



CHUBB INSURANCE COMPANY OF EUROPE SE

Annual report and financial statements
for the year ended 31 December 2009

CHUBB

COMPANY INFORMATION

Members of the Administrative Organ

Directors	M Casella, Chief Executive J Degnan C Giles, Chairman P Haywood I Hutchinson K O'Shiel B Van Der Vossen
Secretary	R Munro

Registered number

SE13

Registered office

106 Fenchurch Street
London
EC3M 5NB
United Kingdom

Financial strength ratings

A. M. Best	A++ (superior)
Standard & Poor's	AA (very strong)

Website

www.chubb.com/uk

Chubb Group of Insurance Companies

Chubb Insurance Company of Europe SE is an indirect, wholly-owned subsidiary of The Chubb Corporation and a member of the Chubb Group of Insurance Companies ("Chubb"). Member insurers of the Chubb Group of Insurance Companies form a multi-billion dollar organization providing property and casualty insurance for personal and commercial customers worldwide through 8,500 independent agents and brokers. Chubb's global network includes branches and affiliates throughout North America, Europe, Latin America, Asia, and Australia.

Forward looking information

Some of the statements in this report may be considered forward-looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995 (PSLRA). These forward-looking statements are made pursuant to the safe harbour provisions of the PSLRA and include statements regarding market conditions in the property and casualty insurance market, the state of the global economy and our ability to succeed in difficult market conditions. Such statements speak only as of the date of this report and are not guarantees of future performance. Various risks and uncertainties may cause actual results to differ materially. These risks and uncertainties include those discussed in the filings that The Chubb Corporation makes with the U.S. Securities and Exchange Commission. We assume no obligation to update such forward-looking statements.

02	Highlights summary
03	Chief Executive's statement
06	Business review
12	Directors' report
18	Independent auditor's report
20	Profit and loss account
22	Statement of total recognised gains and losses
23	Balance sheet
25	Notes to the financial statements
66	Branch details

- Successfully completed a re-domiciliation to the UK with our registration as a Societas Europaea (SE) from 1 January 2009, further strengthening our established position in the European insurance markets
- Continued underwriting profitability with a net combined ratio of 84.1%, consisting of a net loss ratio¹ of 50.7% and a net expense ratio² of 33.4%
- Recognised by the insurance industry as a top service provider by winning General Insurer of the Year 2009 and Personal Lines Insurer of the Year 2009 at the Insurance Times awards
- Maintained financial strength, during turbulent financial times, as recognised by rating agencies' grading of the company as superior / very strong
- Grew total shareholders' funds for Chubb Insurance Company of Europe SE to £1,127.6 million as at 31 December 2009

Key performance indicators	2009	2008 *(restated)
Net premiums written	£662.4m	£618.2m
Net loss ratio ¹	50.7%	52.6%
Net expense ratio ²	33.4%	33.6%
Net combined ratio	84.1%	86.2%
Profit before tax	£194.5m	£207.9m
Total assets	£3,296.1m	£3,247.3m
Shareholders' funds	£1,127.6m	£1,012.5m

¹ Based on net claims incurred as a percentage of net earned premiums

² Based on net operating expenses incurred (excluding deferred acquisition costs) as a percentage of net written premiums

STANDING BY OUR PRINCIPLES. BUILDING ON OUR STRENGTHS. FOCUSING ON OUR CUSTOMERS.

Statement by Michael Casella, President & Chief Executive Officer of Chubb Insurance Company of Europe SE

Character and principles are proven most in adversity, and the extraordinary economic adversity of recent times has proven a tough – sometimes fatal – test of businesses worldwide.

In challenging times, the temptation is towards nervous short-termism. Like the broader economy, this is true of the property and casualty insurance industry. Prices drop and underwriting integrity suffers as insurance carriers scramble to secure new business in the marketplace. The results can be chaotic.

Over the course of its 128 year history, the Chubb Group of Insurance Companies (“Chubb”) has remained true to its principles of rigorous underwriting discipline, specialist focus and careful investment. Consistent with all of Chubb’s operations, these principles are at the core of Chubb Insurance Company of Europe’s (“CICE”) operating philosophy.

Naturally, Chubb shares the same concerns and pressures as any insurer in such a soft market. But we refuse simply to meet the lowest prices around, or to rush into new areas of business which are not suited to our specialist expertise.

Our principles may limit our opportunities to grow the top line in a soft market. But it has never been the Chubb way to grow purely for growth’s sake. That approach has inherent risks that can cause significant problems at a later date. We believe our principles will continue to serve us well in the long term.

2009: Weathering the storm

CICE has emerged strongly from the economic storm that began in 2008, having performed well against the Key Performance Indicators of net written premium growth, net combined ratio, profitability, total assets and shareholders’ funds. CICE has contributed to Chubb’s strong financial results notwithstanding the challenging economic times and continues to deliver bottom line profitability with a net combined ratio of 84.1% contributing to the profit before tax of £194.5 million in 2009. At CICE, we have a very well balanced insurance portfolio of excellent business across all lines of business and across the main geographic regions within the UK & Ireland and Continental Europe.

CICE has shown itself as one of the strongest companies in the industry in financial terms. This strength is demonstrated by the growth in CICE's shareholders' funds to £1,127.6 million from £1,012.5 million, as well as maintaining our AM Best's A++ Financial Strength during 2009.

As a result of our disciplined underwriting and our careful and considered approach to investments, CICE enters 2010 in a very strong financial position. At the same time, CICE has remained true to Chubb's customer focused operating philosophy – our commitment to providing exceptional, value-added services to our business partners and customers has not wavered in the face of global economic turmoil. This commitment will carry on into 2010 and beyond.

Over the past few years, CICE has gone through a major structural change with the transfer, inclusive of all the related capital requirements, to full Financial Services Authority ("FSA") registration from 1 January 2009. Throughout this transfer CICE has maintained its financial stability, strong capital base and customer focus.

The year ahead

In times of uncertainty, many customers seek out the names they trust. We believe Chubb is one such name. Our reputation for financial strength, underwriting expertise and claims handling counts more than ever in difficult times. With the industry in flux, the importance to customers of the balance sheet strength of their insurance providers continues to grow.

A global name for a global market

As the reach of our customers continues to broaden around the globe, they require an insurance company with the expertise to provide coverages tailored to the particular needs of a multi-national business. As a genuinely global organisation, Chubb is much more than a loose collection of local entities, with local outlooks. The company has the reach, experience and expertise to deliver the service multi-national customers demand.

Different solutions for different needs

CICE consistently strives to remain a vigorous, innovative leader in the market. In 2010, success will depend in large part on getting smarter about the way we do business.

Going forward, we need to align our value propositions more closely to the needs of the different customers and distribution systems the company serves.

It is self evident that a multinational company has very different insurance needs from a smaller, local business. We must focus on clarifying those different needs, and adapting our approach to meet them. This is the key to delivering value not only for distributors but also for customers.

Confidence for the future

Since assuming the CICE Chief Executive role on 1 May 2009, I have been hugely impressed with the quality of our people across the business. I would like to thank everyone for their contribution to CICE's excellent results in 2009.

The keys to CICE's success in 2010 are sustained profitability, further enhancement of our focus on the varying needs of customers and distribution systems, and our multinational network.

I am in no doubt about the challenges of the current climate. But I am equally confident of our ability to thrive on those challenges. We will do so by staying true to our traditional strengths and aligning our service ever more closely to the different, and changing, needs of the markets we serve.

Michael Casella

Chief Executive

18 March 2010

Overview

The company has achieved a profit before tax for the year of £194.5 million (2008: £207.9 million) and at the end of the year reports shareholders' funds of £1,127.6 million (2008: £1,012.5 million). After a record profit before tax for Chubb's European business in 2008, the 2009 results represent another outstanding year and demonstrate our continued commitment to disciplined underwriting in difficult times for the market.

The company successfully completed a re-domiciliation from Belgium to the UK on 1 January 2009. 2009 therefore represents our first full year as a UK domiciled and FSA authorised company, although Chubb has operated in Europe since 1962. We believe our established position in the European insurance markets and our reputation for financial stability and specialist customer focus has been strengthened by this transition.

In 2009 we were particularly proud to have received a re-affirmation of our Financial Strength rating of A++ from AM Best, as well as the Insurance Times Award for General Insurer of the Year. These achievements represent the combination of both financial and service strength which have made Chubb in Europe such a respected brand. Our commitment for the future is to maintain that hard earned reputation.

Underwriting performance

Our insurance operations are managed in three strategic business units, namely Chubb Commercial Insurance, Chubb Specialty Insurance and Chubb Personal Insurance.

Chubb Commercial Insurance provides property, casualty and marine insurance for businesses, developed to meet the needs of individual industries. It also provides innovative products in non-traditional areas such as environmental, life sciences and event cancellation insurance.

Chubb Specialty Insurance underwrites a broad range of liability insurance including Errors & Omissions Liability (E&O), Directors and Officers Liability (D&O), crime insurance, employment practice liability and political risks. Coverage is designed to meet the demands of a wide range of industries including the financial institutions sector.

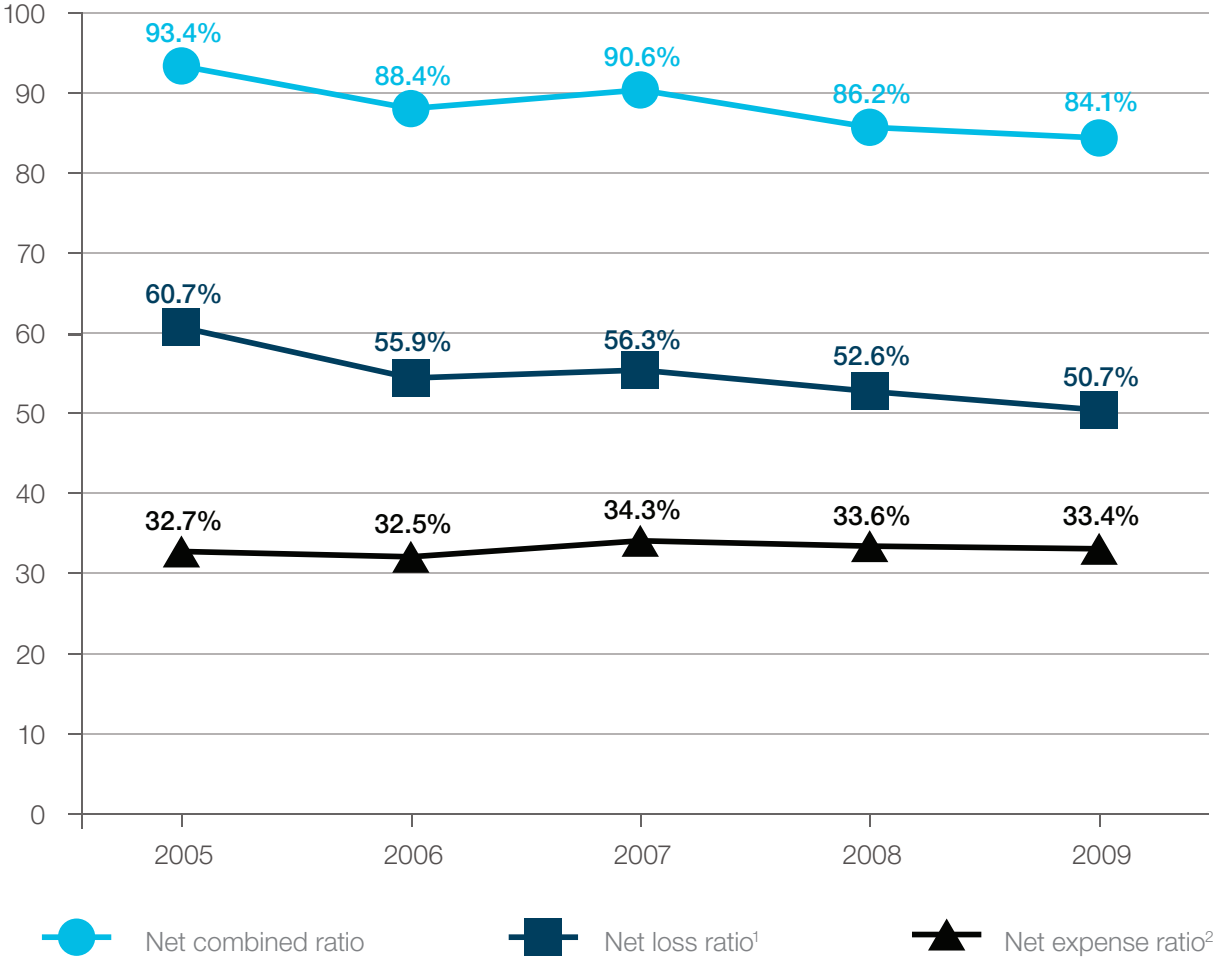
Chubb Personal Insurance consists of two sub-groups, Accident & Health and Personal Lines.

Chubb Accident & Health offer general accident policies to organisations that cover their employees in the event of an accident. Policies, such as Peoplesure, can minimise disruption to business operations if key people are unable to work as a result of an accident.

Chubb's Personal Lines Department, operating from the UK, is a leading insurer of individuals and families with significant assets to protect and who demand superior cover and service. The Personal Lines Department offer three tiers of policy according to the sums a customer wishes to insure, starting with the 'Initial' policy, then our core 'Masterpiece' product and thirdly our ultra high net-worth policy, 'Signature'.

A key performance indicator for insurance business is the combined ratio, which compares the cost of losses and expenses to premiums for the year. A reduction in the combined ratio therefore represents an improvement in underwriting performance. The graph below shows our combined ratios with their loss and expense components over the last 5 years:

Net combined ratios



¹Based on net claims incurred as a percentage of net earned premiums

²Based on net operating expenses incurred (excluding deferred acquisition costs) as a percentage of net written premiums

Results by insurance class

The gross premium written and net underwriting result analysed by the accounting classes defined by UK companies legislation are shown in the table below.

	2009	Net	2008	Net
	Gross	underwriting	Gross	underwriting
	premium	result	premium	result
	written	£000	written	£000
	£000	£000	£000	£000
Direct insurance:				
Accident and health	72,949	6,713	67,321	221
Motor (third-party liability)	4,406	(3,485)	3,647	(1,970)
Motor (other classes)	16,755	2,405	14,378	2,819
Marine, aviation and transport	34,017	(389)	28,485	(8,093)
Fire & other damage to property	171,342	(3,659)	162,710	6,821
Third-party liability	367,817	68,431	329,069	47,916
Credit and suretyship	7,217	(2,407)	4,644	(4,561)
Assistance	813	486	937	591
Miscellaneous	102,356	28,970	90,479	16,539
	777,672	97,065	701,670	60,284
Reinsurance acceptances	20,923	7,704	43,353	21,591
	798,595	104,769	745,023	81,875

Total gross premiums reported grew by 7% in the year. However, this growth is primarily attributable to currency fluctuation. Excluding currency fluctuation growth was almost flat, reflecting the discipline maintained in our underwriting in a soft market for most lines. With limited exceptions in some marine and financial institutions lines, during 2009 we continued to see competitors pushing rates below those acceptable to us, as well as recessionary pressure on premium drivers such as property values, turnover and employee numbers.

Claims and prior year reserve movements

Net claims incurred for 2009 were £332.8 million (2008: £318.8 million). The company's insurance portfolio is well diversified and is not significantly exposed to US windstorm or earthquake catastrophe events. The primary catastrophe exposure is to European weather events.

Estimates of claims outstanding are subject to the outcome of future events. Consequently, changes in estimates are unavoidable given that loss trends vary and time is required for changes in trends to be recognized and confirmed. During 2009 the company experienced overall favourable development of £128.7 million on net claims outstanding established as at the previous year end. This compares with favourable development of £108.5 million in 2008. This favourable development has principally arisen in the Third-party liability and the Miscellaneous classes. Such favourable development was reflected in the financial results in those respective years.

Reinsurance

The company is committed to maintaining strong underwriting and risk selection disciplines. Reinsurance is purchased in support of this strategy to minimise the impact of very large losses and catastrophes.

In 2009 we have kept our reinsurance costs constant at 17.1% of gross premiums written (2008: 17.0%).

Results by geographical segment

Our portfolio of business is well balanced across the main geographical segments in which we operate in Europe, with all regions contributing to the profitability of the company.

Profit before tax	2009	2008
	£000	£000
United Kingdom & Ireland	71,045	123,708
Southern Europe	45,240	39,127
Central & Eastern Europe	48,483	27,237
Northern Europe	29,751	17,818
	194,519	207,890

Investments

Total investments at 31 December 2009 were £2,634.0 million (2008: £2,566.1 million). Over £2,123.1 million (2008: £2,154.0 million) of the portfolio is invested in fixed income government and corporate securities with a Standard & Poor's rating of AA or better. Just over 4% of the investment portfolio is held in private equity partnership schemes. The investment portfolio is managed to ensure an overall matching with the company's liabilities for both currency and liquidity risk.

The investment results demonstrate that our conservative investment philosophy has served us well during this period of financial market uncertainty. Our investment management objectives will continue to be to generate a stable investment income stream from a low-risk investment base with sufficient liquidity to meet the ongoing obligations of the insurance operations.

Investment income generated in the year from the portfolio was £128.4 million (2008: £104.6 million).

Expenses

The expense ratio for the company has improved slightly from 33.6% in 2008 to 33.4% in 2009. The company continues to take opportunities to improve the operating efficiency of key functions as they arise.

Capital strength

The company is required to prepare an Individual Capital Assessment (ICA) which determines the minimum acceptable level of capital based on the risks inherent in the business. Our Risk and Compliance team have developed a robust toolset for identifying and assessing operational risks which is embedded in all teams across our European operations. This risk quantification process operates alongside stochastic modelling of our insurance business to generate a comprehensive analysis of the capital required.

The Directors have recommended to the company's shareholders a final dividend for the year of £185.0 million.

The company's available capital, after the reduction for this dividend, is in excess of the ICA model requirement and is also sufficient to support our existing A++ Financial Strength rating from AM Best.

The company is also fully engaged in preparations for the forthcoming Solvency II capital adequacy regime.

Outlook

We expect the pricing environment to continue to be challenging over the next 12 months with rises only in lines of business affected by shortages in capacity. Recessionary factors are anticipated to continue to put downward pressure on exposure values although some lessening of this effect towards the end of 2010 may occur.

As noted in the CEO's Statement, to continue our success into 2010 and beyond we must continue to be innovative in the way we do business. Our response to the particular risks and challenges in the current insurance marketplace is to think clearly about the different characteristics of our customer segments and align our approach more closely to their needs and those of the distribution channels they use.

Despite this difficult environment we move into 2010 building on a strong capital position and a commitment to maintaining our principles of underwriting discipline, specialist focus and careful investment.

DIRECTORS REPORT OF CHUBB INSURANCE COMPANY OF EUROPE SE

The Directors present their report and financial statements for the year ended 31 December 2009.

Principal activity

The principal activity of the company is the underwriting of specialist lines of general insurance. The company is an indirect, wholly-owned subsidiary of The Chubb Corporation.

Business review

Results

The company made a profit on ordinary activities before tax of £194.5 million for the year ended 31 December 2009 (2008 restated: £207.9 million).

Dividends

The company did not pay an interim dividend during the year (2008 restated: £12.7 million). The Directors recommend a final dividend for the year of £185.0 million (2008 restated: £nil).

Group reconstruction

On 1 January 2009, following a merger between Chubb Insurance Company of Europe plc and Chubb Insurance Company of Europe SA, Chubb Insurance Company of Europe plc adopted the form of a Societas Europaea registered under the name Chubb Insurance Company of Europe SE (“the company”).

With effect from that date, the company acquired all the rights, obligations, assets and liabilities of Chubb Insurance Company of Europe plc and Chubb Insurance Company of Europe SA, and Chubb Insurance Company of Europe SA was dissolved without liquidation.

Amounts in respect of previous financial years represent the merged results of Chubb Insurance Company of Europe SA and Chubb Insurance Company of Europe plc. Amounts relating to Chubb Insurance Company of Europe SA have been restated to United Kingdom Generally Accepted Accounting Practice from the amounts originally filed in Belgium.

Risk and capital management

Risk management

The management of the company's financial risks is governed by the risk management policy of the board of Directors, which sets out responsibility and accountability for risk management within the company. In line with The Chubb Corporation's enterprise risk management programme, it also defines the board's appetite or tolerance in relation to key areas of risk. The policy is implemented via the company's risk management framework, which embeds within the business a consistent approach to the identification, assessment, mitigation, monitoring and reporting of risk. The framework encompasses all of the significant classes of risk to which the company is exposed, namely insurance, operational, credit, market, liquidity and group risk. Through the framework each of the specific risks faced by the company is allocated to an individual for management. They are responsible for ensuring the appropriate controls are in place to keep the risk within proportionate appetite or tolerance thresholds.

The risk management framework is designed to be a reliable source of risk quantification data to support the company's assessment of its capital resource requirements.

Capital management

The company is committed to ensuring it maintains prudent levels of capital resources to support the business operations and initiatives and the risks which arise from them. These resources provide protection for policyholders, and other interested parties.

Policyholders, reinsurers and other interested parties consider the rating of the company by independent rating agencies as important in assessing the financial strength of the company. Thus, the company monitors the capital resources that it requires in order to ensure they are sufficient to maintain a superior / very strong stand-alone rating from appropriate rating agencies. The company maintained this rating throughout the year and has continued to maintain it since the balance sheet date.

The company is also obliged to ensure its capital resources meet regulatory capital requirements. The company is required by the United Kingdom's Financial Services Authority ("FSA") to undertake an Individual Capital Assessment ("ICA"), which is a risk based determination of the capital required to meet all of its financial liabilities with a confidence level of 99.5%. The company has determined the level of capital required on this basis and has elected to maintain capital resources which exceed this regulatory requirement by a margin sufficient to maintain the ratings above. All of the classes of risk faced by the company have been quantified within its ICA. Insurance, operational and group risk are described below. Given their relevance to the assets the company holds to meet its capital requirements, credit, market and liquidity risk are discussed in note 2 to the financial statements, which deals with financial instruments. Capital resources, for the purposes of the ICA, are taken as net assets before deduction of the equalisation provision less any inadmissible assets as prescribed by the FSA rules. As at 31 December 2009, these amounted to £1,109.4 million (2008 restated: £990.5 million).

The European Union's Solvency II directive will require regulated firms across Europe to meet further requirements in relation to risk and capital management. The company is committed to, and actively engaged in evolving its practice in this area to meet those requirements as they unfold between now and October 2012, when the directive comes into force.

Insurance risk

Insurance risk arises from unexpected significant adverse fluctuations in the frequency and/or severity of claims. Consistent with The Chubb Corporation's operating philosophy, the company mitigates this risk by maintaining underwriting discipline throughout the company. This policy is supported by each strategic business units' underwriting guidelines, expertise and appropriate authority limits. These guidelines are updated regularly to reflect developments in the nature of the insurance risks being underwritten. The company also uses a reinsurance programme to manage its insurance risk by providing cover against certain large exposures.

Operational risk

Operational risk can arise where a company suffers a loss as a result of inadequate or failed internal processes. This could be as a result of people's actions, system processes or external events. The company mitigates this risk through ensuring that material operational risks are identified and controls are adopted to limit these risks.

Group risk

Group risk is defined as detriment to the company arising from actions taken at an ultimate parent company level or from the actions of another subsidiary of that ultimate parent. Group risk is inherent in any multinational organisation and primarily arises from inconsistencies between the laws and regulations to which the various members of the organisation are subject. In particular, the company is subject to the laws of the countries in which it operates in Europe, while The Chubb Corporation is subject to the laws and regulations of the United States of America (including states and territories thereof). The company mitigates this risk through open communication in appropriate committees and other forums through which decision makers are advised of the potential impact that group policy and decisions may have, and how this may be addressed.

Directors

The following served as Directors from 1 January 2009 to the date of this report unless otherwise indicated:

M Casella (appointed 1 May 2009)
J Degnan
C Giles
P Haywood
I Hutchinson (appointed 1 May 2009)
K O'Shiel
J Tomlinson (retired 31 December 2009)
B Van Der Vossen

Employees

Equal opportunities

The company is fully committed to equal opportunities. The equal opportunities policy applies to all aspects of employment, including recruitment and selection, performance management, dismissal, training and development opportunities, promotion, pay, and terms and conditions of employment.

The company's employees are diverse and have been chosen for their experience, potential and skills regardless of gender, gender reassignment, sexual orientation, marital status, age, race, colour, nationality, ethnic origin, religion/religious belief or disability.

Health and safety

The company assigns great importance to the health, safety and welfare of its employees and others on its premises. The company has a health and safety policy in place which is the responsibility of the facilities manager.

Employee communication and involvement

The company facilitates open and regular communication with its employees with the intention of keeping them well informed about company matters. The company's internal intranet is used as a medium to communicate company news, external markets information, financial results, business priorities and other company information.

Employees are also kept well informed about the company's strategic direction and financial results through "open forum" staff events, email messages from senior management, branch and department update meetings and a quarterly company-wide newsletter.

The company operates a European Works Council ("EWC") which has been in existence since 1999 and enables management to inform and consult employees about management decisions, thus supporting two-way communication. The purpose of the EWC is to serve as a consultative body, supporting communication between staff and senior management.

Performance management

The company has a structured performance management process in place and individual employee performance is directly linked to their financial rewards. Senior managers are eligible to participate in The Chubb Corporation's long-term stock incentive plan.

Charitable donations

During the year, the company made charitable donations of £74,938 (2008 restated: £67,851). These included donations above £2,000 to MND Association (£5,000), Rainbow Trust (£3,000), MacMillan Cancer Support (£2,616), Red Nose Day 2009 (£2,447), Cystic Fibrosis Trust (£2,446) and The Stroke Association (£2,420) for general charitable purposes.

Branches

Details of the company's underwriting branches are shown on the Branch Details page.

Policy and practice on payment of creditors

The company's policy is to agree terms of payment when entering into transactions with suppliers and then pay those suppliers accordingly. The trade creditor days of the company as at 31 December 2009, calculated in accordance with statutory regulations, was 28 days (2008 restated: 34 days).

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law 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;
- 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website, www.chubb.com/uk. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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.

Indemnities for Directors

The company participates in a group insurance policy organised by The Chubb Corporation, which provides third party indemnity for the benefit of the Directors of the company with respect to their directorships of a subsidiary of The Chubb Corporation.

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution will be proposed at the Annual General Meeting for the reappointment of Ernst & Young LLP as the auditor of the company.

On behalf of the board

R Munro

Secretary

18 March 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHUBB INSURANCE COMPANY OF EUROPE SE

We have audited the financial statements of Chubb Insurance Company of Europe SE for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 16 and 17, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Equalisation provisions

Our evaluation of the presentation of information in the financial statements has had regard to the statutory requirement for insurance companies to maintain equalisation provisions in respect of general insurance business. The nature of equalisation provisions, the amounts set aside at 31 December 2009 and the effect of the movement in those provisions during the year on shareholders' funds, the balance on the general business technical account and profit before tax are disclosed in note 24.

Tim Leggett

(Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London

18 March 2010

PROFIT LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2009

20

Technical account – general business		2009	2008 *(restated)
	Notes	£000	£000
Earned premiums, net of reinsurance			
Gross premiums written	3	798,595	745,023
Outwards reinsurance premiums		(136,235)	(126,862)
Net premiums written		662,360	618,161
Change in the gross provision for unearned premiums		(2,741)	(18,672)
Change in the provision for unearned premiums, reinsurers' share		(2,972)	7,115
Change in unearned premiums, net of reinsurance		(5,713)	(11,557)
Earned premiums, net of reinsurance		656,647	606,604
Total technical income		656,647	606,604
Claims incurred, net of reinsurance	4		
Claims paid, gross amount		422,511	300,694
Claims paid, reinsurers' share		(39,693)	(25,215)
Net claims paid		382,818	275,479
Change in the provision for claims, gross amount		(61,358)	67,461
Change in the provision for claims, reinsurers' share		11,359	(24,142)
Change in the provision for claims, net of reinsurance		(49,999)	43,319
Claims incurred, net of reinsurance		332,819	318,798
Net operating expenses	5	219,059	205,931
Change in the equalisation provision	24	5,702	-
Total technical charges		557,580	524,729
Balance on the general business technical account		99,067	81,875

Non-technical account		2009	2008 *(restated)
	Notes	£000	£000
Balance on the general business technical account		99,067	81,875
Investment return			
Investment income	10	128,364	104,624
Unrealised losses on investments	10	(21,460)	(4,839)
Investment expenses and charges	10	(6,005)	(4,677)
Net investment return on defined benefits pension scheme	10, 26	(367)	(299)
Investment return		100,532	94,809
Other (charges) / income	11	(5,080)	31,206
Profit on ordinary activities before tax		194,519	207,890
Tax on profit on ordinary activities	12	(67,124)	(67,184)
Profit for the financial year		127,395	140,706

The above results are all derived from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2009

		2009	2008 *(restated)
	Notes	£000	£000
Profit for the financial year		127,395	140,706
Other recognised gains and losses			
Actuarial gains / (losses) on defined benefits pension schemes	26	749	(7,074)
Unrealised (losses) / gains on investments	10	(37,954)	133,438
Foreign currency translation gain		12,577	125,724
Other recognised gains and losses before tax		(24,628)	252,088
Tax credit / (charge) on other recognised gains and losses	12	10,103	(37,766)
Other recognised gains and losses after tax		(14,525)	214,322
Total recognised gains relating to the year		112,870	355,028

Note of historical profits and losses

Gains and losses arising from using fair value accounting for financial instruments are not required to be included in a note of historical profits and losses. There are no other differences between the profit for the financial year stated above and its historical cost equivalent.

BALANCE SHEET AS AT 31 DECEMBER 2009

Assets		2009	2008 *(restated)
	Notes	£000	£000
Intangible assets	13	195	954
Investments			
Other financial investments	14	2,634,041	2,566,106
Reinsurers' share of technical provisions			
Provision for unearned premiums		33,812	36,648
Claims outstanding		302,260	310,359
		336,072	347,007
Debtors			
Debtors arising out of direct insurance operations	15	142,026	136,938
Debtors arising out of reinsurance operations		23,533	36,649
Other debtors	16	21,669	21,823
		187,228	195,410
Other assets			
Tangible assets	18	5,658	7,074
Cash at bank and in hand		13	13
		5,671	7,087
Prepayments and accrued income			
Accrued interest and rent		44,300	43,817
Deferred acquisition costs		88,037	86,231
Other prepayments and accrued income		580	676
		132,917	130,724
Total assets		3,296,124	3,247,288

Liabilities		2009	2008 *(restated)
	Notes	£000	£000
Capital and reserves			
Called up share capital	19	2,849	2,849
Share premium account	20	414,938	414,938
Reserves	21	569,294	594,717
Profit and loss account	22	140,533	22
Equity shareholders' funds	23	1,127,614	1,012,526
Technical provisions			
Provision for unearned premiums		349,304	345,193
Claims outstanding		1,673,815	1,714,140
Equalisation provision	24	5,702	–
		2,028,821	2,059,333
Provisions for other risks	25	45,916	48,688
Deposits from reinsurers		390	378
Creditors			
Creditors arising out of direct insurance operations		20,589	22,618
Creditors arising out of reinsurance operations		30,501	38,054
Other creditors including taxation and social security	27	25,200	49,265
		76,290	109,937
Accruals and deferred income	29	17,093	16,426
Total liabilities		3,296,124	3,247,288

The financial statements on pages 20 to 65 were approved by the board of Directors and were signed on its behalf by:

K O'Shiel
Director

18 March 2010

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with section 6 of, and Schedule 3 to, the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 pursuant to section 396 of the Companies Act 2006.

The financial statements have also been prepared in accordance with applicable United Kingdom accounting standards and comply with the Statement of Recommended Practice on Accounting for Insurance Business issued by the Association of British Insurers in December 2005 as amended in December 2006.

The company has taken advantage of the exemption given to subsidiary companies in Financial Reporting Standard 1 (Revised) from the preparation of a cash flow statement.

Underwriting

Gross premiums

Gross written premiums represent premiums on direct insurance and reinsurance assumed contracts that incepted during the period, together with adjustments made in the period to premiums written in prior accounting periods. Gross premiums are shown before deduction of brokerage and commission due to intermediaries but net of taxes and duties levied on premiums.

Premium debtors

Premiums receivable which are outstanding at the balance sheet date are shown as debtors less any amounts not considered to be collectable. Estimates are included for pipeline premiums, being premium amounts due but not yet received or notified to the company by intermediaries.

Provision for unearned premiums

Written premiums are recognised as earned premiums proportionally over the period of the coverage of the policy. Premiums that have been written but not yet earned are shown in the provision for unearned premiums.

Claims

Claims incurred represent the claims and claims handling costs paid in the period, together with the movement in provision for claims outstanding, less any salvage or other similar recoveries.

The provision for claims outstanding represents the estimated ultimate cost of all claims notified but not settled by the balance sheet date and includes provisions for reported outstanding claims, claims incurred but not reported ("IBNR") and claims handling costs.

There is inherent uncertainty, due to the nature of insurance underwriting, as to the ultimate cost of claims. Therefore, subsequent information and events may result in the ultimate cost of claims being different to the amounts previously provided. Adjustments of this nature are reflected in the period that the subsequent information becomes known or the subsequent event occurs.

Provision for claims outstanding estimation techniques

As a result of this inherent uncertainty in the ultimate cost of claims, a variety of different actuarial techniques are used to estimate the provision for claims outstanding. These techniques include using the following statistical analyses: (a) the development of claims on more mature accident years to estimate the claims development on less mature accident years; (b) the development of claim numbers and average cost per claims on more mature accident years to estimate the claims development on less mature accident years; (c) expected loss ratios for each accident year taking into account underwriting factors that may be particularly pertinent to that year, for instance, price changes, changes in business mix, market conditions, policy coverage, etc; and (d) techniques that involve using a mixture of the above analyses such as the Bornheutter-Ferguson method which uses a combination of claims development and expected loss ratios, where claims development is given more weight as an accident year matures.

These analyses for each line of business taking into account whether the period of time between the occurrence of the claim and the claim being notified to the company is considered to be short or long for that line of business.

Large claims, that can distort the above analyses, are extracted from the main data, analysed and projected separately.

In deriving a best estimate for the provision for claim outstanding, the company considers the techniques that are most appropriate to the line of business and accident year.

Unexpired risks

At the balance sheet date, an assessment is made of whether the cost of claims and expenses arising after the end of the financial period in respect of contracts concluded before that date, are expected to exceed the provision for unearned premiums (net of any deferred acquisition costs) and any premiums still receivable under these contracts. In this event, a provision for unexpired risks is made after offsetting surpluses and deficits arising from lines of business which are managed together and after taking into account relevant future investment income.

Equalisation provision

An equalisation provision has been calculated in accordance with chapter 1.4 of the Prudential Sourcebook for Insurers issued by the Financial Services Authority. The amount provided does not represent a liability as it is in addition to the provision required to meet the anticipated ultimate cost of settlement of outstanding claims at the balance sheet, but notwithstanding this, it is required to be included within technical provisions by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 pursuant to section 396 of the Companies Act 2006.

Reinsurance ceded

Premiums ceded on outward reinsurance contracts are accounted for in the same accounting period as the premiums for the direct or reinsurance assumed business.

Amounts recoverable from reinsurers are recognised based on the amount estimated to be reimbursed under reinsurance contracts that provide for recoveries of contractually defined portions of the gross claims paid of the company as of the balance sheet date, less any receipts from those reinsurers as of that date and any amounts not considered to be collectable.

Deferred acquisition costs

Acquisition costs comprise commission and other related expenses, excluding taxes and duties levied on premiums, of acquiring new contracts or renewing existing contracts. When these costs relate to premiums written that have yet to be earned at the balance sheet date, these costs are deferred and shown as deferred acquisition costs. Subsequently, these deferred acquisition costs are charged to the profit and loss account as the unearned premium to which the costs relate become earned.

Financial assets

The company classifies its financial assets as either financial assets at fair value through the profit and loss account, available for sale financial assets or loans and receivables. All financial assets are initially recognised at fair value; their subsequent measurement is discussed below.

Investments

Investments in private equity limited partnerships are classified as financial assets at fair value through the profit and loss account as they are managed, and their performance evaluated, on a fair value basis including unrealised gains and losses.

Investments in bonds, short term deposits and unit trusts that invest predominately in bonds and short term deposits are classified as available for sale financial assets. Bond purchases and sales are recognised at trade date.

Both financial assets at fair value through the profit and loss account and available for sale financial assets are subsequently re-appraised to their fair value at each balance sheet date. Where there is an active market for these investments, fair value is based upon quoted prices using bid price. Where there is not an active market, but other market data is observable for these investments, fair value is based upon that market data using expected bid price. Where there is neither an active market nor any other observable market data, for instance, for such financial assets as investments in private equity limited partnerships, these are initially carried at cost as the best estimate of fair value and are adjusted thereafter whenever events or changes in circumstances indicate that the carrying amount may not approximate to fair value. In these circumstances, fair value is calculated using the most appropriate valuation technique.

For financial assets at fair value through the profit and loss account, these fair value adjustments are shown as unrealised gains and losses in the profit and loss account whereas, for available for sale financial assets, these fair value adjustments are shown as unrealised gains and losses in the statement of total recognised gain and losses.

Impairment losses on available for sale financial assets are recognised in the profit and loss account if there has been an event that has had a negative impact on the expected future cash flows of the asset and the fair value of the asset is below its amortised cost.

Other receivables

Other receivables are classified as loans and other receivables. Loans and other receivables are carried at amortised cost less any provision for impairment arising from uncollectibility.

Investment return

Investment return in the profit and loss account comprises investment income, realised investment gains and losses and movements in unrealised gains and losses (on financial assets at fair value through the profit and loss account), net of investment expenses, impairment losses (on available for sale financial assets) and interest payable.

Investment income includes dividends, interest receivable and the amortisation of any discount or premium on available for sale financial assets.

Realised gains and losses on investments which arise on the disposal of investments represent the difference between net sales proceeds and the purchase, amortised or impaired cost of the investment.

Intangible and tangible assets

Intangible assets

Expenditure on intangible assets arising from the purchase of insurance operations is capitalised as goodwill and depreciated on a straight line basis over the estimated useful economic lives of the assets. The period used to depreciate the assets capitalised to date is 10 years.

Tangible assets

Expenditure on tangible assets is capitalised and depreciated on a straight line basis over the estimated useful economic lives of the assets. The periods used to depreciate these assets are as follows:

Leasehold improvements	Over the remaining period of the lease
Computer hardware & software	3 years
Office equipment & furniture	4 years
Motor vehicles	4 years

Impairment review

An impairment review is performed whenever there is an indication that assets may be impaired. If the assets are impaired, then the recoverable amount of the assets is estimated and the difference between that amount and the carrying value is charged to the profit and loss account.

Leased assets

Leases which substantially transfer all the risks and rewards of ownership to the company are treated as finance leases. At inception, these leases are recognised as assets, with corresponding liabilities, at the lower of the fair value of the leased asset or the present value of the minimum lease payments. These assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. Lease payments are apportioned between finance charges and repayments of the outstanding liabilities. The interest element of finance lease rentals is charged to the profit and loss account.

All other leases are classified as operating leases. Operating lease rental payments are charged in the profit and loss account on a straight line basis over the lease term.

Foreign exchange

The transactions of each branch operation are initially measured in the functional currency of that branch. Foreign currency transactions are converted to the functional currency of each branch 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 balance sheet date, are recognised in the non-technical part of the profit and loss account.

The results of those branches for which the functional currencies are not sterling are then translated into sterling each month, using a current rate for that month, so that the annual results will be an aggregate of those translated monthly results. The asset and liabilities at the balance sheet date are also translated into sterling using the current rate prevailing at that date. Foreign exchange adjustments arising from these translations are recorded in the statement of total recognised gains and losses.

Pension costs

Defined benefit schemes

Defined benefit schemes are pension schemes that specify an amount of pension benefit that an employee will receive, usually based on such factors as age, years of service and salary.

The company operates defined benefit schemes whereby the company's contributions are paid into separately-held trusts or insurance policies. The schemes are largely closed to new entrants.

Regular valuations of the scheme assets and the obligations are performed by independent professionally qualified actuaries.

The difference between the market value of the assets and the present values of the accrued pension liabilities is shown as an asset or liability in the balance sheet, net of deferred tax.

The current service cost for the period of providing retirement benefits to employees is charged to the technical part of the profit and loss account.

The expected return on the scheme assets for the period, net of the interest costs on scheme liabilities for the period, is included in the non-technical part of the profit and loss account.

Actuarial gains and losses on scheme assets can arise when comparing the actual return on scheme assets with the expected return on those assets. With regard to scheme liabilities, actuarial gains and losses can arise when comparing actual experience with the actuarial assumptions underlying the scheme liabilities and also from changes in actuarial assumptions to reflect conditions at the balance sheet date. All actuarial gains and loss are recognised in the statement of recognised gains and losses.

Defined contribution schemes

The company also operates defined contribution schemes. Defined contribution schemes are schemes where fixed contributions are made and the company has no further liabilities beyond paying the contributions. Contributions are charged in the technical part of the profit and loss account in the period to which they relate.

Share-based payment

The company's ultimate parent company, The Chubb Corporation, operates share-based payment arrangements that are open to certain employees of the company. Where an employee partakes in one of these arrangements, the company measures the fair value of the arrangement by reference to the fair value of the equity instrument granted under the arrangement taking into account observable market prices of The Chubb's Corporation shares. These arrangements are treated as equity-settled arrangements in the company's accounts. Thus, the fair value of the arrangement is charged to the profit and loss account over the vesting period of the arrangement, with the corresponding entry being recognised in equity.

Taxation

Taxation on the result for the period comprises current and deferred tax. It is recognised in the profit and loss account with the exception of any tax on items included in the statement of total recognised gains and losses.

Current tax includes the expected tax payable on the profit or loss for the period together with any adjustments to tax payable in respect of prior periods.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their respective carrying amounts in the financial statements. Deferred tax is calculated using tax rates and laws that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related liability is settled or asset is realised. Deferred tax balances are not discounted.

Deferred tax assets are only recognised to the extent that future taxable profits are expected to be available against which the temporary differences can be utilised.

Merger accounting

The merger method of accounting has been used for the group reconstruction that occurred on 1 January 2009 where, following the merger of Chubb Insurance Company of Europe plc and Chubb Insurance Company of Europe SA, the company received the transfer of the assets, liabilities and business of Chubb Insurance Company of Europe SA. Accordingly, any corresponding amounts in respect of the previous financial years have been restated as if the entities had always been merged throughout those years. Amounts relating to Chubb Insurance Company of Europe SA have been restated to United Kingdom Generally Accepted Accounting Practice from the amounts originally filed in Belgium.

2. Financial instruments: risk disclosures

Disclosures relating to the credit, market and liquidity risks associated with financial instruments are provided below. An overview of the company's risk and capital management policies is provided in the Directors' Report.

Credit risk

Credit risk arises when a third party, with whom a company transacts, defaults. The main credit risk that the company faces is in respect of reinsurer default but, given the continued uncertainty in the banking sector and economic climate in general, the risk of a bond issuer or a bank defaulting has increased. The company mitigates this risk by selecting reinsurers, bond issuers and banks that are considered to have a strong, or better, credit rating and by setting limits on the level of exposures the company has to any particular counterparty. The company also faces the risk of intermediaries, such as brokers, defaulting. This risk is mitigated through credit assessment of intermediaries, review of intermediary credit limits and active aged debt management. An analysis of the major categories of assets with credit risk exposure (excluding premium debtors) and a rating of that exposure, based on Standard & Poor's or equivalent, is shown below.

At 31 December 2009	AAA	AA	A	BBB/BB	Other / not rated	Total
	£000	£000	£000	£000	£000	£000
Debt securities and other fixed income securities	1,744,418	369,572	354,108	9,590	–	2,477,688
Deposits with credit institutions	8,531	607	3,947	–	–	13,085
Reinsurers' share of technical provisions	2,082	195,800	47,623	3,098	53,657	302,260
Debtors arising out of ceded reinsurance operations	–	4,763	362	905	13,176	19,206
	1,755,031	570,742	406,040	13,593	66,833	2,812,239

At 31 December 2008 (restated)	AAA	AA	A	BBB/BB	Other /	Total
	£000	£000	£000	£000	£000	£000
Debt securities and other fixed income securities	2,016,301	116,710	240,734	18,471	1,656	2,393,872
Deposits with credit institutions	–	20,980	18,652	–	72	39,704
Reinsurers' share of technical provisions	19,848	174,633	50,460	4,586	60,832	310,359
Debtors arising out of ceded reinsurance operations	5	9,354	745	1,474	16,883	28,461
	2,036,154	321,677	310,591	24,531	79,443	2,772,396

For premium debtors, an aged debt analysis is shown below.

At 31 December 2009	Not yet overdue	1 day to 3 months overdue	Over 3 months overdue	Total
	£000	£000	£000	£000
Debtors arising out of direct insurance and assumed reinsurance operations	127,486	16,776	2,091	146,353
At 31 December 2008 (restated)	Not yet overdue £000	1 day to 3 months overdue £000	Over 3 months overdue £000	Total £000
Debtors arising out of direct insurance and assumed reinsurance operations	124,486	16,252	4,388	145,126

Market risk

Market risk on financial instruments arises from unexpected fluctuations in the fair value or future cash flows of assets in the investment portfolio, be that from changes in interest rate risk, currency risk or other price risk.

The company mitigates its market risk by taking a conservative approach to its investments. At 31 December 2009, 94.1% (2008 restated: 93.3%) of its investment portfolio was in bonds, split on 69:31 (2008 restated: 79:21) between government and corporate bonds, 1.8% (2008 restated: 2.1%) was in short-term deposits and unit trusts investing mainly in short-term deposits and 4.1% (2008 restated: 4.6%) was in private equity limited partnerships.

The bonds bear interest rate risk whereby changes in market interest rates can affect the market value of the bond portfolio and consequently the net assets of the company. The company mitigates this risk by investing in relatively short-tail bonds which bear low interest rate risk. At 31 December 31 2009, the average life of the bond portfolio was 4.1 years (2008 restated: 5.1 years). As an indication of interest rate sensitivity, if market interest rates had risen by 100 basis points, the fair value of the bonds may have been expected, as an estimate, to decrease by £87.6 million (2008 restated: £113.8 million).

Currency risk can arise where assets and liabilities are expected to be settled in differing currencies. The company largely mitigates this risk by matching assets with liabilities in the same currency. Currency risk can also arise where there are surplus assets, held in a currency other than Sterling, and that other currency deteriorates significantly against Sterling. The company predominately holds its surplus assets in Sterling and Euros as these are the major functional currencies of its branches. Therefore, the company is potentially exposed to an adverse movement in the Euro against Sterling. If the Euro had weakened by 5% against Sterling, then shareholders' funds attributable to branches with a Euro functional currency, would have been reduced by £31.3 million (2008 restated: £28.5 million).

Liquidity risk

Liquidity risk relates to the risk that, irrespective of a company's solvency position, a company may encounter difficulty in finding sufficient available financial assets or cash to enable it to meet its financial obligations as and when they fall due. The company mitigates this risk by maintaining suitable levels of readily realisable assets. 95.9% (2008 restated: 95.4%) of the company's investment portfolio is held in bonds, short-term deposits or unit trusts investing mainly in short-term deposits, all of which are readily realisable.

3. Segmental information

Insurance class analysis as required by companies' legislation

2009	Gross premium written	Gross premium earned	Gross claims incurred	Gross operating expenses	Outwards reinsurance balance
	£000	£000	£000	£000	£000
Direct insurance:					
Accident and health	72,949	70,460	37,232	23,206	3,309
Motor (third party liability)	4,406	4,186	5,403	1,364	904
Motor (other classes)	16,755	16,745	9,219	5,053	68
Marine, aviation and transport	34,017	34,431	15,918	14,463	4,439
Fire & other damage to property	171,342	171,720	86,485	59,459	29,435
Third-party liability	367,817	367,005	146,940	101,668	49,966
Credit and suretyship	7,217	5,980	10,179	1,237	(3,029)
Assistance	813	864	20	319	39
Miscellaneous	102,356	103,194	25,304	24,689	24,231
	777,672	774,585	336,700	231,458	109,362
Reinsurance acceptances	20,923	21,269	24,453	4,781	(15,669)
	798,595	795,854	361,153	236,239	93,693

2008 (restated)	Gross premium written	Gross premium earned	Gross claims incurred	Gross operating expenses	Outwards reinsurance balance
	£000	£000	£000	£000	£000
Direct insurance:					
Accident and health	67,321	67,005	42,927	21,023	2,834
Motor (third party liability)	3,647	3,597	4,100	1,274	193
Motor (other classes)	14,378	14,296	7,390	4,029	58
Marine, aviation and transport	28,485	25,899	16,033	12,659	5,300
Fire & other damage to property	162,710	165,122	91,994	53,410	12,897
Third-party liability	329,069	317,241	180,336	94,726	(5,737)
Credit and suretyship	4,644	2,344	4,580	1,172	1,153
Assistance	937	930	(22)	319	42
Miscellaneous	90,479	87,123	11,571	22,609	36,404
	701,670	683,557	358,908	211,221	53,144
Reinsurance acceptances	43,353	42,794	9,247	8,752	3,204
	745,023	726,351	368,155	219,973	56,348

Analysis of gross written premium by origin and the company's geographical segments

	2009	2008 (restated)
	£000	£000
United Kingdom & Ireland	428,842	399,492
Southern Europe	157,988	157,815
Central & Eastern Europe	124,268	106,299
Northern Europe	87,497	81,417
	798,595	745,023

Analysis of gross written premium by origin and the geographical segments required by companies' legislation

	2009	2008 (restated)
	£000	£000
United Kingdom	395,736	369,444
Other EEA countries	387,071	364,185
Other countries	15,788	11,394
	798,595	745,023

Analysis of gross written premium by destination

	2009	2008 (restated)
	£000	£000
United Kingdom & Ireland	347,131	347,443
Southern Europe	161,841	142,946
Central & Eastern Europe	123,686	108,999
Northern Europe	93,065	87,791
North America	25,656	28,553
Other regions	47,216	29,291
	798,595	745,023

Analysis of profit before tax by origin and the company's geographical segments

	2009	2008 (restated)
	£000	£000
United Kingdom & Ireland	71,045	123,708
Southern Europe	45,240	39,127
Central & Eastern Europe	48,483	27,237
Northern Europe	29,751	17,818
	194,519	207,890

Analysis of net assets by origin and the company's geographical segments

	2009	2008 (restated)
	£000	£000
United Kingdom & Ireland	477,731	433,420
Southern Europe	102,267	74,255
Central & Eastern Europe	46,262	24,977
Northern Europe	501,354	479,874
	1,127,614	1,012,526

4. Claims incurred

Claims incurred includes the following movements arising from favourable/(unfavourable) development in the prior years' net provision for claims outstanding:

	2009	2008 (restated)
	£000	£000
Direct insurance:		
Accident and health	3,371	(3,088)
Motor (third party liability)	(2,575)	(606)
Motor (other classes)	1,986	749
Marine, aviation and transport	1,076	1,451
Fire & other damage to property	7,464	17,208
Third-party liability	85,214	69,381
Credit & suretyship	85	(2,923)
Assistance	99	146
Miscellaneous	27,328	21,216
	124,048	103,534
Reinsurance acceptances	4,638	4,997
	128,686	108,531

5. Net operating expenses

	2009	2008 (restated)
	£000	£000
Commission	106,834	102,023
Other acquisition costs	96,548	88,264
Acquisition costs	203,382	190,287
Change in deferred acquisition costs	(1,907)	(3,863)
Administrative expenses	34,764	33,549
Gross operating expenses	236,239	219,973
Reinsurance commissions and profit participation	(17,180)	(14,042)
Net operating expenses	219,059	205,931
	2009	2008 (restated)
	£000	£000
Net operating expense before change in deferred acquisition costs	221,281	207,938
Change in deferred acquisition costs, net of reinsurance	(2,222)	(1,997)
Net operating expenses	219,059	205,931

6. Staff costs and numbers

	2009	2008 (restated)
	£000	£000
Wages and salaries	71,365	73,610
Social security costs	10,621	10,032
Other pensions costs	8,465	8,372
	90,451	92,014

	2009	2008 (restated)
	Number	Number
The average number of staff employed by the company was as follows:		
Underwriting and claims	630	609
Administration	487	511
	1,117	1,120

7. Directors' remuneration

	2009	2008 (restated)
	£000	£000
Aggregate remuneration	1,618	2,112
Company pension contributions to money purchase schemes	155	97
	1,773	2,209

During the year, 1 Director (2008 restated: 1 Director) accrued benefits solely under a defined contribution scheme, 1 Director (2008 restated: 2 Directors) accrued benefits solely under a defined benefit scheme and 2 Directors (2008 restated: 2 Directors) accrued benefits under both defined contribution and defined benefit schemes.

Highest paid Director	2009	2008 (restated)
	£000	£000
Aggregate remuneration	520	673
Company pension contributions to money purchase schemes	18	46
	538	719

At 31 December 2009, the highest paid Director accrued a pension of £27,165 (2008 restated: £24,239) under a defined benefit pension scheme.

8. Auditors remuneration

	2009	2008 (restated)
	£000	£000
Audit of the company's financial statements	435	392
Fees arising from services pursuant to legislation	33	10
Other services	43	91
	511	493

9. Operating lease rentals and commitments

Operating lease rentals	2009	2008 (restated)
	£000	£000
Land and buildings	10,325	10,111

Operating lease commitments	2009	2008 (restated)
	£000	£000
Annual land and buildings' commitments under non-cancellable leases expiring:		
Within one year	1,758	317
Within two and five years	4,349	4,877
After five years	5,657	7,264
	11,764	12,458

10. Investment return

	2009	2008 (restated)
	£000	£000
Investment income – interest and other similar income		
Available for sale financial assets	91,724	91,929
Fair value through the profit and loss account financial assets	42	88
	91,766	92,017
Investment income – realised gains		
Available for sale financial assets	36,487	5,150
Fair value through the profit and loss account financial assets	111	7,457
	36,598	12,607
Total investment income	128,364	104,624
Unrealised (losses) / gains:		
Available for sale assets (included in the statement of total recognised gains and losses)	(37,954)	133,438
Fair value through the profit and loss account financial assets	(21,460)	(4,839)
Total unrealised (losses) / gains	(59,414)	128,599
Investment expenses and charges:		
Other expenses and charges on available for sale financial assets	(1,974)	(1,867)
Other expenses and charges on fair value through the profit and loss account financial assets	(4,031)	(2,810)
Total investment expenses and charges	(6,005)	(4,677)
Net investment return on defined benefits pension scheme	(367)	(299)
Total investment return	62,578	228,247

Analysis by classification	2009	2008 (restated)
	£000	£000
Available for sale assets	104,777	90,373
Fair value through the profit and loss account assets	(41,832)	138,173
Defined benefits pension scheme	(367)	(299)
	62,578	228,247

Analysis by recognition treatment	2009	2008 (restated)
	£000	£000
In the profit and loss account	100,532	94,809
In the statement of total recognised gains and losses (relating to unrealised (losses) / gains on available for sale financial assets)	(37,954)	133,438
	62,578	228,247

11. Other income and charges

	2009	2008 (restated)
	£000	£000
Foreign currency exchange gains, net of losses, recognised in the profit and loss account (except for those arising on financial assets at fair value through the profit and loss account) – net (charges) / income	(5,080)	31,206

12. Tax on profit on ordinary activities

Analysis of charge for the year	2009	2008 (restated)
	£000	£000
Current UK tax:		
UK corporation tax on profit for the year*	46,344	31,435
Adjustment in respect of previous periods	(1,291)	(387)
	45,053	31,048
Double taxation relief*	(27,084)	–
Current UK tax charge	17,969	31,048
Current foreign tax:		
Foreign tax on profit for the year	33,530	19,107
Adjustment in respect of previous periods	7,741	125
Current foreign tax charge	41,271	19,232
Total current tax charge	59,240	50,280
Deferred tax:		
UK corporation tax	(2,475)	15,449
Foreign tax	256	39,221
Total deferred tax charge	(2,219)	54,670
Total tax charge	57,021	104,950

*From 1 January 2009, the company became subject to the United Kingdom's global taxation regime.

Analysis by recognition treatment	2009	2008 (restated)
	£000	£000
Charge to the profit and loss account:		
Current tax	67,002	50,280
Deferred tax	122	16,904
	67,124	67,184
(Credit) / charge to the statement of total recognised gains and losses:		
Current tax	(7,762)	–
Deferred tax	(2,341)	37,766
	(10,103)	37,766
Total tax charge	57,021	104,950

Analysis by classification	2009	2008 (restated)
	£000	£000
Charge to the profit and loss account:		
UK tax	25,829	32,114
Foreign tax	41,295	35,070
	67,124	67,184
(Credit) / charge to the statement of total recognised gains and losses:		
UK tax	(10,335)	14,383
Foreign tax	232	23,383
	(10,103)	37,766
Total tax charge	57,021	104,950

Further analysis of deferred tax (credit) / charge	2009	2008 (restated)
	£000	£000
Charge to the profit and loss account arising from:		
Origination and reversal of timing differences	122	16,868
Changes in tax rates and laws	–	36
	122	16,904
(Credit) / charge to the statement of total recognised gains and losses arising from:		
Origination and reversal of timing differences	(1,993)	38,671
Changes in tax rates and laws	(348)	(905)
	(2,341)	37,766
Total deferred tax (credit) / charge	(2,219)	54,670

Factors affecting the tax charge for the year	2009	2008 (restated)
	£000	£000
Profit on ordinary activities before tax	194,519	207,890
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28.5%)	54,465	59,249
Expenses not deductible for tax purposes	596	2,595
Foreign exchange	(1,260)	–
Utilisation of losses	–	(15,604)
Other timing differences	(122)	(1,300)
Higher rates of tax on overseas earnings	6,873	5,601
Adjustments in respect of previous periods	6,450	(261)
Current tax charge in the profit and loss account	67,002	50,280

The statement of total recognised gains and losses includes a current tax credit of £7,761,668 (2008 restated: nil) that relates to tax on unrealised losses on available for sale financial assets.

13. Intangible assets

Goodwill arising on purchase of premium portfolios	PFA Skade in Denmark	Wellington in UK	Total
	£000	£000	£000
Cost:			
At 1 January 2009	7,629	6,144	13,773
Currency translation differences	172	–	172
At 31 December 2009	7,801	6,144	13,945
Accumulated depreciation:			
At 1 January 2009	6,675	6,144	12,819
Charge for the year	768	–	768
Currency translation differences	163	–	163
At 31 December 2009	7,606	6,144	13,750
Net book value:			
At 31 December 2009	195	–	195
At 31 December 2008 (restated)	954	–	954

14. Investments

Analysis by accounting classification	Fair Value		Amortised cost / cost	
	2009	2008 (restated)	2009	2008 (restated)
	£000	£000	£000	£000
Available for sale financial assets	2,525,194	2,449,019	2,438,075	2,323,966
Fair value through the profit and loss account financial assets	108,847	117,087	120,174	102,370
	2,634,041	2,566,106	2,558,249	2,426,336
	Fair Value		Amortised cost / cost	
Analysis by fair value method, fair value based on:	2009	2008 (restated)	2009	2008 (restated)
Level 2 - observable market data other than quoted prices in active markets:				
Available for sale financial assets	2,525,194	2,449,019	2,438,075	2,323,966
Level 3 - inputs not based on observable market data:				
Fair value through the profit and loss account financial assets	108,847	117,087	120,174	102,370
	2,634,041	2,566,106	2,558,249	2,426,336

The company has taken the view that all bonds, government and corporate, are Level 2 as the company's fair values are based upon consensus pricing from multiple inputs rather than quoted prices.

Financial assets measured using inputs not based on observable market data

Fair value through the profit and loss account financial assets, measured using inputs not based on observable market data, consist of private equity limited partnerships. These private equity investments are across a wide range of industries and countries and are at different stages of their business cycles. Therefore, each investment has been assessed separately using a different technique or techniques that are appropriate to its situation. The techniques used, amongst others, include fair value by reference to the earnings of comparable companies, discounted cash flow methodologies or, if applicable, cost (less impairment). A 1% decrease in the fair value of these private equity limited partnerships would lead to a charge in the profit and loss account of £1,088,473 (2008: £1,170,865).

A reconciliation of the movements during the year of financial assets measured using inputs not based on observable market data is shown below:

	£000
Fair value at 1 January 2009	117,087
Additions	13,062
Disposals	(2,012)
Unrealised losses in the year	(21,460)
Currency translation differences	2,170
Fair value at 31 December 2009	108,847

Analysis by legal classification	Fair value		Amortised cost /cost	
	2009	2008 (restated)	2009	2008 (restated)
	£000	£000	£000	£000
Shares and other variable-yield securities and unit trusts:				
Listed	34,422	15,443	34,422	15,443
Unlisted	108,847	117,081	120,174	102,370
	143,269	132,530	154,596	117,813
Debt securities and other fixed income securities:				
Listed	2,477,687	2,393,872	2,390,568	2,268,819
Deposits with credit institutions	13,085	39,704	13,085	39,704
	2,634,041	2,566,106	2,558,249	2,426,336

15. Debtors arising out of direct insurance operations

	2009	2008 (restated)
	£000	£000
Intermediaries	142,026	136,938

16. Other debtors

	2009	2008 (restated)
	£000	£000
Amounts due within one year:		
Amounts due from group undertakings	8,985	11,880
Other debtors	12,684	9,943
	21,669	21,823

17. Deferred tax

Analysis of movement in the year	2009	2008 (restated)
	£000	£000
(Liability) / asset at 1 January	(29,352)	22,143
Charge in the profit and loss account for the year	(122)	(16,904)
Credit / (charge) in the statement of total recognised gains and losses	2,341	(37,766)
Currency translation differences	41	3,175
Liability at 31 December	(27,092)	(29,352)

Analysis in the balance sheet	2009	2008 (restated)
	£000	£000
Included in provisions for taxation	(32,365)	(34,742)
Netted off against defined benefit pension scheme liability	5,273	5,390
Total liability	(27,092)	(29,352)

Analysis of liability	2009	2008 (restated)
	£000	£000
Unrealised gains on investments	(34,549)	(37,198)
Pension related	6,061	6,822
Other	1,396	1,024
Total liability	(27,092)	(29,352)

18. Tangible assets

	Leasehold improvements	Office equipment & furniture	Motor vehicles	Computer hardware & software	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2009	21,702	13,214	1,817	27,188	63,921
Additions	162	104	617	1,047	1,930
Disposals	(452)	(350)	(371)	(508)	(1,681)
Currency translation differences	85	166	142	89	482
At 31 December 2009	21,497	13,134	2,205	27,816	64,652
Accumulated depreciation:					
At 1 January 2009	17,565	12,332	947	26,003	56,847
Charge for the year	1,743	633	394	1,244	4,014
Disposals	(378)	(346)	(346)	(454)	(1,524)
Currency translation differences	(229)	(53)	(4)	(57)	(343)
At 31 December 2009	18,701	12,566	991	26,736	58,994
Net book value:					
At 31 December 2009	2,796	568	1,214	1,080	5,658
At 31 December 2008 (restated)	4,137	882	870	1,185	7,074

	2009	2008 (restated)
Depreciation charged to the profit and loss account	£000	£000
Leased assets – motor vehicles	222	215
Owned assets	3,792	2,886
	4,014	3,101

	2009	2008 (restated)
Net book value	£000	£000
Leased assets – motor vehicles	863	562
Owned assets	4,795	6,512
	5,658	7,074

19. Called up share capital

	2009	2008 (restated)
	£000	£000
Authorised:		
3,000,000 ordinary shares of £1 each	3,000	3,000
Allotted, called up and fully paid:		
2,849,344 ordinary shares of £1 each	2,849	2,849

20. Share premium account

	2009	2008 (restated)
	£000	£000
Share premium account	414,938	414,938

The share premium account of £414,938,220 represents share premium of £412,508,220 that arose on 1 January 2009, when the company issued shares as detailed in the reserves note, combined with the share premium of £2,430,000 that was included in Chubb Insurance Company of Europe plc's accounts immediately prior to the merger with Chubb Insurance Company of Europe S.A.

21. Reserves

	Group reconstruction reserve	Fair value reserve	Share based payment reserve	Total
	£000	£000	£000	£000
At 1 January 2009	499,710	87,909	7,098	594,717
Unrealised losses, net of tax	–	(27,641)	–	(27,641)
Contribution from ultimate parent company	–	–	2,218	2,218
At 31 December 2009	499,710	60,268	9,316	569,294

Group reconstruction reserve

On 1 January 2009, the company issued 2,729,344 ordinary £1 shares with a base value of £415,237,564, giving rise to a share premium amount of £412,508,220, in consideration for the transfer of the trade, asset and liabilities of Chubb Insurance Company of Europe S.A. The transfer was treated as a group reconstruction under Financial Reporting Standard 6 and the Companies Act 2006. The total reserves arising on group reconstruction represent the difference between the net asset value of the Chubb Insurance Company of Europe S.A. immediately prior to the transfer and the base value of the shares issued.

Share based payment arrangements

The Chubb Corporation, the ultimate parent company, operates a long-term stock incentive plan under which certain employees of Chubb Insurance Company of Europe SE participate. The plan provides for the granting of restricted stock units and performance shares to these employees. Restricted stock unit awards are payable in cash, in shares of The Chubb Corporation's common stock, or in a combination of both. Restricted stock units are not considered to be outstanding shares of common stock, have no voting rights and are subject to forfeiture during the restriction period. Holders of restricted stock units may receive dividend equivalents. Performance share awards are based on the achievement of performance goals over three year performance periods. Performance share awards are payable in cash, in shares of The Chubb Corporation's common stock, or in a combination of both. Details of restricted stock units and performance shares that have not vested are provided below:

	Restricted stock units		Performance shares	
		Weighted average grant date fair value		Weighted average grant date fair value
	Number of shares	converted to £	Number of shares	converted to £
Not vested at 1 January 2009	188,591	33.1	50,821	33.4
Granted	88,323	24.8	23,484	28.0
Vested	(57,406)	29.2	(15,842)	27.5
Forfeited	(13,282)	30.9	-	-
Not vested at 31 December 2009	206,226	28.3	58,463	30.4

The weighted average remaining vesting periods of the restricted stock units and performance shares are both 16 months (2008: 15 months).

	2009	2008 (restated)
	£000	£000
Charge for the year	2,218	2,516

22. Profit and loss account

	£000
At 1 January 2009	22
Profit for the year	127,395
Currency translation differences	12,577
Actuarial gains on defined benefit pension schemes, net of tax	539
At 31 December 2009	140,533

23. Reconciliation of movements in shareholders' funds

	2009	2008 (restated)
	£000	£000
Profit for the year	127,395	140,706
Other recognised gains and losses:		
Currency translation differences	12,577	125,724
Actuarial gains / (losses) on defined benefit pension schemes, net of tax	539	(5,074)
Unrealised losses, net of tax	(27,641)	93,672
Other recognised gains and losses during the year	(14,525)	214,322
Other movements:		
Dividends	–	(12,722)
Contribution from ultimate parent company	2,218	2,516
Other movements during the year	2,218	(10,206)
Net addition to shareholders' funds	115,088	344,822
Opening shareholders' funds	1,012,526	667,704
Closing shareholders' funds	1,127,614	1,012,526

24. Equalisation provision

As explained in the accounting policies, an equalisation provision is established in the financial statements. The effect of this provision is to reduce shareholders' funds by £5,702,235 (2008 restated: £nil). The increase in the provision during the year had the effect of reducing the balance on the technical account for general business and the profit on ordinary activities before tax by £5,702,235 (2008 restated: £nil).

25. Provisions for other risks

	Provisions for pensions, net of tax	Provisions for taxation – deferred taxation	Total
	£000	£000	£000
At 1 January 2009	13,946	34,742	48,688
Charge / (credit) for the year	5,062	(2,657)	2,405
Other recognised (gains) / losses during the year	(539)	314	(225)
Paid in the year	(4,932)	–	(4,932)
Currency translation differences	14	(34)	(20)
At 31 December 2009	13,551	32,365	45,916

26. Pension obligations and disclosures

The company operates both defined benefit and defined contribution pension schemes.

Defined benefit schemes

The company operates partly funded defined benefit schemes with assets held in separate administered funds or held through insurance policies. Under these schemes, employees are granted a pension on retirement which will be based on proportion of their salary and the length of service within the company. The schemes are largely closed to new entrants.

Amounts recognised in the balance sheet	2009	2008 (restated)
	£000	£000
Fair value of plan assets	66,769	50,873
Present value of funded obligations	(85,593)	(70,209)
Deficit	(18,824)	(19,336)
Related deferred tax asset	5,273	5,390
Net liability in the balance sheet	(13,551)	(13,946)

Amounts recognised in the profit and loss account	2009	2008 (restated)
	£000	£000
Current service cost	4,781	5,550
Interest on obligation	3,991	3,896
Expected return on plan assets	(3,624)	(3,597)
Net investment return	367	299
	5,148	5,849

Amounts recognised in the statement of total recognised gains and losses	2009	2008 (restated)
	£000	£000
Actual return less expected return on assets	7,339	(13,774)
Experience gains, net of losses, arising on scheme liabilities	1,500	–
Changes in assumptions underlying the present value of the scheme liabilities	(8,090)	6,700
	749	(7,074)
Cumulative actuarial losses recognised in the statement of total recognised gains and losses since valuations under United Kingdom accounting standards were first obtained at the end of 2006	(1,251)	(2,000)

Changes in the fair value of plan assets	2009	2008 (restated)
	£000	£000
Opening fair value of plan assets	50,873	48,922
Expected return	3,624	3,597
Actuarial gains / (losses)	7,339	(13,774)
Contributions by employer	4,932	11,491
Benefits paid	(128)	(425)
Currency translation differences	129	1,062
Closing fair value of plan assets	66,769	50,873
Actual return on plan assets	10,963	(10,177)
Expected employer contributions for the following year	8,687	5,150

Changes in the present value of defined benefit obligations	2009	2008 (restated)
	£000	£000
Opening defined benefit obligation	70,209	66,724
Service cost	4,781	5,550
Interest cost	3,991	3,896
Actuarial losses / (gains)	6,590	(6,700)
Benefits paid	(128)	(425)
Currency translation differences	150	1,164
Closing defined benefit obligation	85,593	70,209

Major categories of plan assets as a percentage of total plan assets	2009	2008 (restated)
	%	%
Equities	68.6	65.8
Fixed income/debt securities	21.5	22.6
Insured Assets	9.5	11.0
Cash	0.4	0.6
	100.0	100.0
Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)	2009	(restated)
	%	%
Discount rate	5.5	5.5
Expected return on plan assets	6.8	6.8
Future salary increases	4.3	4.0
Future pension increases	3.2	2.9
<p>As an indication of the longevity assumptions used in the calculation of the defined benefit obligation, a member who is presently aged 45 would be expected to live, on average, to the age of 90 years (2008: 90 years).</p> <p>In developing the expected rate of return on plan assets, the company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other assets classes in which the plan assets are invested and the expectations for future returns of each asset class. The expected return for each asset class (as shown below) was then weighted based on the target asset allocation to develop the expected rate of return on plan assets assumption above.</p>		
Underlying assumptions on the expected rate of return on plan assets:		
Expected return on equities	8.0	7.8
Expected return on fixed income / debt securities	4.5	5.2
Expected return on insured assets	4.0	4.0

Five year summary	2009	2008 (restated)	2007 (restated)	2006 (restated)
	£000	£000	£000	£000
Plan assets	66,769	50,873	48,922	40,587
Defined benefit obligation	(85,593)	(70,209)	(66,724)	(61,814)
Deficit	(18,824)	(19,336)	(17,802)	(21,227)
Experience adjustment gains / (losses) on plan assets	7,339	(13,774)	100	*
Experience adjustment gains on plan liabilities	1,500	-	-	*

* Experience adjustments prior to 2007 and the deficit position prior to 2006 are not shown in the five year summary as the company was not subject to United Kingdom accounting standards at that time and therefore did not obtain said figures.

Defined contribution schemes	2009	2008 (restated)
	£000	£000
Charge for the year	3,684	2,822

27. Other creditors including taxation and social security

	2009	2008 (restated)
	£000	£000
Due within one year:		
Corporation tax	5,811	29,818
Other creditors including other taxes and social security	18,508	18,864
Finance lease obligations	646	258
	24,965	48,940
Due after more than one year but not more than five years:		
Finance lease obligations	235	325
	25,200	49,265

28. Finance leases

	2009	2008 (restated)
	£000	£000
Future minimum lease payments under finance leases are as follows:		
Within one year	224	345
In more than one year, but not more than five years	813	449
Total gross payments	1,037	794
Finance charges	(156)	(211)
	881	583
Charge for the year	81	72

29. Accruals and deferred income

	2009	2008 (restated)
	£000	£000
Deferred reinsurance commission	5,535	5,884
Other accruals and deferred income	11,558	10,542
	17,093	16,426

30. Group reconstruction

On 1 January 2009, Chubb Insurance Company of Europe plc merged with Chubb Insurance Company of Europe SA and converted from being a public limited company to being a Societas Europaea registered under the name Chubb Insurance Company of Europe SE (“the company”). On the same day, the company received the transfer of the assets, liabilities and business of Chubb Insurance Company of Europe SA and then Chubb Insurance Company of Europe SA was dissolved without liquidation.

The merger method of accounting has been used for this group reconstruction. Accordingly, any corresponding amounts in respect of the previous financial years have been restated as if the entities had always been merged throughout those years. Thus, the amounts stated below are prepared using United Kingdom Generally Accepted Accounting Principles:

Analysis of the profit and loss accounts of both parties for the year ended 31 December 2008	CICE SA	CICE plc	Total
	£000	£000	£000
Gross written premiums	745,023	–	745,023
Balance on general business technical account	81,875	–	81,875
Investment return	94,778	31	94,809
Other income	31,206	–	31,206
Profit on ordinary activities before tax	207,859	31	207,890
Tax on profit on ordinary activities	(67,175)	(9)	(67,184)
Profit on ordinary activities before tax	140,684	22	140,706

Analysis of the statement of total recognised gains and losses of both parties for the year ended 31 December 2008	CICE SA	CICE plc	Total
	£000	£000	£000
Profit for the financial year	140,684	22	140,706
Other recognised gains and losses before tax	252,088	-	252,088
Tax on other recognised gains and losses	(37,766)	-	(37,766)
Other recognised gains and losses after tax	214,322	-	214,322
Total gains for the year	355,006	22	355,028

Analysis of net assets of both parties as at 1 January 2009	CICE SA	CICE plc	Total
	£000	£000	£000
Opening net assets and shareholders' funds	1,009,954	2,572	1,012,526

31. Related party transactions

The company has taken advantage of the exemption provided in Financial Reporting Standard 8 from disclosing related party transactions with The Chubb Corporation and its other subsidiary undertakings.

32. Parent undertaking and controlling party

The immediate parent company is Chubb Insurance Investment Holdings Ltd, a company registered in the United Kingdom.

The ultimate parent company and ultimate controlling party is 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 Secretary, 15 Mountain View Road, PO Box 1615, Warren, New Jersey 07061-1615.

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