

Chubb Insurance Investment Holdings Ltd

**Annual Reports and Financial Statements
for the year ended 31 December 2016**

Company Registration Number: 6408046

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Chubb Insurance Investment Holdings Ltd

Company information

Directors

M Hammond (appointed 1 February 2016)
B Hardwick (resigned 29 June 2016)
A Kendrick (appointed 1 February 2016)
A Mullins (appointed 29 June 2016)
S Wood (resigned 30 June 2016)

Secretary

R Trist (resigned 30 September 2016)
Chubb London Services Limited (appointed 30 September 2016)

Registered company number

6408046

Registered office

One America Square
17 Crosswall
London EC3N 2AD
United Kingdom

Chubb Insurance Investment Holdings Ltd

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Chubb Insurance Investment Holdings Ltd

Strategic Report of Chubb Insurance Investment Holdings Ltd

The directors present their Strategic Report for the year ended 31 December 2016.

Overview

Results

The profit for the year ended 31 December 2016, after taxation, amounted to £ 0.2m (2015: profit of £49.7m).

ACE merger and business reorganisation

On 30 June 2015, The Chubb Corporation, the ultimate parent of Chubb Insurance Investment Holdings Ltd, entered into an Agreement and Plan of Merger ("the Merger") with ACE Limited under which ACE would acquire Chubb. The Merger was completed on 14 January 2016.

During the year, as a result of the Merger and ensuing business reorganisation, ownership of the company was transferred to ACE European Holdings No. 2 Limited. The company's investment in four of the subsidiary companies was subsequently transferred to Chubb INA International Holdings Limited via a distribution in specie. The company had only one remaining subsidiary, Chubb Insurance Company of Europe SE ("CICE") at the balance sheet date.

Notwithstanding the potential impact of the Merger, the directors do not envisage any change in the nature of the holding company services provided in the following year.

Post balance sheet events

On 1 May 2017, the ACE European Holdings Group (which AEHL2 is a part of) underwent significant restructuring in order to optimise operational efficiency, governance and capital. Chubb consolidated Chubb Insurance Company of Europe SE and Chubb Bermuda International Insurance Ireland DAC into one entity, Chubb European Group Limited, through the operation of an insurance business transfer and CBM on 1 May 2017.

After the balance sheet date, during June 2017, the subordinated loan owed was novated back to the company. The impact of novating the loan agreement and receivable to the company extinguished the liability. This non adjusting post balance sheet event has been treated as a capital contribution as the company no longer has any amounts payable in relation to this loan.

Principal risks

The Company's principal risk is the value of its shareholding in Chubb European Group Limited ("CEGL").

Key Performance Indicators

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.

On behalf of the board



A C Mullins
Director

29 June 2017

Chubb Insurance Investment Holdings Ltd

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2016.

The company's financial statements have been prepared in compliance with FRS 102, being applicable UK GAAP. The company transitioned from previously extant UK GAAP to FRS as at 1 January 2014.

Principal activity

The company's principal activity is to act as an intermediate holding company.

Cross border merger

In January 2016 ACE Limited acquired The Chubb Corporation and the consolidated group now operates under the Chubb name. As a result of the acquisition, Chubb simplified its legal structure in Europe and consolidated its European non-life business into a single company, Chubb European Group Limited. This involved the transfer of business between and cross border merger of three legal entities, namely, ACE European Group Limited, Chubb Insurance Company of Europe SE and Chubb Bermuda International Insurance Ireland DAC (the resulting entity was subsequently renamed Chubb European Group Limited). This was effective on 1 May 2017. As part of this process, the company exchanged the shares it had in Chubb Insurance Company of Europe SE limited for shares in Chubb European Group Limited ("CEGL"). At the date of this report the company is a shareholder in CEGL.

Dividends

The company paid dividends of £2.9m during the year (2015: £50.0m). The directors do not recommend any further dividends for the year.

Directors

The following served as directors from 1 January 2016 to the date of this report unless otherwise indicated:

M Hammond (appointed 1 February 2016)
B Hardwick (resigned 29 June 2016)
A Kendrick (appointed 1 February 2016)
S Wood (resigned 30 June 2016)
A Mullins (appointed 29 June 2016)

Statement of directors' responsibilities

The directors are responsible for preparing a strategic report, a directors' report and 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 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.

Chubb Insurance Investment Holdings Ltd

Directors' Report of Chubb Insurance Investment Holdings Ltd (continued)

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.

Independent auditor

During the year the company changed auditor to PricewaterhouseCoopers LLP, who are deemed to be reappointed in accordance with section 487 of the Companies Act 2006.

Indemnities for directors

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 participates in a group insurance policy for the benefit of the directors of the company with respect to their directorships of a subsidiary of Chubb Limited.

On behalf of the board



Chubb London Services Limited
Secretary

29 June 2017

Chubb Insurance Investment Holdings Ltd

Independent Auditor's Report to the Members of Chubb Insurance Investment Holdings Ltd

Report on the financial statements

Our opinion

In our opinion, Chubb Insurance Investment Holdings 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 2016 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 Annual Reports and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Income Statement and Statement of Comprehensive Income 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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.

Chubb Insurance Investment Holdings Ltd

Independent Auditor's Report to the Members of Chubb Insurance Investment Holdings Ltd (continued)

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.

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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

James Pearson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 June 2017

Chubb Insurance Investment Holdings Ltd

Income Statement for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Income from shares in group undertakings		8,000	59,499
Administrative expenses		(15)	(2,015)
Interest payable and similar charges	2	(7,756)	(7,789)
Profit or loss on ordinary activities before taxation		229	49,695
Tax on profit or loss on ordinary activities	5	4	3
Profit or loss on ordinary activities after taxation		233	49,698

The above results are all derived from continuing operations and are attributable to the owners of the company.

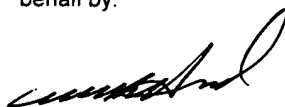
The company has no other income in the current or prior year than that presented and hence no separate Statement of Comprehensive Income is presented.

Chubb Insurance Investment Holdings Ltd

Statement of Financial Position for the year ended 31 December 2016

	Notes	2016 £000	2015 £000
Fixed assets			
Investments	6	417,788	420,690
Current assets			
Debtors	7	4	201
Cash at bank and in hand		1,232	251
		1,236	452
Creditors: amounts falling due within one year	8	(566)	(15)
Net current assets		670	437
Total assets less current liabilities		418,458	421,127
Creditors: amounts falling due after more than one year	9	(150,000)	(150,000)
Net assets		268,458	271,127
Capital and reserves			
Called up share capital	10	2,148	2,148
Share premium		263,090	263,090
Profit and loss account		3,220	5,889
Equity shareholders' funds		268,458	271,127

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



M K Hammond
Director

29 June 2017

Chubb Insurance Investment Holdings Ltd

Statement of Changes in Equity as at 31 December 2016

	Called up capital £000	Share premium £000	Profit and loss £000	Total Equity £000
Changes in 2016				
At 1 January 2016	2,148	263,090	5,889	271,127
Profit for the year	-	-	233	233
Equity dividends paid	-	-	(2,902)	(2,902)
At 31 December 2016	2,148	263,090	3,220	268,458

	Called up capital £000	Share premium £000	Profit and loss £000	Total Equity £000
Changes in 2015				
At 1 January 2015	2,148	263,090	6,191	271,429
Loss for the year	-	-	49,698	49,698
Equity dividends paid	-	-	(50,000)	(50,000)
At 31 December 2015	2,148	263,090	5,889	271,127

Chubb Insurance Investment Holdings Ltd

Notes to Financial Statements as at 31 December 2016

1 Accounting policies

Statement of compliance

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) as it applies to the financial statements of the company for the year ended 31 December 2016.

Basis of preparation

The financial statements for the year ended 31 December 2016 were approved for issue by the Board of Directors on 29 June 2017.

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The financial statements are prepared in pounds sterling, which is the functional currency of the company, rounded to the nearest £'000.

Under FRS102 the company qualifies for certain disclosure exemptions and it has taken advantage of the exemptions from the preparation of a cash flow statement and from related party disclosures. The company has taken advantage of the exemption given in section 401 of the Companies Act 2006 and FRS 102 from the preparation of group accounts.

Income from shares in group undertakings

Dividends on ordinary shares are included by reference to the date dividends are approved to be paid by subsidiary undertakings.

Interest payable

Interest payable is calculated on an accruals basis.

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.

Taxation

The current tax charge represents the expected tax payable on the result for the period.

The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted at the statement of financial position date.

Chubb Insurance Investment Holdings Ltd

Notes to Financial Statements as at 31 December 2016 (continued)

1 Accounting policies (continued)

Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less impairment, where applicable. A provision for impairment is assessed by considering, inter alia, the net asset value of the subsidiary. On adoption of FRS102 the company elected to use deemed cost as cost. Deemed cost was the carrying amount (before any provision for impairment) as determined under the previously extant GAAP.

Subordinated loan

The company had debt in the form of a subordinated loan which has been treated as a basic financial instrument and in so being is stated at amortised cost. An overview of its repayment terms are given in note 9.

2 Interest payable and similar charges

	2016 £000	2015 £000
Interest payable to group undertakings	7,756	7,789

3 Employees and directors

There were no employees during the current and prior year apart from the directors. The directors received no remuneration for their services to the company.

4 Auditors' remuneration

The audit fees of the company amounted to £9,000 (2015: £13,000).

5 Tax on profit or loss on ordinary activities

Analysis of credit for the year	2016 £000	2015 £000
Current taxation:		
Current UK tax credit	(4)	(3)

Factors affecting the total tax credit	2016 £000	2015 £000
Profit / (loss) on ordinary activities before tax	229	49,695
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20.25%)	46	10,063
Expenses not deductible for tax purposes	-	406
Group dividends received not subject to UK corporation tax	(1,600)	(12,049)
Group relief surrendered for no payment	1,550	1,577
Total tax credit for the year	(4)	(3)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction in the UK corporation rate from 19% to 17% was enacted on 15 September 2016 which will take effect from 1 April 2020.

Chubb Insurance Investment Holdings Ltd

Notes to Financial Statements as at 31 December 2016 (continued)

6 Fixed asset investments

	Shares in group undertakings £000
Cost:	
At 1 January 2016	459,627
Disposal	(41,839)
At 31 December 2016	417,788
Provision for impairment:	
At 1 January 2016	38,937
Disposal	(38,937)
At 31 December 2016	-
Net book value:	
At 31 December 2016	417,788
At 31 December 2015	420,690

Shares in group undertakings consisting of the following subsidiaries:

	Class of Share	Proportion held
Chubb Insurance Company of Europe SE	Ordinary	99.99%

In October 2016, the Company's investments in Chubb Managing Agent Limited, Chubb Capital Limited, Chubb Europe Services Limited and Chubb Insurance Service Company Limited were disposed and the investment transferred at book value to Chubb INA International Holdings Limited.

7 Debtors

	At 31 December 2016 £000	At 31 December 2015 £000
Amounts owed by group undertakings	4	201

8 Creditors: amounts falling due within one year

	At 31 December 2016 £000	At 31 December 2015 £000
Other creditors	566	15

9 Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts falling due after more than five years:		
Amounts owed to group undertakings	150,000	150,000

Amounts owed to group undertakings consist of a subordinated loan issued on 5 December 2008 by another group company, Chubb Europe Finance Ltd. The subordinated loan was due for repayment on 5 December 2023 and its interest rate was LIBOR plus 4.5%.

After the balance sheet date, during June 2017, the subordinated loan owed was novated back to the company. The impact of novating the loan agreement and receivable to the company extinguished the liability. This non adjusting post balance sheet event has been treated as a capital contribution as the company no longer has any amounts payable in relation to this loan.

Chubb Insurance Investment Holdings Ltd

Notes to Financial Statements as at 31 December 2016 (continued)

10 Called up share capital

	At 31 December 2016 £000	At 31 December 2015 £000
Allotted, called up and fully paid:		
2,147,799 ordinary shares of £1 each	2,148	2,148

Chubb Insurance Investment Holdings Ltd is a company incorporated in England & Wales. The Registered Office is One America Square, 17 Crosswall, London EC3N 2AD.

11 Related party transactions

The company has taken advantage of the exemption provided in FRS 102 from disclosing related party transactions with Chubb Limited (previously The Chubb Corporation) and its other wholly-owned subsidiary undertakings.

12 Parent undertaking and controlling party

The immediate parent company is ACE European Holdings No.2 Limited, a company registered in England and Wales.

Up to 14 January 2016, the ultimate parent company and ultimate controlling party was 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 Chubb Corporation, 15 Mountain View Road, PO Box 1615, Warren, New Jersey 07061-1615.

After the completion of the merger of The Chubb Corporation on 14 January 2016, the ultimate parent company and ultimate controlling party became Chubb Limited, a company registered in Switzerland. Copies of Chubb Limited's consolidated accounts may be obtained from Investor Relations at Chubb's executive offices at 17 Woodbourne Avenue, Hamilton HM08, Bermuda.

13 Post balance sheet events

On 1 May 2017, the ACE European Holdings Group (which AEHL2 is a part of) underwent significant restructuring in order to optimise operational efficiency, governance and capital. Chubb consolidated Chubb Insurance Company of Europe SE and Chubb Bermuda International Insurance Ireland DAC into one entity, Chubb European Group Limited, through the operation of an insurance business transfer and cross-border merger on 1 May 2017. As part of this process, the company has exchanged the shares it had in Chubb Insurance Company of Europe SE limited for shares in Chubb European Group Limited ("CEGL").

After the balance sheet date, during June 2017, the subordinated loan owed was novated back to the company. The impact of novating the loan agreement and receivable to the company extinguished the liability. This non adjusting post balance sheet event has been treated as a capital contribution as the company no longer has any amounts payable in relation to this loan.