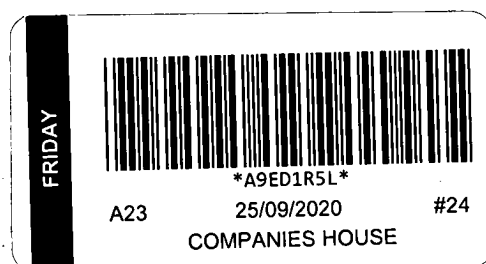


CHUBB MARKET COMPANY LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2019

COMPANY REGISTRATION NUMBER: 03600577



CHUBB MARKET COMPANY LIMITED

PAGE 1

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors are pleased to submit their report and the audited financial statements of Chubb Market Company Limited ('the Company') for the year to 31 December 2019.

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").

RESULTS AND DIVIDENDS

The principal activity of the Company is that of an intermediate holding company. The result for the year to 31 December 2019 before taxation amounted to a profit of £19,021k (2018: loss of £815k) and the total shareholders' funds of the Company total £181,613k (2018: £185,936k).

In 2019 the Company received dividends of £23.3m from Chubb Capital I Limited (2018: £nil). In 2019 the Company paid dividends of £23.3m to its parent company, Chubb Group Management and Holdings Ltd (2018: £nil). The directors do not recommend the payment of a further dividend.

The following have been directors during the year from 1 January 2019 to the date of this report unless otherwise indicated:

M A Connole	Appointed 1 March 2019
M K Hammond	Resigned 1 March 2019
A C Mullins	
A M W Shaw	Resigned 29 June 2020
J W Keen	Appointed 29 June 2020

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) are 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties affecting the Company are in relation to movements in foreign exchange markets and the valuation of its investment in subsidiary undertakings.

There are no indicators of impairment of the current valuation of the Company's investment in subsidiary undertakings as at 31 December 2019.

With regard to developments around Covid-19, and as part of the Chubb European Group's ("CEG") annual planning process, including the process for this Company, there are scenario analyses for major stress events such as a pandemic. To this end, the CEG employs and monitors risk guidelines to ensure acceptable risk accumulations and CEG's capital, earnings and liquidity positions are robust. Such scenarios also take the performance and position of the subsidiaries into consideration.

For an assessment of the post balance sheet impact of Covid-19 on the Company, see Note 15 – Events after the reporting year.

FUTURE DEVELOPMENTS

The Company continues to act as an intermediate holding company for subsidiary undertakings of the Chubb Market Company Group ("CMCG") and is expected to do so for the foreseeable future.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors Report and the financial statements in accordance with applicable law and regulation.

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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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.

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

- i) So far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 31 December 2019 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



A E Amana
for and on behalf of
Chubb London Services Limited
Secretary

17 September 2020

100 Leadenhall Street
London
EC3A 3BP

Independent auditors' report to the members of Chubb Market Company Limited

Report on the audit of the financial statements

Opinion

In our opinion, Chubb Market Company Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 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, included within the Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Profit and Loss Account, and 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

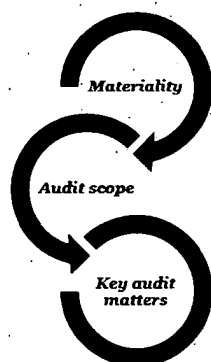
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit 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, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



- Overall materiality: £1.8 million (2018: £1.9 million), based on 1% of Net assets.
- We performed a full scope audit of the complete financial information of the company in accordance with our materiality and risk assessment. In doing so, we also considered qualitative and quantitative factors across all financial statement line items in the financial statements.

We identified the following key audit matters for the Company:

- Valuation of Investment in Subsidiaries
- Impact of COVID-19 on the going concern assumption

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit

Independent auditors' report to the members of Chubb Market Company Limited – continued

strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Valuation of Investment in Subsidiaries</i></p> <p>As disclosed in Note 8, the total investment in subsidiaries is £104 million (2018: £104 million).</p> <p>We have deemed the investments in subsidiaries to be an area requiring greater audit focus due to the magnitude of the investments and the management judgement needed to assess the impairment of the subsidiaries, as the net asset value of certain subsidiaries are lower than their carrying value and errors that were corrected by management prior to issuing the 2018 Financial Statements arising from the liquidation of subsidiary entities.</p>	<p>In assessing the appropriateness of management's valuation of investment in subsidiaries we have performed the following procedures:</p> <ul style="list-style-type: none"> • We obtained management's analysis of the carrying amount recognised for each subsidiary, comparing the carrying values and recoverable amounts of the investments, and agreed the opening carrying values in management's impairment analysis to the prior year audited carrying values as disclosed in Note 8; • We audited management's impairment assessment and obtained supporting evidence for the recoverable amounts of the investments in subsidiaries which are based on the net asset values of the subsidiary undertakings. We agreed the net asset values to audited balances, where appropriate, and where an entity is not subject to audit, we have agreed through to financial records; • We compared the recoverable amount of the investment in subsidiaries in management's impairment analysis and agreed that these were in excess of the carrying values of the investments. <p>The evidence we obtained corroborated management's impairment analysis, and we did not identify any contradictory evidence.</p>
<p><i>Impact of COVID-19 on the going concern assumption</i></p> <p>As disclosed in Note 15, subsequent to the balance sheet date and up to the date of reporting the global pandemic caused by COVID-19 has caused significant economic disruption and market uncertainty. As a result we consider COVID-19 to be a key audit matter. Management and the Board have assessed a non-adjusting post-balance sheet event as the impacts of this outbreak did not exist as at 31 December 2019.</p> <p>Management has put significant focus on assessing the ability of the company to continue as a going concern in light of the economic and operational impacts of COVID-19. In particular Management has focused on scenario analysis and assessing credit and liquidity risks of the company and the financial performance of its subsidiaries. These risks are driven by the recoverability of the debtors and ability to settle creditors which are all intercompany transactions.</p> <p>Management has concluded that COVID-19 has had limited direct impact on CMCL's financial position and the going concern basis of preparation remains appropriate.</p>	<p>In assessing management's consideration of the impact of COVID-19, we have performed the following procedures:</p> <ul style="list-style-type: none"> • We obtained management's updated going concern assessment following the COVID-19 outbreak and challenged them on the rationale for assumptions on the liquidity and impairments, using our knowledge of the nature of CMCL's business and obtaining further corroborating evidence; • We considered the existence of information obtained during the course of the audit and wider economic trends that would contradict management's assessment of the impact of COVID-19; • We inquired and understood the actions taken and will be undertaken by management to mitigate the downside impacts of COVID-19; • We assessed the availability of liquid assets available to CMCL and its ability to continue meeting the terms of debt agreements; and • Reviewed the appropriateness of disclosure within the Financial Statements with respect to COVID-19, including any non-adjusting post balance sheet events. <p>We agree with management's assessment that COVID-19 is a non-adjusting post-balance sheet event. Nothing has come to our attention that suggests management's use of the going concern basis of preparation is not appropriate.</p>

Independent auditors' report to the members of Chubb Market Company Limited – continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

CMCL serves as an intermediate holding company for subsidiary undertakings within the Chubb Limited Group. It is a private limited liability company incorporated in the United Kingdom, in England and Wales.

We have focused on material assets being investments in subsidiaries, which are either 100% direct or indirect ownership of other intermediate holding companies, Lloyd's of London corporate members, and Lloyd's of London managing agents. In addition, we have challenged management to evidence the recoverability of intercompany debt and ability to settle intercompany loan creditors. Given the ongoing impact of COVID-19 as a non-adjusting subsequent event we have also assessed the appropriateness of the financial statement disclosures.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£1.8 million (2018: £1.9 million).
How we determined it	1% of Net assets.
Rationale for benchmark applied	Chubb Market Company Limited is a private liability company, limited by shares, incorporated in the United Kingdom. Given the nature of the company and the users of the accounts, PwC has selected to use net assets as an appropriate basis for calculating materiality and this is consistent with the prior year. We considered the following PwC Audit Guide guidance to set the overall materiality benchmark: "Where net assets is used as a benchmark, ordinarily up to one percent (1%) of net assets value". As a result we have used 1% as the Rule of Thumb.

We agreed with the directors that we would report to them misstatements identified during our audit above £0.2 million (2018: £0.2 million) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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 where:

- 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.

Independent auditors' report to the members of Chubb Market Company Limited – continued

With respect to the 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.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2019 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 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.

Independent auditors' report to the members of Chubb Market Company Limited – continued

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Siobhan Byrne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 September 2020

CHUBB MARKET COMPANY LIMITED

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**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £'000	2018 £'000
Turnover	2	23,337	-
Administrative expenses	4	(6,882)	(6,949)
Other operating income	5	2,566	6,134
OPERATING PROFIT / (LOSS)		19,021	(815)
Interest receivable and similar income	6	3,942	3,721
Interest payable and similar expenses	6	(3,942)	(3,721)
PROFIT / (LOSS) BEFORE TAXATION		19,021	(815)
Income tax (charge)/credit	7	(7)	155
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		19,014	(660)

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

A statement of other comprehensive income has not been prepared as there are no recognised gains and losses other than the profit for the year as shown above.

CHUBB MARKET COMPANY LIMITED


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BALANCE SHEET AS AT 31 DECEMBER 2019

		2019	2018
	Note	£'000	£'000
FIXED ASSETS			
Investments	8	104,000	104,000
Debtors: amounts falling due after more than one year	9	193,201	199,175
		<u>297,201</u>	<u>303,175</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	9	80,632	80,818
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	10	(78,801)	(78,964)
		<u>1,831</u>	<u>1,854</u>
NET CURRENT ASSETS			
		<u>299,032</u>	<u>305,029</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
Creditors: amounts falling due after more than one year	10	(117,419)	(119,093)
		<u>181,613</u>	<u>185,936</u>
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Share premium account		63,727	63,727
Profit and loss account		117,885	122,208
		<u>181,613</u>	<u>185,936</u>
TOTAL SHAREHOLDERS' FUNDS			

The notes on pages 11 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved by the board of directors on 17 September 2020 and were signed on its behalf by:



M A Connoles
Director

17 September 2020

COMPANY REGISTRATION NUMBER: 03600577

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up Share Capital	Share Premium Account	Profit and Loss Account	Total shareholders' funds
	£'000	£'000	£'000	£'000
AT 1 JANUARY 2018	1	63,727	134,578	198,306
Loss for the financial year	-	-	(660)	(660)
Net capital contribution	-	-	(11,710)	(11,710)
AT 31 DECEMBER 2018	1	63,727	122,208	185,936
Profit for the financial year	-	-	19,014	19,014
Dividends paid	-	-	(23,337)	(23,337)
AT 31 DECEMBER 2019	1	63,727	117,885	181,613

NOTES TO THE FINANCIAL STATEMENTS**1. ACCOUNTING POLICIES****Basis of preparation**

Chubb Market Company Limited is a private liability company, limited by shares, 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, being 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 FRS 102.

The Company has taken advantage of the exemption under Section 401 of the Companies Act 2006 from the requirement to prepare and deliver consolidated financial statements as it and its subsidiary undertakings are wholly-owned subsidiaries within the Chubb Limited group and are included within the consolidated financial statements of Chubb Limited.

The Company has also taken advantage of the exemption under Section 414A of the Companies Act 2006 from the requirement to present a Strategic Report in the financial statements as the Company meets the criteria to prepare accounts in accordance with the small companies regime for the current accounting period.

The registered office address of the Company is 100 Leadenhall Street, London, EC3A 3BP, United Kingdom (England & Wales).

The principal accounting policies, applied consistently throughout the year, are set out below:

Investments

Investments in group undertakings are stated at cost less any provision for diminution in value.

Profits and losses arising on the sale of investments represent the difference between the sale proceeds and the carrying value at the time of the sale.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency, pounds sterling, at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling on the date of the transaction. Exchange differences arising from the retranslation of monetary assets and liabilities denominated in foreign currencies are included in the profit and loss account.

Dividends

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

Turnover

Turnover consists of dividends from subsidiary companies.

Leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor. The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis. Rental costs and associated service charges, net of rents and service charges receivable from sub-letting, are recharged to other Chubb Limited group companies.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

1. ACCOUNTING POLICIES - continued

Current tax

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

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 recognised have not been discounted.

Administrative expenses

Administrative expenses primarily consist of the lease payments incurred for the 100 Leadenhall Street building and the rental of Lloyd's of London boxes in the underwriting room.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Creditors

Short term creditors are measured at the transaction price.

Interest receivable and similar income

Interest receivable is accounted for on an accruals basis.

Interest payable

Interest payable is accounted for on an accruals basis.

Reserves

The called-up share capital account represents the nominal value of shares that have been issued. The share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium. The profit and loss account includes all current and prior period retained profits and losses.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**2. TURNOVER**

During the year, dividends of £23.3m (2018: £Nil) were received from Chubb Capital I Limited.

3. DIRECTORS AND EMPLOYEES

The Company has no employees (2018: none). The directors received no emoluments for their services to the Company (2018: £Nil) as the amount of time spent performing their duties was incidental to their roles as key management personnel across the group.

All executive directors are entitled to shares in Chubb Limited under long-term incentive plans. During the year, four directors (2018: four) received shares in Chubb Limited under long-term incentive plans; one director (2018: none) exercised options over the shares of Chubb Limited.

4. ADMINISTRATIVE EXPENSES

	2019	2018
	£'000	£'000
Rent expense	6,867	6,949
Other expenses	15	-
	<u>6,882</u>	<u>6,949</u>

Fees payable to the Company's auditors and their associates for the following services are borne by Chubb Services UK Limited, a fellow group undertaking:

	2019	2018
	£'000	£'000
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	10	9
Fees payable to the Company's auditors and their associates for other services:		
The audit of the Company's subsidiaries and the managed syndicate	400	300
Audit-related assurance services	95	72
Other non-audit services	-	-
	<u>505</u>	<u>381</u>

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

5. OTHER OPERATING INCOME

	2019	2018
	£'000	£'000
Rent and service charges receivable	461	340
Net property expenses recharged to other group companies	6,405	6,609
Exchange loss arising on retranslation of US dollar	(4,300)	(815)
	<u>2,566</u>	<u>6,134</u>

6. INTEREST PAYABLE AND RECEIVABLE

On 14th November 2014 the Company issued listed debt of \$130m on The International Stock Exchange (Jersey). The debt note was purchased by fellow Chubb Limited Group company Chubb Bermuda Insurance Ltd (formerly ACE Bermuda Insurance Ltd) (CBIL). The debt is due in 2022 and bears compound interest at a rate of 3.82% per annum, payable on redemption of the loan, as per Note 10.

At the same time, Chubb Market Company Limited issued loan notes to Chubb Capital I Limited of \$130m and \$100m bearing interest of 3.82% per annum and 0.00% per annum respectively. The final interest payment date is 14 November 2022, at which time the principal is also to be repaid in full.

7. TAXATION ON PROFIT

(a) Tax on profit

The tax charge is made up as follows:

	2019	2018
	£'000	£'000
Current taxation		
UK corporation tax charge / (credit) at 19% (2018: 19%)	-	(164)
Total current tax	-	<u>(164)</u>
Deferred taxation		
Origination and reversal of timing differences	6	9
Effect of change in tax rates	1	-
Total deferred tax	<u>7</u>	<u>9</u>
Tax charge / (credit) on profit / (loss)	<u>7</u>	<u>(155)</u>

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

7. TAXATION ON PROFIT - continued

(b) Factors affecting the total tax charge

The tax charge assessed for the year is at the standard rate of corporation tax in the UK of 19% (2018: 19%). The differences are reconciled below:

	2019 £'000	2018 £'000
Profit / (loss) before tax	19,021	(815)
Profit / (loss) multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	3,614	(155)
Effects of:		
Group relief surrendered for nil consideration	824	-
Dividends not chargeable to corporation tax	(4,434)	-
Expenses not allowed for tax purposes	3	-
Total tax charge / (credit) for the year	7	(155)

(c) Deferred tax

	2019 £'000	2018 £'000
Asset at 1 January	37	46
Utilisation in the year (Note 7(a))	(6)	(8)
Change in tax rate	(1)	(1)
Asset at 31 December (Note 9)	30	37
Analysis of asset at 31 December:		
Accelerated capital allowances	30	37

The amount of the net reversal of deferred tax assets and liabilities expect to occur in 2020 is £5,407 (2019: £7,159) in respect of the reversal of timing differences on qualifying fixed assets.

The Finance Act 2016 enacted a reduction in Corporation Tax rates to 19% from 1 April 2017 and 17% from 1 April 2020. However, the Finance Bill 2020 is expected to amend the main rate of Corporation Tax to 19% from 1 April 2020.

CHUBB MARKET COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. INVESTMENTS

	2019	2018
	£'000	£'000
Cost:		
Investment in Chubb Tarquin	360,310	360,310
Investment in Chubb Capital I Limited	500	500
Investment in Chubb Capital III Limited	2,973	2,973
Investment in Chubb Capital IV Limited	5,564	5,564
Investment in Chubb Capital VI Limited	10	10
Investment in Chubb London Holdings Limited	-	-
	<u>369,357</u>	<u>369,357</u>
Provision against diminution in value:		
Investment in Chubb Tarquin	(261,994)	(261,994)
Investment in Chubb Capital III Limited	(2,973)	(2,973)
Investment in Chubb Capital IV Limited	(380)	(380)
Investment in Chubb Capital VI Limited	(10)	(10)
Investment in Chubb London Holdings Limited	-	-
	<u>(265,357)</u>	<u>(265,357)</u>
Net carrying value	<u>104,000</u>	<u>104,000</u>

The investments comprise 100% of the ordinary share capital of each of the above unlisted undertakings, which are registered and incorporated in England and Wales. Having made the provision against diminution in value, in the opinion of the directors the investments are worth not less than their carrying value.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

8. INVESTMENTS - continued

Subsidiary undertakings as at 31 December 2019 were as follows:

CHUBB TARQUIN	Intermediate holding company	100% Direct
CHUBB LONDON HOLDINGS LIMITED†	Intermediate holding company	100% Direct
CHUBB LONDON INVESTMENTS LIMITED†	Intermediate holding company	100% Indirect
CHUBB LEADENHALL LIMITED	Intermediate holding company	100% Indirect
CHUBB CAPITAL I LIMITED	Corporate member of Lloyd's	100% Direct
CHUBB CAPITAL II LIMITED†	Former corporate member of Lloyd's	100% Indirect
CHUBB CAPITAL III LIMITED†	Former corporate member of Lloyd's	100% Direct
CHUBB CAPITAL IV LIMITED	Former corporate member of Lloyd's	100% Direct
CHUBB CAPITAL V LIMITED	Former corporate member of Lloyd's	100% Indirect
CHUBB CAPITAL VI LIMITED†	Former corporate member of Lloyd's	100% Direct
CHUBB UNDERWRITING AGENCIES LIMITED	Lloyd's managing agency	100% Indirect
CHUBB LONDON AVIATION LIMITED†	Former Lloyd's managing agency	100% Indirect
CHUBB LONDON LIMITED†	Former Lloyd's managing agency	100% Indirect
CHUBB LONDON SERVICES LIMITED†	Former service company	100% Indirect
CHUBB COMPANY SERVICES LIMITED†	Former service company	100% Indirect
CHUBB LONDON GROUP LIMITED*	Intermediate holding company	100% Direct
CHUBB GROUP HOLDINGS LIMITED*	Intermediate holding company	100% Direct

† Dormant company

* These companies are currently in liquidation

The group is the beneficial owner of all of the share capital and voting rights of all of the above undertakings. All of the above undertakings operate in the United Kingdom and are registered and incorporated in England and Wales. The address of all the above undertakings is 100 Leadenhall Street, London EC3A 3BP.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

9. DEBTORS

Amounts falling due within one year

	2019	2018
	£'000	£'000
Amounts owed by group undertakings	79,782	79,782
Corporation tax	820	999
Deferred tax (Note 7)	30	37
	<u>80,632</u>	<u>80,818</u>

Amounts falling due after more than one year

	2019	2018
	£'000	£'000
Loan to Chubb Capital I Limited	<u>193,201</u>	<u>199,175</u>

During November 2014, the Company issued a loan of \$230m to Chubb Capital I Limited. Of which \$100m is 0.00% interest, and \$130m is bearing compound interest at the rate of 3.82% per annum, receivable on redemption of the loan.

10. CREDITORS

Amounts falling due within one year

	2019	2018
	£'000	£'000
Amounts owed to group undertakings	<u>78,801</u>	<u>78,964</u>
	<u>78,801</u>	<u>78,964</u>

Amounts falling due after more than one year

	2019	2018
	£'000	£'000
Loan from Chubb Bermuda Insurance Ltd	<u>117,419</u>	<u>119,093</u>

On 14 November 2014 the Company issued listed debt of \$130m on The International Stock Exchange (Jersey). The debt note was purchased by fellow Chubb Limited Group company Chubb Bermuda Insurance Limited. The debt is due in 2022 and bears compound interest at the rate of 3.82% per annum, payable on redemption of the loan, as laid out below:

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**10. CREDITORS - continued**

Repayable with interest:

	Principal	Cumulative interest to 31 December 2019	Balance at 31 December 2019	Balance at 31 December 2018
	£'000	£'000	£'000	£'000
US dollar loan notes : 14 November 2014 (\$130,000,000)	98,518	18,901	117,419	119,093
	<u>98,518</u>	<u>18,901</u>	<u>117,419</u>	<u>119,093</u>

11. CALLED UP SHARE CAPITAL

	2019 £'000	2018 £'000
Allotted, called-up and fully paid: 1,000 (2018: 1,000) Ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

12. LEASE COMMITMENTS

The Company has annual operating lease commitments of £6,250,000 (2018: £6,250,000) in respect of a leasehold property and £308,000 (2018: £350,000) in respect of Lloyd's boxes; these costs are recharged to other group companies, as disclosed in note 5. The lease in respect of the leasehold property expires within five years. The rental agreements for the Lloyd's boxes expire within one year.

	2019 £'000	2018 £'000
Operating leases which expire:		
Not later than one year	6,558	6,600
Later than one year and not later than five years	18,750	25,000
	<u>25,308</u>	<u>31,600</u>

13. 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.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**14. ULTIMATE HOLDING COMPANY**

The Company's immediate holding company is Chubb Group Management and Holdings Ltd. 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.

15. EVENTS AFTER THE REPORTING YEAR**Covid-19 pandemic**

During the first quarter of 2020, worldwide social and economic activity became severely impacted by the spread and threat of the novel coronavirus (Covid-19).

The Chubb European Group ("CEG") conducts scenario analysis for major stress events such as a pandemic. The Group employs and monitors risk guidelines to ensure acceptable risk accumulations and capital, earnings and liquidity positions are robust. Such scenario analysis is conducted with consideration of the position and performance of key subsidiaries, such as the Company and its subsidiaries.

The Company has intercompany balances (debtors and creditors) due in less than one year. The majority of these balances are with companies that sit under the Company and these can be settled (without cash movements) relatively easily to reduce the credit risk faced by the Company.

The counterparties to the Company's intercompany debtors are other Chubb wholly owned group companies. Although in theory there is some credit risk between Chubb's individual legal entities, in practice it is minimal given the overall financial strength and resilience of CEG.

The Company has a loan due from Chubb Capital I Limited. This debt is not considered to be impaired due to the strong underlying performance of Syndicate 2488. The syndicate is expected to still be profitable in the future.

After considering all of the available information the directors believe there are limited impacts from the Covid-19 pandemic, as such there is no change to the financial position of the Company and its ability to continue as a going concern as at 31 December 2019.

COMPANY REGISTRATION NUMBER: 03600577