

Annual Report and Financial Statements Chubb Insurance Service Company Ltd

CHUBB

31 December 2017

Company registration number: 09042647



Table of Contents

	Page
Strategic Report	1
Directors' Report	2
Independent Auditors' Report	4
Income Statement	6
Statement of Financial Position	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

Strategic Report

The Board of Chubb Insurance Service Company Ltd (the “Company”), has prepared this report in accordance with Section 414A of the Companies Act 2006.

Results and Performance

The profit before taxation for the year ended 31 December 2017 amounted to £10,000 (2016: £32,000). The shareholders’ funds of the Company as at 31 December 2017 totalled £69,000 (2016: £61,000). The directors do not recommend a dividend for the year (2016: nil).

Principal Risks and Uncertainties

Until 2017 the Company was dependent upon fee income earned solely from its role as a service company administering insurance policies on behalf of regulated insurance firms within the Chubb Group. Syndicate 1882 was placed into run off on 31 December 2016 and the Company will continue to administer in-force insurance policies until all contract obligations have expired, at which stage it will become dormant. The Company’s key risk is credit risk, which is mitigated through the credit control procedures that are in place in the Chubb Group.

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 on 21 September 2018 and signed on its behalf by



A J Kendrick
Director
21 September 2018

Directors' Report

The directors are pleased to submit their report and the audited financial statements for the year to 31 December 2017.

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").

Principal Activities and Future Developments

The Company's principal activity is that of a Lloyd's syndicate service company for Syndicate 1882 administering insurance policies on behalf of regulated insurance firms within the Chubb Group. The Company has been approved as a Lloyd's syndicate service company for Syndicate 1882 and has been appointed as an Appointed Representative of Chubb Managing Agent Ltd. Syndicate 1882 was placed into run off on 31 December 2016; the Company will continue to administer in-force insurance policies until all contract obligations have expired, at which stage it will become dormant.

Results and Dividends

The profit before taxation for the year ended 31 December 2017 amounted to £10,000 (2016: £32,000). The shareholders' funds of the Company as at 31 December 2017 totalled £69,000 (2016: £61,000). The directors do not recommend the payment of a dividend (2016: nil).

Directors

The following have been directors from 1 January 2017 to the date of this report unless otherwise indicated:

M K Hammond
A J Kendrick
A C Mullins

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 approval 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.

Directors' Report

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.

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

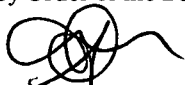
Each of the persons who is a director at the date of this report confirms that:

- 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 2017 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 independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

By Order of the Board



A E Amana

for and on behalf of

Chubb London Services Limited

Secretary, 21 September 2018

100 Leadenhall Street
London EC3A 3BP

Independent auditors' report to the members of Chubb Insurance Service Company Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Chubb Insurance Service Company Ltd's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise: the statement of financial position as at 31 December 2017; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of Chubb Insurance Service Company Ltd - continued

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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

We have no exceptions to report arising from this responsibility.

James Pearson (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
21 September 2018

Profit and Loss Statement
for the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
TURNOVER	2	1	41
Administrative expenses		9	(9)
PROFIT BEFORE TAXATION		10	32
Tax on profit on ordinary activities	3	(2)	(6)
PROFIT FOR THE FINANCIAL YEAR		8	26

The above results are all derived 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.

Balance Sheet
as at 31 December 2017

	Note	2017 £'000	2016 £'000
CURRENT ASSETS			
Debtors	6	127	369
Cash at bank and in hand		-	299
		<u>127</u>	<u>668</u>
CURRENT LIABILITIES			
Creditors: amounts falling due with one year	7	<u>(58)</u>	<u>(607)</u>
NET ASSETS		69	61
CAPITAL AND RESERVES			
Called up share capital	8	1	1
Profit and loss account		<u>68</u>	<u>60</u>
TOTAL SHAREHOLDERS' FUNDS		69	61

The notes on pages 9 to 12 are an integral part of these financial statements.

The financial statements on pages 6 to 12 were approved by the board of directors on 21 September 2018 and were signed on its behalf by:



M K Hammond

Director
21 September 2018

COMPANY REGISTRATION NUMBER: 09042647

Statement of changes in equity
for the year ended 31 December 2017

	Called-up share capital	Profit and loss account	Total shareholder's funds
	£'000	£'000	£'000
AT 1 JANUARY 2016	1	34	35
Profit for the financial year	-	26	26
AT 31 DECEMBER 2016	1	60	61
Profit for the financial year	-	8	8
AT 31 DECEMBER 2017	1	68	69

Notes to the Financial Statements

1 ACCOUNTING POLICIES

Basis of Preparation

Chubb Insurance Service Company Ltd is a limited liability company incorporated in England and Wales. 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.

Turnover

Turnover consists principally of underwriting agency fees and profit commission from Syndicate 1882. Underwriting agency fees represent fee income receivable from members participating on the Company's managed syndicate and are 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.

Debtors

Debtors receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement.

Debtors are recognised in respect of net written premiums receivable from brokers and policyholders, which are in turn payable to Syndicate 1882 upon collection. Debtors are also recognised in respect of underwriting agency fees due from Syndicate 1882.

Creditors

Creditors payable within one year are recorded at transaction price. Creditors are recognised in respect of net written premiums due to Syndicate 1882 upon collection from brokers and policyholders.

Dividends

Dividends are recognised when they are declared by the Board of Directors.

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.

Notes to the Financial Statements

Foreign currency transactions

Foreign currency transactions are converted to the functional currency, pounds sterling, 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 statement of financial position date, are recognised in the income statement.

2 TURNOVER

Turnover and operating profit 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:

	2017	2016
	£'000	£'000
Turnover		
Lloyd's underwriting agency fees	-	41
Other	1	-
	1	41

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2017	2016
	£'000	£'000
Current Taxation		
UK Corporation Tax at 19.25% (2016: 20%)	2	6
Total UK Tax Charge	2	6

	2017	2016
	£'000	£'000
Factors affecting the total tax charge		
Profit before taxation	10	32
Profit before taxation multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	2	6
Total tax charge for the year	2	6

UK corporation rate was 19.25% as at 1 April 2017.

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19.25% took effect from 1 April 2017. A further reduction in the UK corporation rate from 18% to 17% was enacted on 15 September 2016 which will take effect from 1 April 2020.

Notes to the Financial Statements

4 DIRECTORS AND EMPLOYEES

Staff costs

The Company does not itself employ any staff. During the year, Chubb Europe Services Ltd, a fellow Chubb group company, provided staff support to both the Company and to Syndicate 1882 that is managed by the Company.

Directors' emoluments

There were no employees during the current and prior year apart from the directors (2016: nil). The directors received no remuneration for their services to the Company (2016: nil).

5 AUDITORS' REMUNERATION

	2017	2016
	£'000	£'000
Auditors' remuneration for audit of the financial statements	20	6
	<u>20</u>	<u>6</u>

Audit fees are accrued to Chubb Services UK Limited, a provider of services to certain fellow Chubb group companies in the United Kingdom.

6 DEBTORS

	2017	2016
	£'000	£'000
Amounts falling due within one year:		
Insurance debtors	10	128
Amounts owed by group undertakings	117	241
	<u>127</u>	<u>369</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£'000	(Restated) £'000
Insurance creditors	-	-
Amounts due to group undertakings	56	591
Corporation tax payable	2	6
Accruals	-	10
	<u>58</u>	<u>607</u>

Prior year premium balances due to Chubb Capital Ltd, previously disclosed within Insurance Creditors, have been reclassified to Amounts due to group undertakings.

8 CALLED-UP SHARE CAPITAL

	2017	2016
	£'000	£'000
Allotted, called-up and fully paid:		
1,000 (2016: 1,000) Ordinary shares of £1 each	1	1

9 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.

10 ULTIMATE HOLDING COMPANY

The Company's immediate holding company is Chubb INA International Holdings Ltd, a company registered in the United States of America. 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 financial statements can be obtained from Investor Relations at Chubb's executive offices at 17 Woodbourne Avenue, Hamilton HM 08, Bermuda.

COMPANY REGISTRATION NUMBER: 09042647