverages are both part of the same Third layer within the Global Property Catastrophe Reinsurance Program and are fully placed with Reinsurers.

Liquidity

We anticipate that positive cash flows from operations (underwriting activities and investment income) should be sufficient to cover cash outflows under most loss scenarios for the near term. In addition to cash from operations, routine sales of investments, and financing arrangements, we have agreements with a third-party bank provider which implemented two international multi-currency notional cash pooling programs to enhance cash management efficiency during periods of short-term timing mismatches between expected inflows and outflows of cash by currency. The programs allow us to optimize investment income by avoiding portfolio disruption. Should the need arise, we generally have access to capital markets and to credit facilities with letter of credit capacity of $3.7 billion with a sub-limit of $1.9 billion for revolving credit. At March 31, 2022, our usage under these facilities was $1.3 billion in letters of credit. Our access to credit under these facilities is dependent on the ability of the banks that are a party to the facilities to meet their funding commitments. The facilities require that we maintain certain financial covenants, all of which we met at March 31, 2022. Should the existing credit providers on these facilities 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 facilities.

The payment of dividends or other statutorily permissible distributions from our operating companies are subject to the laws and regulations applicable to each jurisdiction, as well as the need to maintain capital levels adequate to support the insurance and reinsurance operations, including financial strength ratings issued by independent rating agencies. During the three months ended March 31, 2022, we were able to meet all 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 $1.0 billion and $740 million from its Bermuda subsidiaries during the three months ended March 31, 2022 and 2021, respectively.

The U.S. insurance subsidiaries of Chubb INA Holdings Inc. (Chubb INA) may pay dividends, without prior regulatory approval, subject to restrictions set out in state law of the subsidiary's domicile (or, if applicable, commercial domicile). Chubb INA's international subsidiaries are also subject to insurance laws and regulations particular to the countries in which the subsidiaries operate. These laws and regulations sometimes include restrictions that limit the amount of dividends payable without prior approval of regulatory insurance authorities. Chubb Limited received no dividends from Chubb INA during the three months ended March 31, 2022 and 2021. 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 no dividends from its subsidiaries during the three months ended March 31, 2022 and 2021.

Cash Flows

Our sources of liquidity include cash from operations, routine sales of investments, and financing arrangements. The following is a discussion of our cash flows for the three months ended March 31, 2022 and 2021.

Operating cash flows were $2.4 billion in the three months ended March 31, 2022, compared to $2.1 billion in the prior year period. The increase of $335 million is due to higher premiums collected reflecting premium growth, principally in our commercial lines, and lower taxes paid, partially offset by higher losses paid.

Cash used for investing was $995 million in the three months ended March 31, 2022, compared to $1.3 billion in the prior year period, a decrease of $257 million. Cash used for investing in the current year included higher net sales of equity securities of $730 million, partially offset by higher private equity contributions, net of distributions received, of $241 million, and higher net purchases of fixed maturities of $95 million. In addition, cash used related to acquisitions of Huatai Group ownership interest was $113 million in 2022 compared to $65 million in 2021.

Cash used for financing was $1.3 billion in the three months ended March 31, 2022, compared to $812 million in the prior year period, an increase of $490 million, principally from more shares repurchased in the current year.

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.

We use repurchase agreements as a low-cost funding alternative. At March 31, 2022, there were $1.4 billion in repurchase agreements outstanding with various maturities over the next seven months.

Capital Resources

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

(in millions of U.S. dollars, except for ratios)	March 31 2022	December 31 2021
Short-term debt	**$ 1,474**	$ 999
Long-term debt	**14,585**	15,169
Total financial debt	**16,059**	16,168
Trust preferred securities	**308**	308
Total shareholders' equity	**56,698**	59,714
Total capitalization	**$ 73,065**	$ 76,190
Ratio of financial debt to total capitalization	**22.0 %**	21.2 %
Ratio of financial debt plus trust preferred securities to total capitalization	**22.4 %**	21.6 %

The ratios of financial debt to total capitalization in the table above are higher at March 31, 2022 compared to December 31, 2021 from the decline in shareholders' equity, principally reflecting net unrealized depreciation on investments in the current period compared to net unrealized appreciation in 2021.

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.

For the three months ended March 31, 2022, we repurchased $1.0 billion of Common Shares in a series of open market transactions under the Board of Directors (Board) share repurchase authorization. At March 31, 2022, there were 35,880,387 Common Shares in treasury with a weighted-average cost of $158.85 per share, and $1.6 billion in share repurchase authorization remained through June 30, 2022. For the period April 1, 2022 through April 28, 2022, we repurchased 115,000 Common Shares for a total of $24 million in a series of open market transactions. At April 28, 2022, $1.6 billion in share repurchase authorization remained.

We generally maintain the ability to issue certain classes of debt and equity securities via a Securities and Exchange Commission (SEC) shelf registration statement which is renewed every three years. This allows us capital market access for refinancing as well as for unforeseen or opportunistic capital needs.

Dividends

We have paid dividends each quarter since we became a public company in 1993. Under Swiss law, dividends must be stated in Swiss francs though dividend payments are made by Chubb in U.S. dollars. Refer to Note 8 to the Consolidated Financial Statements for a discussion of our dividend methodology.

At our May 2021 annual general meeting, our shareholders approved an annual dividend for the following year of up to $3.20 per share, or CHF 2.87 per share, calculated using the USD/CHF exchange rate as published in the Wall Street Journal on May 20, 2021, expected to be paid in four quarterly installments of $0.80 per share after the general meeting by way of a distribution from capital contribution reserves, transferred to free reserves for payment. The Board determines the record and payment dates at which the annual dividend may be paid until the date of the 2022 annual general meeting, and is authorized to abstain from distributing a dividend at its discretion. The four quarterly installments each of $0.80 per share were distributed by the Board as expected. The annual dividend approved in May 2021 represented a $0.08 per share increase ($0.02 per quarter) over the prior year dividend.

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

Shareholders of record as of:	**Dividends paid as of:**	
December 17, 2021	January 7, 2022	$0.80 (CHF 0.74)
March 18, 2022	April 8, 2022	$0.80 (CHF 0.74)

Information provided in connection with outstanding debt of subsidiaries

Chubb INA Holdings Inc. (Subsidiary Issuer) is an indirect 100 percent-owned and consolidated subsidiary of Chubb Limited (Parent Guarantor). The Parent Guarantor fully and unconditionally guarantees certain of the debt of the Subsidiary Issuer.

The following table presents the condensed balance sheets of Chubb Limited and Chubb INA Holdings Inc., after elimination of investment in any non-guarantor subsidiary:

	Chubb Limited (Parent Guarantor)		Chubb INA Holdings Inc. (Subsidiary Issuer)	
	March 31	December 31	**March 31**	December 31
(in millions of U.S. dollars)	**2022**	2021	**2022**	2021
Assets				
Investments	**$ —**	$ —	**$ 150**	$ 149
Cash	**142**	1	**31**	580
Due from parent guarantor/subsidiary issuer	**2**	2	**732**	348
Due from subsidiaries that are not issuers or guarantors	**1,825**	1,805	**567**	526
Other assets	**8**	16	**2,197**	1,667
Total assets	**$ 1,977**	$ 1,824	**$ 3,677**	$ 3,270
Liabilities				
Due to parent guarantor/subsidiary issuer	**$ 732**	$ 348	**$ 2**	$ 2
Due to subsidiaries that are not issuers or guarantors	**325**	241	**2,130**	1,647
Affiliated notional cash pooling programs	**—**	8	**—**	—
Short-term debt	**—**	—	**1,474**	999
Long-term debt	**—**	—	**14,585**	15,169
Trust preferred securities	**—**	—	**308**	308
Other liabilities	**350**	363	**1,845**	1,803
Total liabilities	**1,407**	960	**20,344**	19,928
Total shareholders' equity	**570**	864	**(16,667)**	(16,658)
Total liabilities and shareholders' equity	**$ 1,977**	$ 1,824	**$ 3,677**	$ 3,270

The following table presents the condensed statements of operations and comprehensive income of Chubb Limited and Chubb INA Holdings Inc., excluding equity in earnings from non-guarantor subsidiaries:

Three Months Ended March 31, 2022 (in millions of U.S. dollars)	Chubb Limited (Parent Guarantor)	Chubb INA Holdings Inc. (Subsidiary Issuer)
Net investment income (loss)	$ 2	$ (1)
Net realized gains (loss)	24	96
Administrative expenses	27	(28)
Interest (income) expense	(15)	138
Other (income) expense	(13)	10
Income tax expense (benefit)	7	(13)
Net income (loss)	$ 20	$ (12)
Comprehensive income (loss)	$ 20	$ (14)

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Refer to Item 7A included in our 2021 Form 10-K.

Foreign currency management

As a global company, Chubb entities transact business in multiple currencies. Our policy is to generally match assets, liabilities and required capital for each individual jurisdiction in local currency, which would include the use of derivatives. We do not hedge our net asset non-U.S. dollar capital positions. We occasionally engage in hedging activity for planned cross border transactions. For an estimated impact of foreign currency movement on our net assets denominated in non-U.S. currencies, refer to Item 7A in our 2021 Form 10-K. This information will be updated and disclosed in interim filings if our net assets in non-U.S. currencies change materially from the December 31, 2021 balances disclosed in the 2021 Form 10-K.

Reinsurance of GMDB and GLB guarantees

Chubb views its variable annuity reinsurance business as having a similar risk profile to that of catastrophe reinsurance with the probability of long-term economic loss relatively small, at the time of pricing. Adverse changes in market factors and policyholder behavior will have an impact on both realized gains (losses) and net income for GLB and both Life Insurance underwriting income and net income for GMDB. 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.

For the GMDB reinsurance business, net income is directly impacted by changes in future policy benefit reserves. For the GLB reinsurance business, 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 calculation is 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, and policyholder mortality.

The tables below are estimates of the sensitivities to instantaneous changes in economic inputs (e.g., equity shock, interest rate shock etc.) at March 31, 2022 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:

- Equity shocks impact all global equity markets equally
  - Our liabilities are sensitive to global equity markets in the following proportions: 80 percent—90 percent U.S. equity, and 10 percent—20 percent international equity.
  - Our current hedge portfolio is sensitive only to U.S. equity markets.
  - We would suggest using the S&P 500 index as a proxy for U.S. equity, and the MSCI EAFE index as a proxy for international equity.
- Interest rate shocks assume a parallel shift in the U.S. yield curve

- Our liabilities are also sensitive to global interest rates at various points on the yield curve, mainly the U.S. Treasury curve in the following proportions: 5 percent—15 percent short-term rates (maturing in less than 5 years), 15 percent—25 percent medium-term rates (maturing between 5 years and 10 years, inclusive), and 70 percent—80 percent long-term rates (maturing beyond 10 years).
- A change in AA-rated credit spreads impacts the rate used to discount cash flows in the fair value model. AA-rated credit spreads are a proxy for both our own credit spreads and the credit spreads of the ceding insurers.

- The hedge sensitivity is from March 31, 2022 market levels and only applicable to the equity and interest rate sensitivities table below.

- The sensitivities do not scale linearly and may be proportionally greater for larger movements in the market factors. Actual sensitivity of our net income may differ from those disclosed in the tables below due to fluctuations in short-term market movements.

Sensitivities to equity and interest rate movements

(in millions of U.S. dollars)		Worldwide Equity Shock					
Interest Rate Shock		+10%	Flat	-10%	-20%	-30%	-40%
+100 bps	(Increase)/decrease in FVL	$ 294	$ 198	$ 81	$ (71)	$ (260)	$ (494)
	Increase/(decrease) in hedge value	(88)	—	88	175	263	351
	Increase/(decrease) in net income	$ 206	$ 198	$ 169	$ 104	$ 3	$ (143)
Flat	(Increase)/decrease in FVL	$ 119	$ —	$ (151)	$ (333)	$ (555)	$ (824)
	Increase/(decrease) in hedge value	(88)	—	88	175	263	351
	Increase/(decrease) in net income	$ 31	$ —	$ (63)	$ (158)	$ (292)	$ (473)
-100 bps	(Increase)/decrease in FVL	$ (105)	$ (255)	$ (431)	$ (641)	$ (893)	$ (1,190)
	Increase/(decrease) in hedge value	(88)	—	88	175	263	351
	Increase/(decrease) in net income	$ (193)	$ (255)	$ (343)	$ (466)	$ (630)	$ (839)

Sensitivities to Other Economic Variables	AA-rated Credit Spreads		Interest Rate Volatility		Equity Volatility	
(in millions of U.S. dollars)	+100 bps	-100 bps	+2%	-2%	+2%	-2%
(Increase)/decrease in FVL	$ 58	$ (66)	$ (2)	$ 2	$ (20)	$ 19
Increase/(decrease) in net income	$ 58	$ (66)	$ (2)	$ 2	$ (20)	$ 19

All our variable annuity reinsurance treaties include annual or aggregate claim limits and many include an aggregate deductible which limit the net amount at risk under these programs. For an estimated impact on the variable annuity net amount at risk from changes in equity market levels, refer to Item 7A in our 2021 Form 10-K. This information will be updated and disclosed in interim filings if the sensitivities change materially from the tables disclosed in the 2021 Form 10-K.

ITEM 4. Controls and Procedures

Chubb's management, with the participation of Chubb's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of Chubb's disclosure controls and procedures as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934 as of March 31, 2022. 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 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.

There have been no changes in Chubb's internal controls over financial reporting during the three months ended March 31, 2022, that have materially affected, or are reasonably likely to materially affect, Chubb's internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. Legal Proceedings

The information required with respect to this item is included in Note 7 g) to the Consolidated Financial Statements, which is hereby incorporated herein by reference.

ITEM 1A. Risk Factors

There have been no material changes to the risk factors described under "Risk Factors" under Item 1A of Part I of our 2021 Form 10-K.

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

Issuer's Repurchases of Equity Securities

The following table provides information with respect to purchases by Chubb of its Common Shares during the three months ended March 31, 2022:

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 the Plan [3]
January 1 through January 31	1,017	$ 193.66	—	$ 2.65 billion
February 1 through February 28	2,755,652	$ 205.12	2,412,600	$ 2.15 billion
March 1 through March 31	2,510,320	$ 205.93	2,457,300	$ 1.65 billion
Total	5,266,989	$ 205.51	4,869,900	

[1] This column represents open market share repurchases and the surrender to Chubb of Common Shares to satisfy tax withholding obligations in connection with the vesting of restricted stock issued to employees and to cover the cost of the exercise of options by employees through stock swaps.

[2] The aggregate value of shares purchased in the three months ended March 31, 2022 as part of the publicly announced plan was $1.0 billion. In July 2021, the Board authorized a one-time incremental share repurchase program of up to $5.0 billion through June 30, 2022. Refer to Note 8 to the Consolidated Financial Statements for more information on the Chubb Limited securities repurchase authorizations.

[3] For the period April 1, 2022 through April 28, 2022, we repurchased 115,000 Common Shares for a total of $24 million in a series of open market transactions. As of April 28, 2022, $1.62 billion in share repurchase authorization remained through June 30, 2022.

ITEM 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Original Number	Date Filed	
3.1	Articles of Association of the Company, as amended and restated	8-K	3.1	January 20, 2022	
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	January 20, 2022	
4.2	Organizational Regulations of the Company, as amended	8-K	3.1	November 21, 2016	
22.1	Guaranteed Securities	10-K	22.1	February 24, 2022	
31.1	Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002				X
31.2	Certification Pursuant to Section 302 of The Sarbanes-Oxley Act of 2002				X
32.1	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002				X
32.2	Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002				X
101.1	The following financial information from Chubb Limited's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 formatted in Inline XBRL: (i) Consolidated Balance Sheets at March 31, 2022, and December 31, 2021; (ii) Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2022 and 2021; (iii) Consolidated Statements of Shareholders' Equity for the three months ended March 31, 2022 and 2021; (iv) Consolidated Statements of Cash Flows for the three months ended March 31, 2022 and 2021; and (v) Notes to Consolidated Financial Statements				X
104.1	The Cover Page Interactive Data File formatted in Inline XBRL (The cover page XBRL tags are embedded in the Inline XBRL document and included in Exhibit 101.1)				

SIGNATURES

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

CHUBB LIMITED

(Registrant)

April 29, 2022

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman and Chief Executive Officer

April 29, 2022

/s/ Peter C. Enns

Peter C. Enns

Executive Vice President and Chief Financial Officer

Exhibit 31.1

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

I, Evan G. Greenberg, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: April 29, 2022

/s/ Evan G. Greenberg

Evan G. Greenberg
Chairman and Chief Executive Officer

Exhibit 31.2

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

I, Peter C. Enns, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: April 29, 2022

/s/ Peter C. Enns

Peter C. Enns
Executive Vice President and Chief Financial Officer

Exhibit 32.1

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

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, fully complies with the applicable reporting requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: April 29, 2022

/s/ Evan G. Greenberg

Evan G. Greenberg

Chairman and Chief Executive Officer

Exhibit 32.2

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

The undersigned officer of Chubb Limited (the Corporation) hereby certifies that the Corporation's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, fully complies with the applicable reporting requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a)) and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

Date: April 29, 2022

/s/ Peter C. Enns

Peter C. Enns

Executive Vice President and Chief Financial Officer