

ACE UNDERWRITING AGENCIES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2015

COMPANY REGISTRATION NUMBER: 2287773



STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their Strategic Report for the year ended 31 December 2015.

RESULTS AND PERFORMANCE

The profit for the year to 31 December 2015 after taxation amounted to £2,254,474 (2014: loss after taxation of £229,637).

CHUBB ACQUISITION

On 30 June 2015, ACE Limited ('ACE'), the company's ultimate parent, entered into an Agreement and Plan of Merger ("the Merger") with The Chubb Corporation ('Chubb') under which ACE would acquire Chubb. The Merger was completed on 14 January 2016 and ACE Limited was renamed Chubb Limited. Further details are provided in note 12. Notwithstanding the potential impact of the Merger, the directors do not envisage any change in the nature of the services provided in the following year.

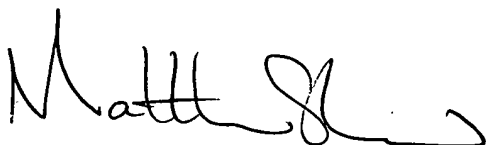
PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the company, the principal risk is the ability of the syndicate to continue trading at its current or similar capacity. In the opinion of the directors, it is expected that the syndicate will continue to trade at current or similar capacity for the foreseeable future.

KEY PERFORMANCE INDICATORS (KPIs)

Given the nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board of Directors

A handwritten signature in black ink, appearing to read 'Matt Shaw', with a long horizontal flourish extending to the right.

A M W Shaw
26 May 2016

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are pleased to submit their report and the audited financial statements for the year to 31 December 2015.

It should be noted that the company's financial statements have been prepared in compliance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("FRS102"), being applicable United Kingdom Generally Accepted Accounting Practice ("UK GAAP"). The company transitioned from previously extant UK GAAP to FRS 102 as at 1 January 2014. Any financial amounts included within this report, including comparative amounts, are calculated based on FRS 102.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a Managing Agency at Lloyd's.

FUTURE DEVELOPMENTS

The company continues to manage Syndicate 2488, and is expected to do so for the foreseeable future.

RESULTS AND DIVIDENDS

The profit for the year to 31 December 2015 before taxation amounted to £2,826,962 (2014: loss before taxation of £143,192). The shareholder's funds of the company as at 31 December 2015 total £5,147,291 (2014: £2,892,817). The directors do not recommend the payment of a dividend (2014: £Nil).

DIRECTORS

The following have been directors from 1 January 2015 to the date of this report unless otherwise indicated:

Executive directors:

M K Hammond

A J Kendrick

R P Murray

A M W Shaw

(Active Underwriter)

K L H Underhill

Resigned on 21 January 2016

Non-executive directors:

M C Bailey

Appointed on 10 December 2015

J A Napier

L C Powers-Freeling

Resigned on 7 July 2015

A R Prindl

C E Riley

T C Wade

M J Yardley

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) are put in place for the benefit of the directors and, at the date of this report, are in force in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office.

The company also has the benefit of a group insurance company management activities policy effected by Chubb Limited. No charge was made to the company during the year for this policy.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015 - continued**STATEMENT OF DIRECTORS' RESPONSIBILITIES - continued**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of this report confirms that:

- i) So far as he or she is aware, there is no information relevant to the audit of the company's financial statements for the year ended 31 December 2015 of which the auditors are unaware, and
- ii) The director has taken all steps that he/she ought to have taken in his/her duty as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The company's auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.
By Order of the Board



M L Mellor

for and on behalf of
Chubb London Services Limited
Secretary, 26 May 2016

100 Leadenhall Street
London
EC3A 3BP

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACE UNDERWRITING AGENCIES LIMITED

31 December 2015

Report on the financial statements**Our opinion**

In our opinion, ACE Underwriting Agencies Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 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.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Profit and Loss Account for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit**Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACE UNDERWRITING AGENCIES LIMITED

31 December 2015

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

James Pearson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
26 May 2016

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
TURNOVER	2	35,000,000	34,300,000
Administrative expenses	4	(32,173,914)	(34,443,638)
OPERATING PROFIT		2,826,086	(143,638)
Interest receivable and similar income	5	876	446
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,826,962	(143,192)
Tax on profit/(loss) on ordinary activities	6	(572,488)	(86,445)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		2,254,474	(229,637)

Results for the current and prior year derive from continuing operations.

The company has no other income in the current or prior year other than those presented and hence no separate Statement of Comprehensive Income is presented.

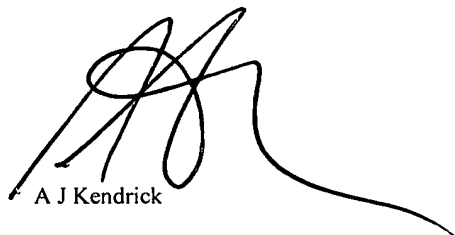
There is no difference between the profit on ordinary activities before taxation and the profit/(loss) for the financial year for the current or prior year and their historical cost equivalents.

BALANCE SHEET AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
CURRENT ASSETS			
Debtors	7	20,464,128	16,984,183
Cash at bank and in hand		468,890	468,014
		<u>20,933,018</u>	<u>17,452,197</u>
CURRENT LIABILITIES			
Creditors	9	(15,785,727)	(14,559,380)
NET ASSETS		<u>5,147,291</u>	<u>2,892,817</u>
CAPITAL AND RESERVES			
Called-up share capital	10	401,000	401,000
Profit and loss account		4,746,291	2,491,817
TOTAL SHAREHOLDER'S FUNDS		<u>5,147,291</u>	<u>2,892,817</u>

The notes on pages 9 to 13 are an integral part of these financial statements.

The financial statements on pages 6 to 13 were approved by the board of directors on 17 May 2016 and were signed on its behalf by:



A J Kendrick

Director

26 May 2016

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called-up share capital	Profit and loss account	Total shareholder's funds
	£	£	£
AT 1 JANUARY 2014	401,000	2,721,454	3,122,454
Loss for the financial year	-	(229,637)	(229,637)
AT 31 DECEMBER 2014	401,000	2,491,817	2,892,817
Profit for the financial year	-	2,254,474	2,254,474
AT 31 DECEMBER 2015	401,000	4,746,291	5,147,291

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

ACE Underwriting Agencies Limited is a limited liability company incorporated in the United Kingdom. The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Financial Reporting Standard FRS 102 ("The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102")). The company is a wholly owned subsidiary within the Chubb Limited group and is included in the consolidated financial statements of Chubb Limited, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement and disclosing details of key management personnel and related party transactions under the terms of FRS102.

The principal accounting policies, which are set out below, have been applied consistently to all years presented, unless otherwise stated.

Explanation of transition to FRS 102

This is the first financial year that the company has presented its financial statements under FRS 102 issued by the Financial Reporting Council. The last financial statements under UK GAAP were for the financial year ended 31 December 2014 and the date of the transition to FRS 102 was therefore 1 January 2014. The adoption for FRS 102 has had no change to accounting policies, and therefore a reconciliation of the profit or loss determined in accordance with its previous financial reporting framework for the latest year in ACE Underwriting Agencies Limited most recent annual financial statements to its profit or loss determined in accordance with FRS 102 for the same year is not required.

Turnover

Turnover consists principally of underwriting agency fees and profit commission from the managed syndicate. Underwriting agency fees represent fee income receivable from members participating on the company's managed syndicate and is determined on the basis of the capacity of the syndicate and the planned expenses for the year. Profit commission derived from the managed syndicate is accounted for on an accruals basis, when the commission can be estimated with reasonable certainty.

Expenses

ACE INA Services U.K. Limited, a fellow group undertaking, is responsible for the payment and control of the majority of expenses incurred by the company, including those which are incurred on behalf of the syndicate under the company's management. These expenses are accounted for when recharged by ACE INA Services U.K. Limited.

Interest receivable and similar income

Interest receivable is accounted for on an accruals basis.

Dividends

Interim dividends payable are recognised when paid and final dividends when declared.

Deferred tax

Deferred tax has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more tax in future, or a right to pay less tax in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities have been recognised and have not been discounted.

2. SEGMENTAL INFORMATION

Turnover and operating loss arise principally in the United Kingdom, from business underwritten at Lloyd's on behalf of members resident in the United Kingdom. An analysis of turnover is presented below:

	2015	2014
	£	£
Turnover		
Lloyd's underwriting agency fees	35,000,000	34,300,000

The company has waived its right to the receipt of profit commission for the 2012 and 2013 years of account. It is currently anticipated that profit commission will also be waived for the 2014 and 2015 years of account.

NOTES TO THE FINANCIAL STATEMENTS

3. DIRECTORS AND EMPLOYEES

Staff costs

The company has no employees (2014-none). Staff that support the company are employed by ACE INA Services U.K. Limited ("AIS") and their costs are incorporated within the management charges from AIS. It is not practical to allocate these amounts to the underlying entities to which the staff provide services.

Directors' emoluments

All directors of the managing agent received emoluments from AIS in respect of their services to the syndicate and Chubb group companies. The cost of these emoluments is covered by the managing agent's fee and incorporated within the management charges from AIS to the managing agent. For disclosure purposes, it is not practical to allocate these amounts to the underlying entities to which the directors provide services. Consequently, the following amounts represent the total emoluments paid by AIS in respect of the directors of the managing agent.

	2015	2014
	£	£
Aggregate emoluments and benefits	3,033,530	3,032,782
Company pension contributions to money purchase pension schemes	87,700	86,043
	<u>3,121,230</u>	<u>3,118,825</u>

Included in the above amounts paid by AIS in respect of the directors of this company, the highest paid director was paid:

	2015	2014
	£	£
Aggregate emoluments and benefits	787,668	793,867
Final salary pension scheme: accrued pension at end of year (p.a.)	-	46,900
Final salary pension scheme: accrued lump sum at end of year	-	246,738
Company pension contributions to money purchase scheme	21,925	21,511
	<u>787,668</u>	<u>1,062,016</u>

The aggregate emoluments above do not include share based remuneration. All executive directors of the managing agent are entitled to shares in Chubb Limited under long-term incentive plans. During the year, five directors received shares in Chubb Limited under long-term incentive plans and two directors' exercised options over the shares of Chubb Limited. The active underwriter and highest paid director received shares in Chubb Limited under long-term incentive plans.

Pension benefits are accruing to four current directors under the ACE European Group UK Pension Plan (Stakeholder scheme). Until 31 March 2002, retirement benefits accrued under the ACE London Pension Scheme to one current director under the final salary section and to one current director under the money purchase section. Disclosures relating to this scheme are contained within the financial statements for AIS.

4. ADMINISTRATIVE EXPENSES

	2015	2014
	£	£
Management charge	32,173,914	34,443,638
	<u>32,173,914</u>	<u>34,443,638</u>

The management charge includes fees payable to the company's auditors and their associates for the following services in respect of both the company and its managed syndicate:

NOTES TO THE FINANCIAL STATEMENTS

4. ADMINISTRATIVE EXPENSES-continued

	2015	2014
	£	£
Fees payable to the company's auditors and their associates for the audit of:		
The company's financial statements	3,850	3,600
The syndicate's annual accounts	220,343	204,983
Fees payable to the company's auditors and their associates for other services:		
Audit-related assurance services	147,869	152,562
Other non-audit services	122,371	20,300
	<u>494,433</u>	<u>381,445</u>

"Audit-related assurance services" includes reports under section 404 of the US Public Company Accounting Reform and Investor Protection Act 2002, and also the audit of the regulatory returns for the company and its managed syndicate.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015	2014
	£	£
Bank deposit interest received	<u>876</u>	<u>446</u>

6. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2015	2014
	£	£
Current tax:		
UK corporation tax on results of the year	572,212	86,171
Prior year adjustments	-	-
Total current tax (note 6 (b))	<u>572,212</u>	<u>86,171</u>
Deferred tax (note 8):		
Origination and reversal of timing differences	214	274
Prior year adjustments	62	-
Total deferred tax	<u>276</u>	<u>274</u>
Tax charge on profit / (loss) on ordinary activities	<u>572,488</u>	<u>86,445</u>

NOTES TO THE FINANCIAL STATEMENTS

6. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES - continued

(b) Factors affecting tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £	2014 £
Profit / (loss) on ordinary activities before taxation	2,826,962	(143,192)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	572,460	(30,786)
Effects of:		
Group relief receipt	90	(1,307)
Permanent differences	(62)	(20)
Prior year adjustments	-	118,558
Tax charge for year (note 6 (a))	572,488	86,445

A reduction in the UK corporation rate from 21% to 20% took effect from 1 April 2015.

7. DEBTORS

	2015 £	2014 £
Amounts receivable from group undertakings in respect of group relief	5,834,018	4,521,248
Amounts due from group undertakings	14,629,137	12,456,802
Other debtors	-	4,884
Deferred tax (note 8)	973	1,249
	20,464,128	16,984,183

8. DEFERRED TAX

	2015 £	2014 £
At 1 January	1,249	1,523
Utilisation in the year (note 6 (a))	(214)	(274)
Change in tax rate	(62)	-
	973	1,249
Analysis of deferred tax asset at 31 December		
Accelerated capital allowances	973	1,249

NOTES TO THE FINANCIAL STATEMENTS

9. CREDITORS

	2015	2014
	£	£
Amounts due to group undertakings	9,000,000	9,000,000
Amounts due to group undertakings arising from corporation tax	6,785,727	5,510,745
Other creditors	-	48,635
	<hr/>	<hr/>
	15,785,727	14,559,380
	<hr/>	<hr/>

10. CALLED-UP SHARE CAPITAL

	2015	2014
	£	£
Allotted, called-up and fully paid: 401,000 Ordinary shares of £1 each	401,000	401,000
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11. TRANSACTIONS WITH RELATED PARTIES

Advantage has been taken of the exemption provided in FRS 102 from disclosing details of transactions with Chubb Limited and its subsidiary undertakings.

12. POST BALANCE SHEET EVENTS

On 30 June 2015, ACE Limited ("ACE"), together with its wholly owned indirect subsidiary, William Investment Holdings Corporation, entered into an Agreement and Plan of Merger ("the Merger") with The Chubb Corporation ("Chubb"), a company organised under the laws of the United States of America. The Merger was completed on 14 January 2016 and ACE Limited was renamed Chubb Limited.

The merger will affect the syndicate's activities as ACE and Chubb look to integrate both their European operations ("the Integration"), but the directors do not consider there to be any effect on these financial statements.

13. ULTIMATE HOLDING COMPANY

The company's immediate holding company is Chubb Leadenhall Limited. The ultimate holding company is Chubb Limited, a company which is registered in Zurich, Switzerland and quoted on the New York Stock Exchange.

Copies of the ultimate holding company's consolidated accounts can be obtained from Investor Relations at Chubb's executive offices at 17 Woodbourne Avenue, Hamilton HM 08, Bermuda.