

**CHUBB INSURANCE
COMPANY OF EUROPE SE**

Annual report and financial statements
for the year ended 31 December 2010

CHUBB

COMPANY INFORMATION

Members of the Administrative Organ

Directors	M Casella, Chief Executive J Degnan C Giles, Chairman P Haywood I Hutchinson K O'Shiel B Van Der Vossen
Secretary	R Munro

Registered number

SE13

Registered office

106 Fenchurch Street
London
EC3M 5NB
United Kingdom

Website

www.chubb.com/uk

Chubb Group of Insurance Companies

Chubb Insurance Company of Europe SE ("CICE", "company", "we", "us", "our") is an indirect, wholly-owned subsidiary of The Chubb Corporation and a member of the Chubb Group of Insurance Companies ("Chubb"). Member insurers of the Chubb Group of Insurance Companies form a multi-billion dollar organization providing property and casualty insurance for personal and commercial customers worldwide through 8,500 independent agents and brokers. Chubb's global network includes branches and affiliates throughout North America, Europe, Latin America, Asia, and Australia.

Forward looking information

Some of the statements in this report may be considered forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995 (PSLRA). These forward-looking statements are made pursuant to the safe harbour provisions of the PSLRA and include statements regarding 2011 economic and market conditions in the property and casualty insurance industry, the state of the global economy and our investment income and the success of our business in 2011. Such statements speak only as of the date of this report and are not guarantees of future performance. Various risks and uncertainties may cause actual results to differ materially. These risks and uncertainties include those discussed in the filings that The Chubb Corporation makes with the U.S. Securities and Exchange Commission. Neither the company nor The Chubb Corporation assumes any obligations to update such forward-looking statements.

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HIGHLIGHTS SUMMARY

- Continued underwriting profitability with a net combined ratio of 84.0%, consisting of a net loss ratio¹ of 49.1% and a net expense ratio² of 34.9%.
- Continued recognition as a leading insurance company as evidenced by independent research, awards and accolades.
- Provided capital backing for the establishment of an Integrated Lloyd's Vehicle, Chubb Syndicate 1882, which began writing premiums from 1 July 2010.
- Continued to maintain financial strength, as recognised by rating agencies.

Key performance indicators	2010	2009
Net premiums written	£641.1m	£662.4m
Net loss ratio ¹	49.1%	50.7%
Net expense ratio ²	34.9%	33.4%
Net combined ratio	84.0%	84.1%
Profit before tax	£217.8m	£194.5m
Total assets	£3,035.9m	£3,296.1m
Shareholders' funds	£994.0m	£1,127.6m

¹Based on net claims incurred as a percentage of net earned premiums

²Based on net operating expenses incurred (excluding deferred acquisition costs) as a percentage of net written premiums

CHIEF EXECUTIVE'S STATEMENT

**STANDING BY OUR PRINCIPLES.
BUILDING ON OUR STRENGTHS.
FOCUSING ON OUR CUSTOMERS.**

**Statement by Michael Casella,
President & Chief Executive Officer of Chubb Insurance Company of Europe SE**

I am pleased to report another excellent set of results for CICE in 2010 and to provide an overview of our plans for 2011.

CICE 2010 Performance

In 2010, we continued to produce profitable business in the face of some very difficult market conditions. CICE performed extremely well against the key performance indicators of net written premium, net combined ratio, profitability, total assets and shareholders' funds. CICE delivered a net combined ratio of 84.0% (2009: 84.1%) contributing to the profit before tax of £217.8m in 2010 (2009: £194.5m).

The financial strength of CICE is demonstrated by its shareholders' funds of £994.0m (2009: £1,127.6 m), as well as maintaining our credit ratings in 2010. The reduction in shareholders' funds is due to dividends of £276.5m paid by CICE to its parent company in 2010. On 1 July 2010 Chubb commenced the operations of Chubb Syndicate 1882 in Lloyd's, managed by Chubb Managing Agent Ltd. In support of this initiative, a portion of CICE's business in both 2010 and 2011 is being renewed into Chubb Syndicate 1882.

Our reputation for professional expertise and service excellence amongst brokers and customers was further enhanced in 2010 with prestigious awards and accolades won by CICE in the Netherlands, Spain and a whole host in the United Kingdom. I am pleased to say that this reputation for excellence is also recognised by our own staff as we now rank in the Top 50 Great Places to Work in the United Kingdom and Germany.

We introduced enhanced product offerings within our specialty lines and continued actions to improve our service through the use of technology to help drive profitable future growth in the more transaction intensive lines. Such lines include our Personal, Financial and Accident & Health lines, in which brokers can transact with CICE via our online platforms.

Insurance Market Outlook for 2011

All the indicators point to very similar economic conditions in 2011 to those we saw in 2010. There are nascent signs of an upturn in business and consumer confidence, but recent world events are adding additional uncertainties. In these circumstances CICE will persist with the disciplined underwriting strategy which has served us so well.

CICE in 2011

Last year, I talked about our plans to align our value propositions more closely to the needs of the different customer segments and distribution systems the company serves. Those insurers which can adapt their business model to meet the different needs of customers, whether they are a multi-national or a small or medium sized enterprise (SME), will be the insurers of choice in the future. In January 2011, we created a new Risk Management Division which will serve those companies with the most complex insurance requirements. This Division comprises a team of some of our most experienced underwriters across all insurance classes, client relationship managers, claims business consultants and loss control engineers. The team will be dedicated solely to risk management business which will give customers with the most complex insurance needs access to some of the best people in the insurance market.

We have undertaken an extensive analysis of our customer and broker base in Europe. This mapping exercise has highlighted the need for us to consider new ways in which to deploy our business development staff so that they are closer to our brokers and customers. This distributed workforce concept will make us much more accessible in areas where we are currently under represented on a geographic basis. In addition, we will continue the migration of renewal business to specialised underwriting centres which will allow our branch based underwriters to focus more readily on their core discipline of successfully underwriting new business.

An area of focus in 2011 will be to optimise the investment in new people and technology made in 2010 by improving the broker experience through efforts to increase the usage of our online capabilities in partnership with our brokers and through continued integration of our systems.

In summary, CICE had another outstanding year in 2010. I would like to thank all of the staff at CICE for their commitment and dedication which was fundamental to our success. I am in no doubt that we have the right strategy and the right people to be successful again in 2011.

Michael Casella

Member of the Administrative Organ
Chief Executive

22 March 2011

BUSINESS REVIEW

Overview

CICE produced a profit before tax for the year of £217.8m (2009: £194.5m) and at the end of the year reported shareholders' funds of £994.0m (2009: £1,127.6m) after paying dividends of £276.5m during 2010. In profit terms, this represented the strongest year in CICE's history and demonstrates the results of a sustained commitment to disciplined underwriting through what continue to be difficult times for the insurance market.

A decision was made by Chubb to enhance Chubb's wholesale distribution platform and develop some of its specialist lines of business by establishing a syndicate at Lloyd's, known as Chubb Syndicate 1882, during 2010. In support of this initiative, a portion of CICE's business is transferring on renewal to Chubb Syndicate 1882. The capital required to support the syndicate's underwriting, referred to as Funds at Lloyd's, are being provided by CICE. As at 31 December 2010, the company's investments included £105.3m committed to the Funds at Lloyd's. The results of Chubb Syndicate 1882 are reported separately.

During 2010, the decision was also taken to cease writing new business in the Political Risk and Structured Trade Credit lines of business.

Underwriting performance

CICE's insurance operations are managed in three strategic business units, namely Chubb Commercial Insurance, Chubb Specialty Insurance and Chubb Personal Insurance.

Chubb Commercial Insurance provides property, casualty and marine insurance for businesses, tailored to meet the needs of specific industries. It also provides innovative products in niche areas such as environmental, life sciences and event cancellation insurance.

Chubb Specialty Insurance underwrites a broad range of liability insurance including Errors & Omissions Liability (E&O), Directors and Officers Liability (D&O), crime insurance and employment practice liability. Coverage is designed to meet the demands of a wide range of industries including the financial institutions sector.

Chubb Personal Insurance consists of two sub-groups, Personal Lines and Accident & Health.

Chubb's Personal Lines, operating from the UK, is a leading insurer of high net worth individuals and families with significant assets to protect and who demand superior coverage and service.

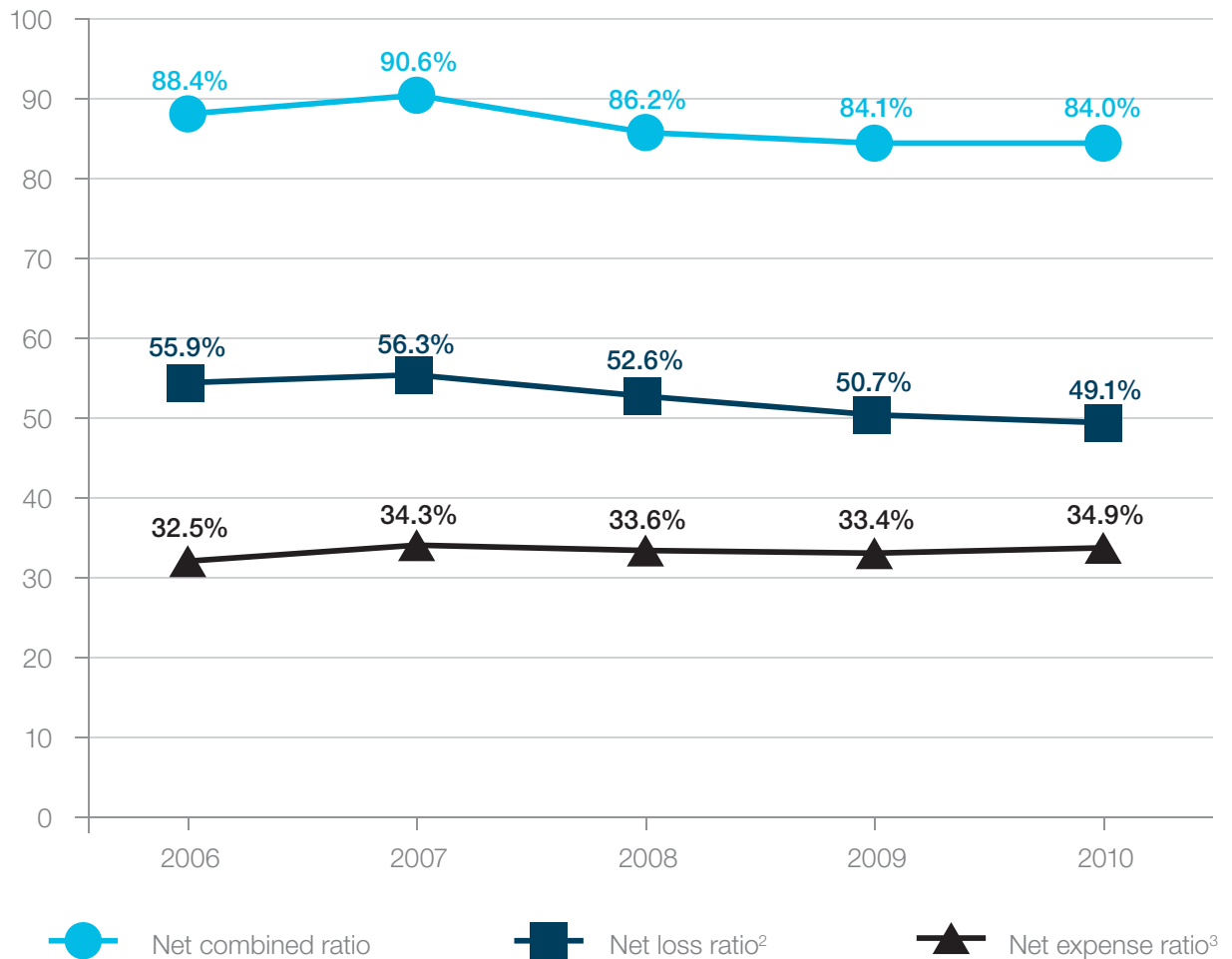
Chubb Accident & Health primarily offers general accident policies to organisations that cover their employees in the event of an accident.

The underwriting result, before investment income and other charges, as shown on the General Business Technical Account was £99.5m (2009: £99.0m).

Underwriting performance (continued)

A key performance indicator for insurance business is the combined ratio, which compares the cost of losses and expenses to premiums for the year. A reduction in the combined ratio therefore represents an improvement in underwriting performance. The graph below shows the company's combined ratios with their loss and expense components over the last 5 years:

Net combined ratios¹



¹ 2008 and prior figures represent the merged results of Chubb Insurance Company of Europe SA and Chubb Insurance Company of Europe plc, the companies that merged to form Chubb Insurance Company of Europe SE.

² Based on net claims incurred as a percentage of net earned premiums

³ Based on net operating expenses incurred (excluding deferred acquisition costs) as a percentage of net written premiums

Results by insurance class

The company's gross premium written and net underwriting result analysed by the accounting classes defined by UK companies legislation are shown in the table below.

	2010		2009	
	Gross premium written	Net underwriting result	Gross premium written	Net underwriting result
	£000	£000	£000	£000
Direct insurance:				
Accident and health	75,124	(5,771)	72,949	6,713
Motor (third-party liability)	5,598	(4,199)	4,406	(3,485)
Motor (other classes)	19,010	1,007	16,755	2,405
Marine, aviation and transport	31,329	(1,498)	34,017	(389)
Fire & other damage to property	170,887	17,181	171,342	(3,659)
Third-party liability	353,675	92,424	367,817	68,431
Credit and suretyship	4,204	(2,328)	7,217	(2,407)
Assistance	878	477	813	486
Miscellaneous	96,982	8,772	102,356	28,970
	757,687	106,065	777,672	97,065
Reinsurance acceptances	19,290	(883)	20,923	7,704
	776,977	105,182	798,595	104,769

Gross written premiums by strategic business unit

Total reported gross premiums decreased by 2.7% in the year. The decrease is attributable to the impact of currency fluctuation, Chubb's withdrawal from Political Risk and Structured Trade Credit business and the transition of business to Chubb Syndicate 1882.

In most Commercial and Specialty lines of business the market has continued to experience soft pricing conditions in which opportunities for profitable growth are limited. Nonetheless, we did achieve some growth in niche areas where specialist expertise is relevant or in those limited cases where we experienced more favourable pricing environments, such as marine and financial institutions lines. Commercial premium levels also continue to be adversely affected by recessionary pressure on premium drivers such as property values, headcount and turnover.

Personal insurance lines by contrast experienced a more favourable pricing environment in 2010 which afforded us opportunities for profitable growth, driven in part through expansion of our broker-based online distribution tools.

Claims and prior year reserve movements

Net claims incurred for 2010 were £315.2m (2009: £332.8m). The company's insurance portfolio is well diversified and is not significantly exposed to US windstorm or earthquake catastrophe events. The primary catastrophe exposure is to European weather events.

Estimates of claims outstanding are subject to the outcome of future events. Consequently, changes in estimates are unavoidable given that loss trends vary and time is required for changes in trends to be recognized and confirmed. During 2010, the company experienced overall favourable development of £123.2m on net claims outstanding established as at the previous year end. This compares with favourable development of £128.7m in 2009. This year's favourable development was principally in our Directors & Officers and General Liability business within the Third-party liability statutory class.

Reinsurance

Reinsurance is purchased in support of our underwriting strategy to minimise the impact of very large losses and catastrophes.

In 2010 our reinsurance costs have remained essentially flat at 17.5% of gross premiums written (2009: 17.1%).

Results by geographical segment

Our portfolio of business is well balanced across the main geographical segments in which we operate in Europe, with all regions contributing to the profitability of the company.

Profit before tax	2010	2009
	£000	£000
United Kingdom & Ireland	103,928	71,045
Southern Europe	70,713	45,240
Central & Eastern Europe	16,866	48,483
Northern Europe	26,319	29,751
	217,826	194,519

Investments

Total investments at 31 December 2010 were £2,441.3m (2009: £2,634.0m). A total of £1,921.0m (2009: £2,114.0m) of the portfolio was invested in fixed income government and corporate securities with a rating of AA or better. Just over 4% of the investment portfolio was held in private equity limited partnership schemes. The investment portfolio is managed to ensure an overall matching with the company's liabilities for both currency and liquidity risk.

The reduction in the investment portfolio was due to dividends paid to the company's parent, which also contributed to the drop in investment income to £112.0m (2009: £128.4m).

Our investment management objectives will continue to be to generate a stable investment income stream from a low-risk investment base with sufficient liquidity to meet the ongoing obligations of the insurance operations.

Expenses

The ratio of expenses to premiums written for the company was 34.9% in 2010. The increase over the 2009 ratio of 33.4% arises largely from the impact of currency fluctuation on the Euro components of the expense ratio, as the Euro was weaker against Sterling.

Capital strength

The company is required to prepare an Individual Capital Assessment (ICA) which determines the minimum acceptable level of capital based on the risks inherent in the business. Our Risk and Compliance team has developed a robust toolset for identifying and assessing operational risks which is embedded in all teams across our European operations. This risk quantification process operates alongside stochastic modelling of our insurance business to generate a comprehensive analysis of the capital required.

The company's available capital continues to be in excess of the ICA model requirement and is also sufficient to support our existing financial strength ratings.

The company is also fully engaged in the model approval process as preparation for the forthcoming Solvency II capital adequacy regime.

Outlook

We expect the prevailing economic conditions in 2011 to be very similar to 2010. The evidence of recovery across Europe is uneven and much uncertainty remains as to the effect of public expenditure austerity measures. Competition to renew or win new business will remain strong, with recent world events creating additional uncertainties. Now, more than ever therefore, we intend to continue our strategy of disciplined underwriting for bottom line profit rather than top line growth.

Despite this environment we are starting to realise the opportunities available to us through alignment of our products with our customer segments, from SMEs to complex multi-national groups. As noted in the Chief Executive's statement we have now created a Risk Management Division to serve the particular needs of the most complex companies. By investing in technology infrastructure and aligning our underwriting expertise to these different customer segments, we are evolving our service model to one that will continue to help us meet the challenges of these uncertain times.

We move into 2011 determined to develop our products and services to meet the challenges of the year ahead.

DIRECTORS' REPORT OF CHUBB INSURANCE COMPANY OF EUROPE SE

The directors present their report and financial statements for the year ended 31 December 2010.

Principal activity

The principal activity of the company is the underwriting of specialist lines of general insurance. The company is an indirect, wholly-owned subsidiary of The Chubb Corporation.

Results and dividends

Results

The company produced a profit on ordinary activities before tax of £217.8m for the year ended 31 December 2010 (2009: £194.5m). A review of the company's results and key performance indicators are provided in the Highlights summary, Chief Executive's statement and Business review.

Dividends

The company paid dividends during the year of £276.5m. This included payment of £185.0m of dividends that were recommended as a final dividend for the previous year. For this year, the directors recommend a final dividend of £70.0m.

Risk and capital management

Risk management

The management of the company's risks is governed by the risk management policy of the board of directors, which sets out responsibility and accountability for risk management within the company. In line with Chubb's enterprise risk management programme, the company has a defined appetite or tolerance in relation to key areas of risk. This is implemented via the company's risk management framework, which embeds within the business a consistent approach to the identification, assessment, mitigation, monitoring and reporting of risk. The framework encompasses all of the significant classes of identified risk to which the company is exposed, namely insurance, operational, credit, market, liquidity and group risk. Through the framework each of the specific risks faced by the company is allocated to an individual for management. These individuals are responsible for ensuring the appropriate controls are in place to keep the risk within proportionate appetite or tolerance thresholds.

The risk management framework is designed to be a reliable source of risk quantification data to support the company's assessment of its capital resource requirements.

Risk and capital management (continued)

Capital management

The company is committed to ensuring it maintains prudent levels of capital resources to support the business operations and initiatives and the risks which arise from them. These resources provide protection for policyholders, and other interested parties.

Policyholders, reinsurers and other interested parties consider the rating of the company by independent rating agencies as important in assessing the financial strength of the company. Thus, the company monitors the capital resources that it requires in order to ensure they are sufficient to maintain our existing financial strength ratings from the appropriate rating agencies. The company maintained its ratings throughout the year and has continued to maintain the ratings since the balance sheet date.

The company is also obliged to ensure its capital resources meet regulatory capital requirements. The company is required by the United Kingdom's Financial Services Authority ("FSA") to undertake an Individual Capital Assessment ("ICA"), which is a risk based determination of the capital required to meet all of its financial liabilities with a confidence level of 99.5%. The company has determined the level of capital required on this basis and has elected to maintain capital resources which exceed this regulatory requirement by a margin sufficient to maintain our existing financial strength ratings. All of the classes of risk faced by the company have been quantified within its ICA. Insurance, operational and group risk are described below. Given their relevance to the assets the company holds to meet its capital requirements, credit, market and liquidity risk are discussed in note 2 to the financial statements, which deals with financial instruments. Capital resources, for the purposes of the ICA, are taken as net assets before deduction of the equalisation provision less any inadmissible assets as prescribed by the FSA rules and any assets provided as Funds at Lloyd's on behalf of Chubb Capital Ltd. As at 31 December 2010, these capital resources amounted to £882.6m (2009: £1,109.4m).

The European Union's Solvency II directive will require regulated firms across Europe to meet further requirements in relation to risk and capital management. The company is committed to, and actively engaged in evolving its practice in this area to meet those requirements as they unfold between now and 1 January 2013, when the directive is expected to come into force.

Insurance risk

Insurance risk arises from unexpected significant adverse fluctuations in the frequency and/or severity of claims. Consistent with Chubb's operating philosophy, the company mitigates this risk by maintaining underwriting discipline throughout the company. This policy is supported by each strategic business units' underwriting guidelines, expertise and appropriate authority limits. These guidelines are updated regularly to reflect developments in the nature of the insurance risks being underwritten. The company also uses a reinsurance programme to manage its insurance risk by providing cover against certain large exposures.

Operational risk

Operational risk can arise where a company suffers a loss as a result of inadequate or failed internal processes. This could be as a result of people's actions, system processes or external events. The company mitigates this risk through ensuring that material operational risks are identified and controls are adopted to limit these risks.

Group risk

Group risk is defined as detriment to the company arising from actions taken at an ultimate parent company level or from the actions of another subsidiary of that ultimate parent. Group risk is inherent in any multinational organisation and primarily arises from inconsistencies between the laws and regulations to which the various members of the organisation are subject. In particular, the company is subject to the laws of the countries in which it operates in Europe, while The Chubb Corporation is subject to the laws and regulations of the United States of America (including states and territories thereof). The company mitigates this risk through open communication in appropriate committees and other forums through which decision makers are advised of the potential impact that group policy and decisions may have, and how this may be addressed.

Directors

The following served as directors from 1 January 2010 to the date of this report unless otherwise indicated:

M Casella
J Degnan
C Giles
P Haywood
I Hutchinson
K O'Shiel
B Van Der Vossen

Employees

Equal opportunities

The company is fully committed to equal opportunities. The equal opportunities policy applies to all aspects of employment, including recruitment and selection, performance management, dismissal, training and development opportunities, promotion, pay, and terms and conditions of employment.

The company's employees are diverse and have been chosen for their experience, potential and skills regardless of gender, gender reassignment, sexual orientation, marital status, age, race, colour, nationality, ethnic origin, religion/religious belief or disability.

Health and safety

The company assigns great importance to the health, safety and welfare of its employees and others on its premises. The company has a health and safety policy in place which is the responsibility of the facilities manager.

Employee communication and involvement

The company facilitates open and regular communication with its employees with the intention of keeping them well informed about the company and Chubb, in particular with regard to its operations in Europe ("Chubb Europe"). Chubb Europe's internal intranet is used as a medium to communicate group and company news, external markets information, financial results, business priorities and other useful information.

Employees are also kept well informed about Chubb Europe's strategic direction and financial results through staff events, email messages from senior management, branch and department update meetings and a quarterly newsletter.

The company participates in Chubb Europe's European Works Council ("EWC") which has been in existence since 1999 and enables management to inform and consult employees about management decisions, thus supporting two-way communication. The purpose of the EWC is to serve as a consultative body, supporting communication between staff and senior management.

Performance management

The company has a structured performance management process in place and individual employee performance is directly linked to their financial rewards. Senior managers are eligible to participate in The Chubb Corporation's long-term stock incentive plan.

Charitable donations

During the year, the company made charitable donations of £67,750 (2009: £74,938). These included donations above £2,000 to Haiti Earthquake Appeal, St Katherine Cree Church, Asthma UK, Rainbow Trust, Pakistan Flood Appeal, Cancer Research UK and the Alzheimer's Society for general charitable purposes.

Branches

Details of the company's underwriting branches are shown on the Branch Details page.

Policy and practice on payment of creditors

The company's policy is to agree terms of payment when entering into transactions with suppliers and then pay those suppliers accordingly. The trade creditor days of the company as at 31 December 2010, calculated in accordance with statutory regulations, was 18 days (2009: 28 days).

Statement of Directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies Act 2006 requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website, www.chubb.com/uk. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Indemnities for Directors

The company participates in a group insurance policy organised by The Chubb Corporation, which provides third party indemnity for the benefit of the directors of the company with respect to their directorships of a subsidiary of The Chubb Corporation.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution will be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as the auditor of the company.

On behalf of the board

R Munro

Member of the Administrative Organ
Secretary

22 March 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHUBB INSURANCE COMPANY OF EUROPE SE

We have audited the financial statements of Chubb Insurance Company of Europe SE for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), having regard to the statutory requirement for insurance companies to maintain equalisation provisions. The nature of equalisation provisions, the amounts set aside at 31 December 2010, and the effect of the movement in those provisions during the year on shareholders' funds, the balance on the general business technical account and profit before tax, are disclosed in note 24.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

T J Leggett

(Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

22 March 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

Technical account – general business		2010	2009
	Notes	£000	£000
Earned premiums, net of reinsurance			
Gross premiums written	3	776,977	798,595
Outwards reinsurance premiums		(135,842)	(136,235)
Net premiums written		641,135	662,360
Change in the gross provision for unearned premiums		(1,439)	(2,741)
Change in the provision for unearned premiums, reinsurers' share		2,513	(2,972)
Change in unearned premiums, net of reinsurance		1,074	(5,713)
Earned premiums, net of reinsurance		642,209	656,647
Total technical income		642,209	656,647
Claims incurred, net of reinsurance	4		
Claims paid, gross amount		398,856	422,511
Claims paid, reinsurers' share		(69,276)	(39,693)
Net claims paid		329,580	382,818
Change in the provision for claims, gross amount		(73,257)	(61,358)
Change in the provision for claims, reinsurers' share		58,872	11,359
Change in the provision for claims, net of reinsurance		(14,385)	(49,999)
Claims incurred, net of reinsurance		315,195	332,819
Net operating expenses	5	221,832	219,059
Change in the equalisation provision	24	5,667	5,702
Total technical charges		542,694	557,580
Balance on the general business technical account		99,515	99,067

Profit and loss account for the year ended 31 December 2010

Non-technical account		2010	2009
	Notes	£000	£000
Balance on the general business technical account		99,515	99,067
Investment return			
Investment income	10	112,022	128,364
Unrealised gains / (losses) on investments	10	18,444	(21,460)
Investment expenses and charges	10	(2,983)	(6,005)
Net investment return on defined benefits pension scheme	10, 26	(46)	(367)
Investment return		127,437	100,532
Other charges	11	(9,126)	(5,080)
Profit on ordinary activities before tax		217,826	194,519
Tax on profit on ordinary activities	12	(63,209)	(67,124)
Profit for the financial year		154,617	127,395

The above results are all derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010

		2010	2009
	Notes	£000	£000
Profit for the financial year		154,617	127,395
Other recognised gains and losses			
Actuarial gains on defined benefits pension schemes	26	7,138	749
Unrealised losses on investments	10	(14,718)	(37,954)
Foreign currency translation gain		(11,773)	12,577
Other recognised gains and losses before tax		(19,353)	(24,628)
Tax credit on other recognised gains and losses	12	5,355	10,103
Other recognised gains and losses after tax		(13,998)	(14,525)
Total recognised gains relating to the year		140,619	112,870

Note of historical profits and losses

Gains and losses arising from using fair value accounting for financial instruments are not required to be included in a note of historical profits and losses. There are no other differences between the profit for the financial year stated above and its historical cost equivalent.

BALANCE SHEET

AS AT 31 DECEMBER 2010

Assets		2010	2009
	Notes	£000	£000
Intangible assets	13	-	195
Investments			
Other financial investments	14	2,441,281	2,634,041
Reinsurers' share of technical provisions			
Provision for unearned premiums		35,641	33,812
Claims outstanding		236,635	302,260
		272,276	336,072
Debtors			
Debtors arising out of direct insurance operations	15	136,536	142,026
Debtors arising out of reinsurance operations		32,573	23,533
Other debtors	16	22,530	21,669
		191,639	187,228
Other assets			
Tangible assets	18	3,711	5,658
Cash at bank and in hand		14	13
		3,725	5,671
Prepayments and accrued income			
Accrued interest and rent		36,128	44,300
Deferred acquisition costs		88,839	88,037
Other prepayments and accrued income		2,052	580
		127,019	132,917
Total assets		3,035,940	3,296,124

Balance sheet as at 31 December 2010

Liabilities		2010	2009
	Notes	£000	£000
Capital and reserves			
Called up share capital	19	2,849	2,849
Share premium account	20	414,938	414,938
Reserves	21	564,154	569,294
Profit and loss account	22	12,032	140,533
Equity shareholders' funds	23	993,973	1,127,614
Technical provisions			
Provision for unearned premiums		341,199	349,304
Claims outstanding		1,550,491	1,673,815
Equalisation provision	24	11,369	5,702
		1,903,059	2,028,821
Provisions for other risks	25	30,716	45,916
Deposits from reinsurers		361	390
Creditors			
Creditors arising out of direct insurance operations		23,528	20,589
Creditors arising out of reinsurance operations		32,287	30,501
Other creditors including taxation and social security	27	23,779	25,200
		79,594	76,290
Accruals and deferred income	29	28,237	17,093
Total liabilities		3,035,940	3,296,124

The financial statements on pages 24 to 64 were approved by the board of directors and were signed on its behalf by:

K O'Shiel

Member of the Administrative Organ
Director

22 March 2011

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with section 6 of, and Schedule 3 to, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 pursuant to section 396 of the Companies Act 2006.

The financial statements have also been prepared in accordance with applicable United Kingdom accounting standards and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 as amended in December 2006.

The company has taken advantage of the exemption given to subsidiary companies in Financial Reporting Standard 1 (Revised) from the preparation of a cash flow statement.

Underwriting

Gross premiums

Gross written premiums represent premiums on direct insurance and reinsurance assumed contracts that incepted during the period, together with adjustments made in the period to premiums written in prior accounting periods. Gross premiums are shown before deduction of brokerage and commission due to intermediaries but net of taxes and duties levied on premiums.

Premium debtors

Premiums receivable which are outstanding at the balance sheet date are shown as debtors less any amounts not considered to be collectable. Estimates are included for pipeline premiums, being premium amounts due but not yet received or notified to the company by intermediaries.

Provision for unearned premiums

Written premiums are recognised as earned premiums proportionally over the period of the coverage of the policy. Premiums that have been written but not yet earned are shown in the provision for unearned premiums.

Claims

Claims incurred represent the claims and claims handling costs paid in the period, together with the movement in provision for claims outstanding, less any salvage or other similar recoveries.

The provision for claims outstanding represents the estimated ultimate cost of all claims notified but not settled by the balance sheet date and includes provisions for reported outstanding claims, claims incurred but not reported ("IBNR") and claims handling costs.

There is inherent uncertainty, due to the nature of insurance underwriting, as to the ultimate cost of claims. Therefore, subsequent information and events may result in the ultimate cost of claims being different to the amounts previously provided. Adjustments of this nature are reflected in the period that the subsequent information becomes known or the subsequent event occurs.

Provision for claims outstanding estimation techniques

As a result of this inherent uncertainty in the ultimate cost of claims, a variety of different actuarial techniques are used to estimate the provision for claims outstanding. These techniques include using the following statistical analyses: (a) the development of claims on more mature accident years to estimate the claims development on less mature accident years; (b) the development of claim numbers and average cost per claims on more mature accident years to estimate the claims development on less mature accident years; (c) expected loss ratios for each accident year taking into account underwriting factors that may be particularly pertinent to that year, for instance, price changes, changes in business mix, market conditions, policy coverage, etc; and (d) techniques that involve using a mixture of the above analyses such as the Bornheutter-Ferguson method which uses a combination of claims development and expected loss ratios, where claims development is given more weight as an accident year matures.

These analyses for each line of business take into account whether the period of time between the occurrence of the claim, the claim being notified to the company and the claim being resolved is considered to be short or long for that line of business.

Large claims, that can distort the above analyses, may be extracted from the main data, analysed and projected separately.

In deriving a best estimate for the provision for claim outstanding, the company considers the techniques that are most appropriate to the line of business and accident year.

Unexpired risks

At the balance sheet date, an assessment is made of whether the cost of claims and expenses arising after the end of the financial period, in respect of contracts concluded before that date, are expected to exceed the provision for unearned premiums (net of any deferred acquisition costs) and any premiums still receivable under these contracts. In this event, a provision for unexpired risks is made after offsetting surpluses and deficits arising from lines of business which are managed together and after taking into account relevant future investment income.

Equalisation provision

An equalisation provision has been calculated in accordance with chapter 1.4 of the Prudential Sourcebook for Insurers issued by the Financial Services Authority. The amount provided does not represent a liability as it is in addition to the provision required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet, but notwithstanding this, it is required to be included within technical provisions by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 pursuant to section 396 of the Companies Act 2006.

Reinsurance ceded

Premiums ceded on outward reinsurance contracts are accounted for in the same accounting period as the premiums for the direct or reinsurance assumed business.

Reinsurance recoveries on gross claims paid are recognised based on amounts to be reimbursed under reinsurance contracts that provide for recoveries of contractually defined portions of gross claims paid by the company. As at the balance sheet date, reinsurance recoveries due on gross claims paid are shown in debtors arising out of reinsurance operations, less any receipts from those reinsurers as at that date and any amounts not considered to be collectable. Reinsurance recoveries on gross claims outstanding are estimated based on the amounts expected to be recovered on those gross claims under the programme of reinsurance contracts that have been arranged by the company, less any amounts not considered to be recoverable.

Deferred acquisition costs

Acquisition costs comprise commission and other related expenses, excluding taxes and duties levied on premiums, of acquiring new contracts or renewing existing contracts. When these costs relate to premiums written that have yet to be earned at the balance sheet date, these costs are deferred and shown as deferred acquisition costs. Subsequently, these deferred acquisition costs are charged to the profit and loss account as the unearned premiums to which the costs relate become earned.

Financial assets

The company classifies its financial assets as either financial assets at fair value through the profit and loss account, available for sale financial assets or loans and receivables. All financial assets are initially recognised at fair value; their subsequent measurement is discussed below.

Investments

Investments in private equity limited partnerships are classified as financial assets at fair value through the profit and loss account as they are managed, and their performance evaluated, on a fair value basis including unrealised gains and losses.

Investments in bonds, short term deposits and unit trusts that invest predominately in bonds and short term deposits are classified as available for sale financial assets. Bond purchases and sales are recognised at trade date.

Both financial assets at fair value through the profit and loss account and available for sale financial assets are subsequently re-appraised to their fair value at each balance sheet date. Where there is an active market for these investments, fair value is based upon quoted prices using bid price. Where there is not an active market, but other market data is observable for these investments, fair value is based upon that market data using expected bid price. Where there is neither an active market nor any other observable market data, for instance, for such financial assets as investments in private equity limited partnerships, these are initially carried at cost as the best estimate of fair value and are adjusted thereafter whenever events or changes in circumstances indicate that the carrying amount may not approximate to fair value. In these circumstances, fair value is calculated using the most appropriate valuation technique.

For financial assets at fair value through the profit and loss account, these fair value adjustments are shown as unrealised gains and losses in the profit and loss account whereas, for available for sale financial assets, these fair value adjustments are shown as unrealised gains and losses in the statement of total recognised gain and losses.

Impairment losses on available for sale financial assets are recognised in the profit and loss account if there has been an event that has had a negative impact on the expected future cash flows of the asset and the fair value of the asset is below its amortised cost.

Other receivables

Other receivables are classified as loans and other receivables. Loans and other receivables are carried at amortised cost less any provision for impairment arising from uncollectibility.

Investment return

Investment return in the profit and loss account comprises investment income, realised investment gains and losses and movements in unrealised gains and losses (on financial assets at fair value through the profit and loss account), net of investment expenses, impairment losses (on available for sale financial assets) and interest payable.

Investment income includes dividends, interest receivable and the amortisation of any discount or premium on available for sale financial assets.

Realised gains and losses on investments which arise on the disposal of investments represent the difference between net sales proceeds and the purchase, amortised or impaired cost of the investment.

Intangible and tangible assets

Intangible assets

Expenditure on intangible assets arising from the purchase of insurance operations is capitalised as goodwill and depreciated on a straight line basis over the estimated useful economic lives of the assets. The period used to depreciate the assets capitalised to date is 10 years.

Tangible assets

Expenditure on tangible assets is capitalised and depreciated on a straight line basis over the estimated useful economic lives of the assets. The periods used to depreciate these assets are as follows:

Leasehold improvements	Over the remaining period of the lease
Computer hardware & software	3 years
Office equipment & furniture	4 years
Motor vehicles	4 years

Impairment review

An impairment review is performed whenever there is an indication that assets may be impaired. If the assets are impaired, then the recoverable amount of the assets is estimated and the difference between that amount and the carrying value is charged to the profit and loss account.

Leased assets

Leases which substantially transfer all the risks and rewards of ownership to the company are treated as finance leases. At inception, these leases are recognised as assets, with corresponding liabilities, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. These assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Lease payments are apportioned between finance charges and repayments of the outstanding liabilities. The interest element of finance lease rentals is charged to the profit and loss account.

All other leases are classified as operating leases. Operating lease rental payments are charged in the profit and loss account on a straight line basis over the lease term.

Foreign exchange

The transactions of each branch operation are initially measured in the functional currency of that branch. Foreign currency transactions are converted to the functional currency of each branch using the rate for the month the transaction is recorded. Foreign exchange gains and losses arising from the settlement of transactions, and from the retranslation of monetary assets and liabilities to rates prevailing at the balance sheet date, are recognised in the non-technical part of the profit and loss account.

The results of those branches for which the functional currencies are not sterling are then translated into sterling each month, using a current rate for that month, so that the annual results will be an aggregate of those translated monthly results. The asset and liabilities at the balance sheet date are also translated into sterling using the current rate prevailing at that date. Foreign exchange adjustments arising from these translations are recorded in the statement of total recognised gains and losses.

Pension costs

Defined benefit schemes

Defined benefit schemes are pension schemes that specify an amount of pension benefit that an employee will receive, usually based on such factors as age, years of service and salary.

The company operates defined benefit schemes whereby the company's contributions are paid into separately-held trusts or insurance policies. The schemes are largely closed to new entrants.

Regular valuations of the scheme assets and the obligations are performed by independent professionally qualified actuaries.

The difference between the market value of the assets and the present values of the accrued pension liabilities is shown as an asset or liability in the balance sheet, net of deferred tax.

The current service cost for the period of providing retirement benefits to employees is charged to the technical part of the profit and loss account.

The expected return on the scheme assets for the period, net of the interest costs on scheme liabilities for the period, is included in the non-technical part of the profit and loss account.

Actuarial gains and losses on scheme assets can arise when comparing the actual return on scheme assets with the expected return on those assets. With regard to scheme liabilities, actuarial gains and losses can arise when comparing actual experience with the actuarial assumptions underlying the scheme liabilities and also from changes in actuarial assumptions to reflect conditions at the balance sheet date. All actuarial gains and losses are recognised in the statement of recognised gains and losses.

Defined contribution schemes

The company also operates defined contribution schemes. Defined contribution schemes are schemes where fixed contributions are made and the company has no further liabilities beyond paying the contributions. Contributions are charged in the technical part of the profit and loss account in the period to which they relate.

Share-based payment

The company's ultimate parent company, The Chubb Corporation, operates share-based payment arrangements that are open to certain employees of the company. Where an employee partakes in one of these arrangements, the company measures the fair value of the arrangement by reference to the fair value of the equity instrument granted under the arrangement taking into account observable market prices of The Chubb's Corporation shares. These arrangements are treated as equity-settled arrangements in the company's accounts. Thus, the fair value of the arrangement is charged to the profit and loss account over the vesting period of the arrangement, with the corresponding entry being recognised in equity.

Taxation

Taxation on the result for the period comprises current and deferred tax. It is recognised in the profit and loss account with the exception of any tax on items included in the statement of total recognised gains and losses.

Current tax includes the expected tax payable on the profit or loss for the period together with any adjustments to tax payable in respect of prior periods.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts in the financial statements. Deferred tax is calculated using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related liability is settled or asset is realised. Deferred tax balances are not discounted.

Deferred tax assets are only recognised to the extent that future taxable profits are expected to be available against which the temporary differences can be utilised.

Merger accounting

The merger method of accounting has been used for the group reconstruction that occurred on 1 January 2009 where, following the merger of Chubb Insurance Company of Europe plc and Chubb Insurance Company of Europe SA, the company received the transfer of the assets, liabilities and business of Chubb Insurance Company of Europe SA. Accordingly, any corresponding amounts in respect of the previous financial years have been restated as if the entities had always been merged throughout those years. Amounts relating to Chubb Insurance Company of Europe SA have been restated to United Kingdom Generally Accepted Accounting Practice from the amounts originally filed in Belgium.

2. Financial instruments: risk disclosures

Disclosures relating to the credit, market and liquidity risks associated with financial instruments are provided below. An overview of the company's risk and capital management policies is provided in the directors' report.

Credit risk

Credit risk arises when a third party, with whom a company transacts, defaults. The main credit risks that the company faces are in respect of reinsurer default and the risk of a bond issuer or a bank defaulting. The company mitigates these risks by selecting reinsurers, bond issuers and banks that are considered to have strong credit ratings and by setting limits on the level of exposures the company has to any particular counterparty. The company also faces the risk of intermediaries, such as brokers, defaulting. This risk is mitigated through credit assessment of intermediaries, review of intermediary credit limits and active aged debt management. An analysis of the major categories of assets with credit risk exposure (excluding premium debtors) and a rating of that exposure, based on Standard & Poor's or equivalent, is shown below.

At 31 December 2010	AAA	AA	A	BBB/BB/B	Other / not rated	Total
	£000	£000	£000	£000	£000	£000
Debt securities and other fixed income securities	1,731,508	189,524	324,821	14,414	–	2,260,267
Deposits with credit institutions	–	12,576	13,275	–	–	25,851
Reinsurers' share of technical provisions	510	151,311	44,160	1,026	39,628	236,635
Debtors arising out of ceded reinsurance operations	–	11,329	3,902	588	10,155	25,974
	1,732,018	364,740	386,158	16,028	49,783	2,548,727

At 31 December 2009	AAA	AA	A	BBB/BB/B	Other/ not rated	Total
	£000	£000	£000	£000	£000	£000
Debt securities and other fixed income securities	1,744,418	369,572	354,108	9,590	-	2,477,688
Deposits with credit institutions	8,531	607	3,947	-	-	13,085
Reinsurers' share of technical provisions	2,082	195,800	47,623	3,098	53,657	302,260
Debtors arising out of ceded reinsurance operations	-	4,763	362	905	13,176	19,206
	1,755,031	570,742	406,040	13,593	66,833	2,812,239

For premium debtors, an aged debt analysis is shown below.

At 31 December 2010	Not yet overdue	1 day to 3 months overdue	Over 3 months overdue	Total
	£000	£000	£000	£000
Debtors arising out of direct insurance and assumed reinsurance operations	125,976	14,577	2,582	143,135
At 31 December 2009	Not yet overdue £000	1 day to 3 months overdue £000	Over 3 months overdue £000	Total £000
Debtors arising out of direct insurance and assumed reinsurance operations	127,486	16,776	2,091	146,353

Market risk

Market risk on financial instruments arises from unexpected fluctuations in the fair value or future cash flows of assets in the investment portfolio, be that from changes in interest rate risk, currency risk or other price risk.

The company mitigates its market risk by taking a conservative approach to its investments. At 31 December 2010, 92.6% (2009: 94.1%) of its investment portfolio was in bonds, split 61:39 (2009: 69:31) between government and corporate bonds, 3.1% (2009: 1.8%) was in short-term deposits and unit trusts investing mainly in short-term deposits and 4.4% (2009: 4.1%) was in private equity limited partnerships.

The bonds bear interest rate risk whereby changes in market interest rates can affect the market value of the bond portfolio and consequently the net assets of the company. The company mitigates this risk by investing in relatively short-tail bonds which bear low interest rate risk. At 31 December 31 2010, the average life of the bond portfolio was 4.4 years (2009: 4.1 years). As an indication of interest rate sensitivity, if market interest rates had risen by 100 basis points, the fair value of the bonds may have been expected, as an estimate, to decrease by £86.5m (2009: £87.6m).

Currency risk can arise where assets and liabilities are expected to be settled in differing currencies. The company largely mitigates this risk by matching assets with liabilities in the same currency. Currency risk can also arise where there are surplus assets, held in a currency other than Sterling, and that other currency deteriorates significantly against Sterling. The company predominately holds its surplus assets in Sterling and Euros as these are the major functional currencies of its branches. Therefore, the company is potentially exposed to an adverse movement in the Euro against Sterling. If the Euro had weakened by 5% against Sterling, then shareholders' funds attributable to branches with a Euro functional currency, would have been reduced by £32.5m (2009: £31.3m).

Liquidity risk

Liquidity risk relates to the risk that, irrespective of a company's solvency position, a company may encounter difficulty in finding sufficient available financial assets or cash to enable it to meet its financial obligations as and when they fall due. The company mitigates this risk by maintaining suitable levels of readily realisable assets. 95.6% (2009: 95.9%) of the company's investment portfolio is held in bonds, short-term deposits or unit trusts investing mainly in short-term deposits, all of which are readily realisable.

3. Segmental information

Insurance class analysis as required by companies' legislation

2010	Gross premium written	Gross premium earned	Gross claims incurred	Gross operating expenses	Outwards reinsurance balance
	£000	£000	£000	£000	£000
Direct insurance:					
Accident and health	75,124	72,541	49,539	25,068	3,705
Motor (third party liability)	5,598	4,831	6,314	1,399	1,317
Motor (other classes)	19,010	17,869	11,039	5,747	76
Marine, aviation and transport	31,329	32,046	16,808	13,517	3,219
Fire & other damage to property	170,887	165,587	60,328	57,546	30,532
Third-party liability	353,675	358,659	123,129	103,233	39,873
Credit and suretyship	4,204	6,096	4,535	1,582	2,307
Assistance	878	832	19	299	37
Miscellaneous	96,982	98,327	44,472	24,024	21,059
	757,687	756,788	316,183	232,415	102,125
Reinsurance acceptances	19,290	18,750	9,416	3,834	6,383
	776,977	775,538	325,599	236,249	108,508

2009	Gross premium written	Gross premium earned	Gross claims incurred	Gross operating expenses	Outwards reinsurance balance
	£000	£000	£000	£000	£000
Direct insurance:					
Accident and health	72,949	70,460	37,232	23,206	3,309
Motor (third party liability)	4,406	4,186	5,403	1,364	904
Motor (other classes)	16,755	16,745	9,219	5,053	68
Marine, aviation and transport	34,017	34,431	15,918	14,463	4,439
Fire & other damage to property	171,342	171,720	86,485	59,459	29,435
Third-party liability	367,817	367,005	146,940	101,668	49,966
Credit and suretyship	7,217	5,980	10,179	1,237	(3,029)
Assistance	813	864	20	319	39
Miscellaneous	102,356	103,194	25,304	24,689	24,231
	777,672	774,585	336,700	231,458	109,362
Reinsurance acceptances	20,923	21,269	24,453	4,781	(15,669)
	798,595	795,854	361,153	236,239	93,693

Analysis of gross written premium by origin and the company's geographical segments

	2010	2009
	£000	£000
United Kingdom & Ireland	425,170	428,842
Southern Europe	150,355	157,988
Central & Eastern Europe	122,268	124,268
Northern Europe	79,184	87,497
	776,977	798,595

Analysis of gross written premium by origin and the geographical segments required by companies' legislation

	2010	2009
	£000	£000
United Kingdom	390,454	395,736
Other EEA countries	370,623	387,071
Other countries	15,900	15,788
	776,977	798,595

Analysis of gross written premium by destination

	2010	2009
	£000	£000
United Kingdom & Ireland	352,140	347,131
Southern Europe	164,275	161,841
Central & Eastern Europe	125,872	123,686
Northern Europe	83,445	93,065
North America	22,965	25,656
Other regions	28,280	47,216
	776,977	798,595

Analysis of profit before tax by origin and the company's geographical segments

	2010	2009
	£000	£000
United Kingdom & Ireland	103,928	71,045
Southern Europe	70,713	45,240
Central & Eastern Europe	16,866	48,483
Northern Europe	26,319	29,751
	217,826	194,519

Analysis of net assets by origin and the company's geographical segments

	2010	2009
	£000	£000
United Kingdom & Ireland	299,208	477,731
Southern Europe	95,848	102,267
Central & Eastern Europe	66,557	46,262
Northern Europe	532,360	501,354
	993,973	1,127,614

4. Claims incurred

Claims incurred includes the following movements arising from favourable/(unfavourable) development in the prior years' net provision for claims outstanding:

	2010	2009
	£000	£000
Direct insurance:		
Accident and health	(1,844)	3,371
Motor (third party liability)	(3,361)	(2,575)
Motor (other classes)	1,351	1,986
Marine, aviation and transport	(309)	1,076
Fire & other damage to property	20,669	7,464
Third-party liability	111,922	85,214
Credit & suretyship	758	85
Assistance	94	99
Miscellaneous	(4,711)	27,328
	124,569	124,048
Reinsurance acceptances	(1,407)	4,638
	123,162	128,686

5. Net operating expenses

	2010	2009
	£000	£000
Commission	107,446	106,834
Other acquisition costs	96,725	96,548
Acquisition costs	204,171	203,382
Change in deferred acquisition costs	(3,907)	(1,907)
Administrative expenses	35,985	34,764
Gross operating expenses	236,249	236,239
Reinsurance commissions and profit participation	(14,417)	(17,180)
Net operating expenses	221,832	219,059
	2010	2009
	£000	£000
Net operating expense before change in deferred acquisition costs	224,064	221,281
Change in deferred acquisition costs, net of reinsurance	(2,232)	(2,222)
Net operating expenses	221,832	219,059

6. Staff costs and numbers

	2010	2009
	£000	£000
Wages and salaries	68,289	71,365
Social security costs	10,374	10,621
Other pensions costs	7,218	8,465
	85,881	90,451

	2010	2009
	Number	Number
The average number of staff employed by the company was as follows:		
Underwriting and claims	591	630
Administration	420	487
	1,011	1,117

On 1 October 2010, the employees of a number of departments operating in the United Kingdom were transferred to a fellow group undertaking, Chubb Europe Services Ltd.

7. Directors' remuneration

	2010	2009
	£000	£000
Aggregate remuneration	1,963	1,618
Company pension contributions to money purchase schemes	83	155
	2,046	1,773

During the year, 2 directors (2009: 1 director) accrued benefits solely under a defined contribution scheme, 1 director (2009: 1 director) accrued benefits solely under a defined benefit scheme and 1 director (2009: 2 directors) accrued benefits under both defined contribution and defined benefit schemes.

Highest paid Director	2010	2009
	£000	£000
Aggregate remuneration	721	520
Company pension contributions to money purchase schemes	6	18
	727	538

At 31 December 2010, the highest paid director accrued a pension of £159,043 (2009: £27,165) under a defined benefit pension scheme.

8. Auditors' remuneration

	2010	2009
	£000	£000
Audit of the company's financial statements	487	435
Fees arising from services pursuant to legislation	34	33
Other services	3	43
	524	511

9. Operating lease rentals and commitments

Operating lease rentals	2010	2009
	£000	£000
Land and buildings	9,928	10,325

Operating lease commitments	2010	2009
	£000	£000
Annual land and buildings' commitments under non-cancellable leases expiring:		
Within one year	364	1,758
Within two and five years	5,907	4,349
After five years	4,461	5,657
	10,732	11,764

10. Investment return

	2010	2009
	£000	£000
Investment income – interest and other similar income		
Available for sale financial assets	80,700	91,724
Fair value through the profit and loss account financial assets	2	42
	80,702	91,766
Investment income – realised gains		
Available for sale financial assets	30,043	36,487
Fair value through the profit and loss account financial assets	1,277	111
	31,320	36,598
Total investment income	112,022	128,364
Unrealised gains / (losses):		
Available for sale assets (included in the statement of total recognised gains and losses)	(14,718)	(37,954)
Fair value through the profit and loss account financial assets	18,444	(21,460)
Total unrealised gains / (losses)	3,726	(59,414)
Investment expenses and charges:		
Other expenses and charges on available for sale financial assets	(1,718)	(1,974)
Other expenses and charges on fair value through the profit and loss account financial assets	(1,265)	(4,031)
Total investment expenses and charges	(2,983)	(6,005)
Net investment return on defined benefits pension scheme	(46)	(367)
Total investment return	112,719	62,578

Analysis by classification	2010	2009
	£000	£000
Available for sale assets	94,307	104,777
Fair value through the profit and loss account assets	18,458	(41,832)
Defined benefits pension scheme	(46)	(367)
	112,719	62,578

Analysis by recognition treatment	2010	2009
	£000	£000
In the profit and loss account	127,437	100,532
In the statement of total recognised gains and losses (relating to unrealised losses on available for sale financial assets)	(14,718)	(37,954)
	112,719	62,578

11. Other income and charges

	2010	2009
	£000	£000
Foreign currency exchange losses, net of gains, recognised in the profit and loss account (except for those arising on financial assets at fair value through the profit and loss account)	(9,126)	(5,080)

12. Tax on profit on ordinary activities

Analysis of charge for the year	2010	2009
	£000	£000
Current UK tax:		
UK corporation tax on profit for the year	59,627	46,344
Adjustment in respect of previous periods	(2,194)	(1,291)
	57,433	45,053
Double taxation relief	(27,631)	(27,084)
Current UK tax charge	29,802	17,969
Current foreign tax:		
Foreign tax on profit for the year	35,496	33,530
Adjustment in respect of previous periods	(4,859)	7,741
Current foreign tax charge	30,637	41,271
Total current tax charge	60,439	59,240
Deferred tax:		
UK corporation tax	(103)	(2,475)
Foreign tax	(2,482)	256
Total deferred tax credit	(2,585)	(2,219)
Total tax charge	57,854	57,021

Analysis by recognition treatment	2010	2009
	£000	£000
Charge to the profit and loss account:		
Current tax	60,419	67,002
Deferred tax	2,790	122
	63,209	67,124
(Credit) / charge to the statement of total recognised gains and losses:		
Current tax	20	(7,762)
Deferred tax	(5,375)	(2,341)
	(5,355)	(10,103)
Total tax charge	57,854	57,021

Analysis by UK or foreign tax	2010	2009
	£000	£000
Charge to the profit and loss account:		
UK tax	32,572	25,829
Foreign tax	30,637	41,295
	63,209	67,124
(Credit) / charge to the statement of total recognised gains and losses:		
UK tax	(2,873)	(10,335)
Foreign tax	(2,482)	232
	(5,355)	(10,103)
Total tax charge	57,854	57,021

Further analysis of deferred tax (credit) / charge	2010	2009
	£000	£000
Charge to the profit and loss account arising from:		
Origination and reversal of timing differences	2,691	122
Changes in tax rates and laws	99	-
	2,790	122
Credit to the statement of total recognised gains and losses arising from:		
Origination and reversal of timing differences	(2,142)	(1,993)
Changes in tax rates and laws	(3,233)	(348)
	(5,375)	(2,341)
Total deferred tax credit	(2,585)	(2,219)

Factors affecting the tax charge for the year	2010	2009
	£000	£000
Profit on ordinary activities before tax	217,826	194,519
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	60,991	54,465
Expenses not deductible for tax purposes	92	596
Foreign exchange	-	(1,260)
Other timing differences	(1,471)	(122)
Higher rates of tax on overseas earnings	7,860	6,873
Adjustments in respect of previous periods	(7,053)	6,450
Current tax charge in the profit and loss account	60,419	67,002

The statement of total recognised gains and losses includes a current tax charge of £19,551 (2009: credit of £7,761,668) that relates to tax on unrealised losses on available for sale financial assets.

13. Intangible assets

Goodwill arising on purchase of premium portfolios	PFA Skade in Denmark	Wellington in the UK	Total
	£000	£000	£000
Cost:			
At 1 January 2010	7,801	6,144	13,945
Currency translation differences	(507)	–	(507)
At 31 December 2010	7,294	6,144	13,438
Accumulated depreciation:			
At 1 January 2010	7,606	6,144	13,750
Charge for the year	194	–	194
Currency translation differences	(506)	–	(506)
At 31 December 2010	7,294	6,144	13,438
Net book value:			
At 31 December 2010	–	–	–
At 31 December 2009	195	–	195

14. Investments

	Fair Value		Amortised cost / cost	
Analysis by accounting classification	2010	2009	2010	2009
	£000	£000	£000	£000
Available for sale financial assets	2,334,737	2,525,194	2,262,336	2,438,075
Fair value through the profit and loss account financial assets	106,544	108,847	93,037	120,174
	2,441,281	2,634,041	2,355,373	2,558,249
	Fair Value		Amortised cost / cost	
Analysis by fair value method, fair value based on:	2010	2009	2010	2009
Level 2 - observable market data other than quoted prices in active markets:				
Available for sale financial assets	2,334,737	2,525,194	2,262,336	2,438,075
Level 3 - inputs not based on observable market data:				
Fair value through the profit and loss account financial assets	106,544	108,847	93,037	120,174
	2,441,281	2,634,041	2,355,373	2,558,249

The company has taken the view that all bonds, government and corporate, are Level 2 as the company's fair values are based upon consensus pricing from multiple inputs rather than quoted prices.

Financial assets measured using inputs not based on observable market data

Fair value through the profit and loss account financial assets, measured using inputs not based on observable market data, consist of private equity limited partnerships. These private equity investments are across a wide range of industries and countries and are at different stages of their business cycles. Therefore, each investment has been assessed separately using a different technique or techniques that are appropriate to its situation. The techniques used, amongst others, include fair value by reference to the earnings of comparable companies, discounted cash flow methodologies or, if applicable, cost (less impairment). A 1% decrease in the fair value of these private equity limited partnerships would lead to a charge in the profit and loss account of £1,065,439 (2009: £1,088,473).

Financial assets measured using inputs not based on observable market data (continued)
A reconciliation of the movements during the year of financial assets measured using inputs not based on observable market data is shown below:

	2010 £000	2009 £000
Fair value at 1 January	108,847	117,087
Additions	8,464	13,062
Disposals	(24,610)	(2,012)
Unrealised gains / (losses) in the year	18,444	(21,460)
Currency translation differences	(4,601)	2,170
Fair value at 31 December	106,544	108,847

	Fair value		Amortised cost /cost	
	2010 £000	2009 £000	2010 £000	2009 £000
Shares and other variable-yield securities and unit trusts:				
Listed	48,620	34,422	48,620	34,422
Unlisted	106,544	108,847	93,036	120,174
	155,164	143,269	141,656	154,596
Debt securities and other fixed income securities:				
Listed	2,260,267	2,477,687	2,187,866	2,390,568
Deposits with credit institutions	25,851	13,085	25,851	13,085
	2,441,281	2,634,041	2,355,373	2,558,249

Funds at Lloyd's

Available for sale financial assets include £105.3m (2009: £nil) of Funds at Lloyd's ("FAL") that have been provided on behalf of Chubb Capital Ltd, a fellow Chubb group company and member at Lloyd's, to support its 100% participation on Chubb Syndicate 1882. The company continues to receive the benefit of the investment income from this FAL, however, the assets comprising the FAL cannot be used for any other purpose and could be called upon by Lloyd's where Chubb Syndicate 1882's assets prove insufficient to meet its underwriting liabilities.

15. Debtors arising out of direct insurance operations

	2010	2009
	£000	£000
Intermediaries	136,536	142,026

16. Other debtors

	2010	2009
	£000	£000
Amounts due within one year:		
Amounts due from group undertakings	6,856	8,985
Other debtors	15,674	12,684
	22,530	21,669

17. Deferred tax

Analysis of movement in the year	2010	2009
	£000	£000
Liability at 1 January	(27,092)	(29,352)
Charge in the profit and loss account for the year	(2,790)	(122)
Credit in the statement of total recognised gains and losses	5,375	2,341
Currency translation differences	(91)	41
Liability at 31 December	(24,598)	(27,092)

Analysis in the balance sheet	2010	2009
	£000	£000
Included in provisions for taxation	(26,253)	(32,365)
Netted off against defined benefit pension scheme liability	1,655	5,273
Total liability	(24,598)	(27,092)

Analysis of liability	2010	2009
	£000	£000
Unrealised gains on investments	(27,273)	(34,549)
Pension related	2,038	6,061
Other	637	1,396
Total liability	(24,598)	(27,092)

18. Tangible assets

	Leasehold improvements	Office equipment & furniture	Motor vehicles	Computer hardware & software	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2010	21,497	13,134	2,205	27,816	64,652
Additions	433	148	206	1,287	2,074
Disposals	(4)	(107)	(297)	(28)	(436)
Transfers to fellow group undertakings	-	(7,928)	-	(16,485)	(24,413)
Currency translation differences	(164)	(270)	(41)	(223)	(698)
At 31 December 2010	21,762	4,977	2,073	12,367	41,179
Accumulated depreciation:					
At 1 January 2010	18,701	12,566	991	26,736	58,994
Charge for the year	1,021	177	344	316	1,858
Disposals	-	(107)	(249)	(6)	(362)
Transfers to fellow group undertakings	-	(7,618)	-	(14,802)	(22,420)
Currency translation differences	(114)	(258)	(17)	(213)	(602)
At 31 December 2010	19,608	4,760	1,069	12,031	37,468
Net book value:					
At 31 December 2010	2,154	217	1,004	336	3,711
At 31 December 2009	2,796	568	1,214	1,080	5,658

	2010	2009
Depreciation charged to the profit and loss account	£000	£000
Leased assets – motor vehicles	218	222
Owned assets	1,640	3,792
	1,858	4,014

	2010	2009
Net book value	£000	£000
Leased assets – motor vehicles	755	863
Owned assets	2,956	4,795
	3,711	5,658

19. Called up share capital

	2010	2009
	£000	£000
Authorised:		
3,000,000 ordinary shares of £1 each	3,000	3,000
Allotted, called up and fully paid:		
2,849,344 ordinary shares of £1 each	2,849	2,849

20. Share premium account

	2010	2009
	£000	£000
Share premium account	414,938	414,938

The share premium account of £414,938,220 represents share premium of £412,508,220 that arose on 1 January 2009, when the company issued shares as detailed in the reserves note, combined with the share premium of £2,430,000 that was included in Chubb Insurance Company of Europe plc's accounts immediately prior to the merger with Chubb Insurance Company of Europe S.A.

21. Reserves

	Group reconstruction reserve	Fair value reserve	Share based payment reserve	Total
	£000	£000	£000	£000
At 1 January 2010	499,710	60,268	9,316	569,294
Unrealised losses, net of tax	-	(7,364)	-	(7,364)
Contribution from ultimate parent company	-	-	2,224	2,224
At 31 December 2010	499,710	52,904	11,540	564,154

Group reconstruction reserve

On 1 January 2009, the company issued 2,729,344 ordinary £1 shares with a base value of £415,237,564, giving rise to a share premium amount of £412,508,220, in consideration for the transfer of the trade, asset and liabilities of Chubb Insurance Company of Europe S.A. The transfer was treated as a group reconstruction under Financial Reporting Standard 6 and the Companies Act 2006. The total reserves arising on group reconstruction represent the difference between the net asset value of the Chubb Insurance Company of Europe S.A. immediately prior to the transfer and the base value of the shares issued.

Share based payment arrangements

The Chubb Corporation, the ultimate parent company, operates a long-term stock incentive plan under which certain employees of Chubb Insurance Company of Europe SE participate. The plan provides for the granting of restricted stock units and performance shares to these employees. Restricted stock unit awards are payable in cash, in shares of The Chubb Corporation's common stock, or in a combination of both. Restricted stock units are not considered to be outstanding shares of common stock, have no voting rights and are subject to forfeiture during the restriction period. Holders of restricted stock units may receive dividend equivalents. Performance share awards are based on the achievement of performance goals over three year performance periods. Performance share awards are payable in cash, in shares of The Chubb Corporation's common stock, or in a combination of both. Details of restricted stock units and performance shares that have not vested are provided below:

	Restricted stock units		Performance shares	
		Weighted average grant date fair value		Weighted average grant date fair value
	Number of shares	converted to £	Number of shares	converted to £
Not vested at 1 January 2010	206,226	28.3	58,463	30.4
Granted	61,214	32.5	16,962	38.3
Vested	(51,151)	32.1	(13,794)	33.8
Forfeited	(17,386)	28.9	-	-
Transferred to a fellow group company	(186,198)	29.6	(56,552)	32.8
Not vested at 31 December 2010	12,705	29.6	5,079	32.7
Not vested at 1 January 2009	188,591	33.1	50,821	33.4
Granted	88,323	24.8	23,484	28.0
Vested	(57,406)	29.2	(15,842)	27.5
Forfeited	(13,282)	30.9	-	-
Not vested at 31 December 2009	206,266	28.3	58,463	30.4

The weighted average remaining vesting periods of the restricted stock units and performance shares are 15 months and 14 months respectively (2009: both 16 months).

	2010	2009
	£000	£000
Charge for the year	2,224	2,218

22. Profit and loss account

	£000
At 1 January 2010	140,533
Profit for the year	154,617
Currency translation differences	(11,773)
Actuarial gains on defined benefit pension schemes, net of tax	5,139
Dividends	(276,484)
At 31 December 2010	12,032

23. Reconciliation of movements in shareholders' funds

	2010	2009
	£000	£000
Profit for the year	154,617	127,395
Other recognised gains and losses:		
Currency translation differences	(11,773)	12,577
Actuarial gains on defined benefit pension schemes, net of tax	5,139	539
Unrealised losses, net of tax	(7,364)	(27,641)
Other recognised gains and losses during the year	(13,998)	(14,525)
Other movements:		
Dividends	(276,484)	–
Contribution from ultimate parent company	2,224	2,218
Other movements during the year	(274,260)	2,218
Net (reduction in) / addition to shareholders' funds	(133,641)	115,088
Opening shareholders' funds	1,127,614	1,012,526
Closing shareholders' funds	993,973	1,127,614

24. Equalisation provision

As explained in the accounting policies, an equalisation provision is established in the financial statements. The effect of this provision is to reduce shareholders' funds by £11,369,043 (2009: £5,702,235). The increase in the provision during the year had the effect of reducing the balance on the technical account for general business and the profit on ordinary activities before tax by £5,666,808 (2009: £5,702,235).

25. Provisions for other risks

	Provisions for pensions, net of tax	Provisions for taxation – deferred taxation	Total
	£000	£000	£000
At 1 January 2010	13,551	32,365	45,916
Charge for the year	6,640	1,193	7,833
Other recognised gains during the year	(5,139)	(7,374)	(12,513)
Paid in the year	(10,535)	–	(10,535)
Currency translation differences	(54)	69	15
At 31 December 2010	4,463	26,253	30,716

26. Pension obligations and disclosures

The company operates both defined benefit and defined contribution pension schemes.

Defined benefit schemes

The company operates partly funded defined benefit schemes with assets held in separate administered funds or held through insurance policies. Under these schemes, employees are granted a pension on retirement which will be based on proportion of their salary and the length of service within the company. The schemes are largely closed to new entrants.

Amounts recognised in the balance sheet	2010	2009
	£000	£000
Fair value of plan assets	84,195	66,769
Present value of funded obligations	(90,313)	(85,593)
Deficit	(6,118)	(18,824)
Related deferred tax asset	1,655	5,273
Net liability in the balance sheet	(4,463)	(13,551)

Amounts recognised in the profit and loss account	2010	2009
	£000	£000
Current service cost	4,996	4,781
Interest on obligation	4,797	3,991
Expected return on plan assets	(4,751)	(3,624)
Net investment return	46	367
	5,042	5,148

Amounts recognised in the statement of total recognised gains and losses	2010	2009
	£000	£000
Actual return less expected return on assets	3,551	7,339
Experience (losses) / gains arising on scheme liabilities	(118)	1,500
Changes in assumptions underlying the present value of the scheme liabilities	3,705	(8,090)
	7,138	749
Cumulative actuarial gains / (losses) recognised in the statement of total recognised gains and losses since valuations under United Kingdom accounting standards were first obtained at the end of 2006	5,887	(1,251)

Changes in the fair value of plan assets	2010	2009
	£000	£000
Opening fair value of plan assets	66,769	50,873
Expected return	4,751	3,624
Actuarial gains	3,551	7,339
Contributions by employer	10,535	4,932
Benefits paid	(1,003)	(128)
Currency translation differences	(408)	129
Closing fair value of plan assets	84,195	66,769
Actual return on plan assets	8,302	10,963
Expected employer contributions for the following year	7,251	8,687

Changes in the present value of defined benefit obligations	2010	2009
	£000	£000
Opening defined benefit obligation	85,593	70,209
Service cost	4,996	4,781
Interest cost	4,797	3,991
Actuarial losses / (gains)	(3,587)	6,590
Benefits paid	(1,003)	(128)
Currency translation differences	(483)	150
Closing defined benefit obligation	90,313	85,593

Major categories of plan assets as a percentage of total plan assets	2010	2009
	%	%
Equities	69.3	68.6
Fixed income/debt securities	23.2	21.5
Insured Assets	7.5	9.5
Cash	–	0.4
	100.0	100.0
Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)	2010	2009
	%	%
Discount rate	5.5	5.5
Expected return on plan assets	6.9	6.8
Future salary increases	4.3	4.3
Future pension increases	3.2	3.2
<p>As an indication of the longevity assumptions used in the calculation of the defined benefit obligation, a member who is presently aged 45 would be expected to live, on average, to the age of 89 years (2009: 90 years).</p> <p>In developing the expected rate of return on plan assets, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other assets classes in which the plan assets are invested and the expectations for future returns of each asset class. The expected return for each asset class (as shown below) was then weighted based on the target asset allocation to develop the expected rate of return on plan assets assumption above.</p>		
Underlying assumptions on the expected rate of return on plan assets:		
Expected return on equities	8.0	8.0
Expected return on fixed income / debt securities	4.4	4.5
Expected return on insured assets	4.0	4.0

Five year summary	2010	2009	2008 (restated)	2007 (restated)	2006 (restated)
	£000	£000	£000	£000	£000
Plan assets	84,195	66,769	50,873	48,922	40,587
Defined benefit obligation	(90,313)	(85,593)	(70,209)	(66,724)	(61,814)
Deficit	(6,118)	(18,824)	(19,336)	(17,802)	(21,227)
Experience adjustment gains / (losses) on plan assets	3,551	7,339	(13,774)	100	*
Experience adjustment (losses) / gains on plan liabilities	(118)	1,500	-	-	*

* Experience adjustments prior to 2007 are not shown in the five year summary as the company was not subject to United Kingdom accounting standards at that time and therefore did not obtain said figures.

Defined contribution schemes	2010	2009
	£000	£000
Charge for the year	2,222	3,684

27. Other creditors including taxation and social security

	2010	2009
	£000	£000
Due within one year:		
Corporation tax	9,709	5,811
Other creditors including other taxes and social security	13,315	18,508
Finance lease obligations	134	646
	23,158	24,965
Due after more than one year but not more than five years:		
Finance lease obligations	621	235
	23,779	25,200

28. Finance leases

	2010	2009
	£000	£000
Future minimum lease payments under finance leases are as follows:		
Within one year	186	224
In more than one year, but not more than five years	686	813
Total gross payments	872	1,037
Finance charges	(117)	(156)
	755	881
Charge for the year	96	81

29. Accruals and deferred income

	2010	2009
	£000	£000
Deferred reinsurance commission	7,128	5,535
Other accruals and deferred income	21,109	11,558
	28,237	17,093

30. Group reconstruction

On 1 January 2009, Chubb Insurance Company of Europe plc merged with Chubb Insurance Company of Europe SA and converted from being a public limited company to being a Societas Europaea registered under the name Chubb Insurance Company of Europe SE (“the company”). On the same day, the company received the transfer of the assets, liabilities and business of Chubb Insurance Company of Europe SA and then Chubb Insurance Company of Europe SA was dissolved without liquidation.

The merger method of accounting has been used for this group reconstruction. Accordingly, any corresponding amounts in respect of the previous financial years have been restated as if the entities had always been merged throughout those years. Thus, the amounts stated below are prepared using United Kingdom Generally Accepted Accounting Principles:

Analysis of the profit and loss accounts of both parties for the year ended 31 December 2008	CICE SA	CICE plc	Total
	£000	£000	£000
Gross written premiums	745,023	–	745,023
Balance on general business technical account	81,875	–	81,875
Investment return	94,778	31	94,809
Other income	31,206	–	31,206
Profit on ordinary activities before tax	207,859	31	207,890
Tax on profit on ordinary activities	(67,175)	(9)	(67,184)
Profit on ordinary activities before tax	140,684	22	140,706

Analysis of the statement of total recognised gains and losses of both parties for the year ended 31 December 2008	CICE SA	CICE plc	Total
	£000	£000	£000
Profit for the financial year	140,684	22	140,706
Other recognised gains and losses before tax	252,088	-	252,088
Tax on other recognised gains and losses	(37,766)	-	(37,766)
Other recognised gains and losses after tax	214,322	-	214,322
Total gains for the year	355,006	22	355,028

Analysis of net assets of both parties as at 1 January 2009	CICE SA	CICE plc	Total
	£000	£000	£000
Opening net assets and shareholders' funds	1,009,954	2,572	1,012,526

31. Related party transactions

The company has taken advantage of the exemption provided in Financial Reporting Standard 8 from disclosing related party transactions with The Chubb Corporation and its other subsidiary undertakings.

32. Parent undertaking and controlling party

The immediate parent company is Chubb Insurance Investment Holdings Ltd, a company registered in the United Kingdom.

The ultimate parent company and ultimate controlling party is The Chubb Corporation, a company registered in the United States of America. Copies of The Chubb Corporation's consolidated accounts may be obtained from The Secretary, 15 Mountain View Road, PO Box 1615, Warren, New Jersey 07061-1615.

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