

CHUBB

Chubb Insurance Service Company Ltd

Financial Statements

31 December 2019

Company registration number: 09042647



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Directors Report

The directors are pleased to submit their report and the audited financial statements for Chubb Insurance Service Company Limited ("the Company") for the year ended 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").

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 of Companies ("Chubb"), consisting of Chubb Limited and its direct and indirect subsidiaries. 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. ("CMAL"). CMAL was subsequently placed into liquidation and the usual operations of the Appointed Representative were transferred to Chubb Underwriting Agencies Limited. Syndicate 1882 was placed into run off on 31 December 2016 and all of its remaining outstanding assets and liabilities were transferred to Chubb Syndicate 2488 on 1 January 2019 by way of a reinsurance to close transaction. The Company will continue to administer in-force insurance policies until all contract obligations have expired, at which stage it will become dormant.

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 Syndicate 1882, which at the time was a regulated insurance firm within the Chubb Group in the United Kingdom. Syndicate 1882 was placed into run off on 31 December 2016 and all of its remaining outstanding assets and liabilities were transferred to Syndicate 2488 on 1 January 2019 by way of a reinsurance to close transaction. The Company will continue to administer in-force insurance policies on behalf of Syndicate 2488 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.

With regard to developments around Covid-19, and as part of the Chubb European Group SE's ("CEG") annual planning process, including the process for this Company, CEG conducts scenario analysis for major stress events such as a pandemic. It employs and monitors risk guidelines to ensure acceptable risk accumulations and CEG's capital, earnings and liquidity positions are robust. CEG is in the process of quantifying the impact of Covid-19 in these areas.

The Company did not recognise any revenue in the period, the only operating expenses were foreign exchange losses on liabilities and there is limited balance sheet exposure to the impacts of Covid-19 arising from the credit risk outlined above. The Company is protected to a degree by Syndicate 2488's risk mitigation strategies and the credit control procedures employed within the Chubb Limited group of companies.

For an assessment of the post balance sheet impact of Covid-19 on the Company, see Note 12 – Events after the reporting period.

Results and Dividends

The loss before taxation for the year ended 31 December 2019 amounted to £29k (2018: profit of £9k). The shareholders' funds of the Company as at 31 December 2019 totalled £47k (2018: £76k). The directors do not recommend the payment of a dividend (2018: £Nil).

Directors Report

Directors

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

M A Connoles	(appointed 1 March 2019)
M K Hammond	(resigned 1 March 2019)
A C Mullins	
A M W Shaw	(resigned 31 December 2019)
B W Wanstall	(appointed 31 December 2019)

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.

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.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

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 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.

Directors Report

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

17 September 2020

100 Leadenhall Street
London EC3A 3BP

Independent Auditors' Report

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 2019 and of its loss 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, 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 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.

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.

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

Independent Auditors' Report

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.

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

Profit and Loss Account
for the year ended 31 December 2019

	Note	2019 £'000	2018 £'000
TURNOVER	2	-	9
Administrative expenses	3	(29)	-
(LOSS) / PROFIT BEFORE TAXATION		(29)	9
Tax on loss / (profit)	4	-	(2)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		(29)	7

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 Other Comprehensive Income is presented.

Balance Sheet
As at 31 December 2019

		2019	2018
			(Restated)
	Note	£'000	£'000
CURRENT ASSETS			
Debtors	7	461	504
Cash at bank and in hand		3	3
		<u>464</u>	<u>507</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	8	(417)	(431)
NET CURRENT ASSETS		<u>47</u>	<u>76</u>
CAPITAL AND RESERVES			
Called up share capital	9	1	1
Profit and loss account		46	75
TOTAL SHAREHOLDERS' FUNDS		<u>47</u>	<u>76</u>

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 17 September 2020 and were signed on its behalf by:



M A Connole

Director
 17 September 2020

COMPANY REGISTRATION NUMBER: 09042647

**Statement of Changes in Equity
for the year ended 31 December 2019**

	Called-up share capital £'000	Profit and loss account £'000	Total shareholder's funds £'000
AT 1 JANUARY 2018	1	68	69
Profit for the financial year	-	7	7
AT 31 DECEMBER 2018	1	75	76
Loss for the financial year	-	(29)	(29)
AT 31 DECEMBER 2019	1	46	47

Notes to the Financial Statements

1 ACCOUNTING POLICIES

Basis of Preparation

Chubb Insurance Service Company Ltd is a limited liability company incorporated in the United Kingdom and registered 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.

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 debtor and creditor balances with other group companies in the balance sheet have been restated for prior year comparative figures. Prior to 2019 the Company incorrectly reported the aggregate net debtor or creditor balances with group companies as a single debtor or creditor. Balances with a group company that is in a net debtor position is presented in debtors, and net creditor position in creditors. This reflects the presentation required under FRS 102 and rights to offset.

The impact of the change is to decrease Debtors reported in 2018 by £6k, from £510k originally reported to £504k, and to decrease Creditors: amounts falling due within one year by the same amount, from £437k originally reported to £431k. There is no impact on profit or shareholders' funds from the change.

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

Turnover

Turnover consists principally of underwriting agency fees from Syndicate 2488. 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.

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 2488 upon collection. Debtors are also recognised in respect of underwriting agency fees due from Syndicate 2488.

Creditors

Creditors payable within one year are recorded at transaction price. Creditors are recognised in respect of net written premiums due to Syndicate 2488 upon collection from brokers and policyholders.

Dividends

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

Notes to the Financial Statements

1 ACCOUNTING POLICIES - CONTINUED

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, mainly arising in the form of other income.

3 ADMINISTRATIVE EXPENSES

Administrative expenses consist primarily of foreign exchange losses of £13k (2018: £Nil) and the write-off of an insurance debtor of £16k (2018: £Nil).

4 TAX ON (LOSS) / PROFIT

The tax charge is made up as follows:

	2019 £'000	2018 £'000
Current taxation		
UK corporation tax charge at 19% (2018: 19%)	-	2
Tax charge on (loss) / profit	-	2

The company has no deferred tax balances (2018: £Nil)

Factors affecting the total tax charge

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

	2019 £'000	2018 £'000
(Loss)/Profit before tax	(29)	9
(Loss)/Profit multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	(6)	2
Group relief surrender for nil value	6	-
Total tax charge for the year	-	2

Notes to the Financial Statements

5 DIRECTORS AND EMPLOYEES

Staff costs

The Company does not itself employ any staff. During the year, Chubb Services UK Limited, a fellow Chubb group company, provided staff support to both the Company and to Syndicate 2488 that is managed by the Company.

Directors' emoluments

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.

6 AUDITORS' REMUNERATION

	2019	2018
	£'000	£'000
Auditors' remuneration for audit of the financial statements	7	6
	<u>7</u>	<u>6</u>

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

7 DEBTORS

	2019	2018
	£'000	(Restated) £'000
Amounts falling due within one year:		
Insurance debtors	-	14
Amounts owed by group undertakings	461	490
	<u>461</u>	<u>504</u>

Prior year amounts owed by group undertakings have been restated to disclose balances on an intercompany rather than intracompany basis, so as to further align with FRS 102 requirements.

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019	2018
	£'000	(Restated) £'000
Insurance creditors	1	1
Amounts owed to group undertakings	416	430
	<u>417</u>	<u>431</u>

Prior year amounts owed to group undertakings have been restated to disclose balances on an intercompany rather than intracompany basis, so as to further align with FRS 102 requirements.

Notes to the financial statements

9 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

10 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.

11 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.

12 EVENTS AFTER THE REPORTING PERIOD

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 Company's balance sheet consists primarily of intercompany payables and receivables. The largest receivables are due from Syndicate 2488, which continues to trade and at the present time does not have liquidity or solvency issues. The receivable from Syndicate 2488 is primarily matched by a payable to the Syndicate.

After considering all of the available information the directors do not believe that any impacts from the Covid-19 pandemic change the financial position of the entity and its ability to continue as a going concern as at 31 December 2019.

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