CHUBB®

Chubb Limited
Letter to Shareholders
2021

To My Fellow Shareholders

Evan G. Greenberg
Chairman and Chief Executive Officer
Chubb Group

2021 was a record year for Chubb and the best in our company's history. In my letter to you last year, I remarked that Chubb was entering a period of greater wealth creation, and in '21 it began to show, fueled by double-digit premium revenue growth and extraordinary underwriting results. As I look ahead, I am confident this pattern will continue, though I am naturally more cautious when considering the external environment with a war now raging in Europe involving a major nuclear power.

Outstanding shareholder wealth creation was the result of our excellent operating performance, including record net and core operating income on both a per share and dollar basis, record underwriting income, and record investment income. We produced the best organic premium growth since 2003 – when the company was a fraction of its size today – powered by our commercial lines businesses, which fully capitalized on property and casualty (P&C) underwriting conditions, and tempered by Covid-related headwinds to our consumer business. Overall, the growth was a standout performance that further demonstrated our exceptional capability in managing all stages of the commercial P&C cycle. We strengthened our balance sheet and focused on longer-term growth and competitive priorities, including strategic expansion, primarily in Asia, and our continued digitalization. The company has never been in better shape or better led at all levels of the organization.

The conditions in which we operated were anything but normal. The Covid-19 global pandemic continued, and persists as I write this, tearing through continents and countries for longer than anyone imagined. It disrupted economies and societies, leaving in its wake human suffering, social unrest, supply chain difficulties and inflation. Climate change and more frequent, more severe natural catastrophes challenged the insurance industry. Persistently low interest rates, a result of excessive and overly accommodative central bank policies, pressured investment returns. We dealt with what came our way and advanced with confidence and without complacency through the year and toward the future.

Chubb's excellent all-around results over the past year illustrate the company's clear-eyed vision and long-term view, vitality and ambition. We have kept a sharp focus on our strategic objectives: growing and diversifying our business, balanced by an iron-clad risk-taking discipline, while deepening our digital transformation. And we have done this on a global scale. In what, to say the least, have been unusual times for businesses and individuals everywhere, our company has distinguished itself. We have hardly skipped a beat in maintaining high levels of service and efficiency while generating strong returns to shareholders.

Our employees at all levels deserve immense credit. Our culture, skill, discipline, depth of management and organizational structure are clear strengths. My colleagues in the United States, Europe, Asia, Latin America and other parts of the world have truly risen to the occasion. In this year's letter, as I always do, I will describe Chubb's achievements and set out a vision of our future strategy and objectives. I will explain why we look to that future with clarity, conviction and optimism, particularly for the things we can manage, for the benefit of our shareholders, customers and employees.

While we are living through times that are, on the one hand, uncertain, risky and complicated, particularly now given war in Europe, there is also great opportunity, and we strive to take full advantage. As we manage risk at home and abroad, geopolitical and political strife, social divisions, economic uncertainty, climate change, and technological advances pose tough questions for the insurance industry and for liberal democracy and the free enterprise system that have sustained our way of life. An emerging multipolar world and, until the last two months, a lack of strong political leadership and unity among democracies, as well as an intensifying U.S.-China/Russia rivalry, are sources of concern.

As I write this, the world is watching the war unfold in Ukraine, a human tragedy of epic proportions and an event with profound geopolitical implications. The crisis is testing the leadership of liberal democracies, and it will change the world in ways we cannot yet predict. We abhor and reject on every level Russia's extraordinarily barbaric military actions in Ukraine, but we simply don't know the endgame. Before the Ukraine invasion, pressures were intensifying on the international trading system and on the liberal world order, which the U.S. has led since the middle of the last century. Will Ukraine be an enduring wake-up call while at the same time accelerate the move toward a multipolar world and a new Cold War between democracy and autocracy? As a global company, Chubb is in the thick of these trends but, frankly, we all are, as they deeply impact our country – including our peace and prosperity as citizens.

On the other hand, as I look forward, there is plenty of opportunity for growth now and over time in the commercial P&C market globally, constrained only by our underwriting discipline to earn a proper risk-adjusted return and management of risk. Consumer spending and travel should return to pre-Covid levels, which together with longer-term trends of an expanding middle class in many developed and developing nations will turn those headwinds into tailwinds for our large and diverse consumer businesses. The impact of inflation notwithstanding, as interest rates rise, our investment portfolio returns will rise, too. Our strategic investments, such as our acquisition of Cigna's accident and health (A&H) and life insurance business in the Asia-Pacific region and our increasing ownership in Huatai Insurance Group in China, will give us greater revenue and earning power. The digitalization of how we do business will provide a competitive advantage long into the future. All of this gives me confidence that we will not only benefit in the short term but are also well placed to take our company into the future.

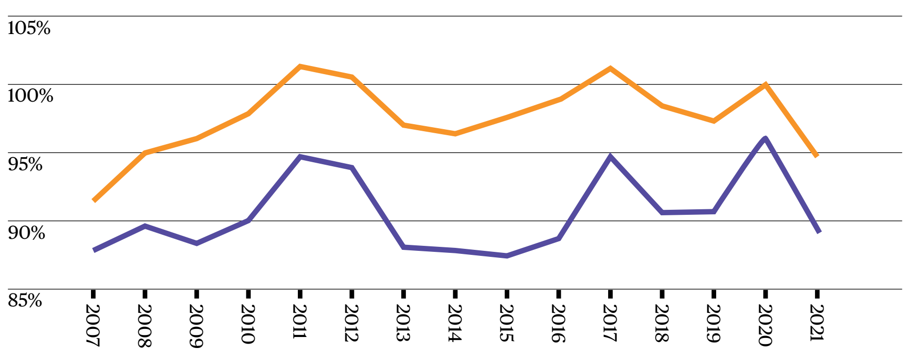
A year of outstanding, broad-based growth and profit

Chubb is the world's largest publicly traded P&C insurer by market capitalization. The company has increased its market cap by a factor of eight over the last 17 years, with a total shareholder return (share price appreciation plus dividends) of 637% over that period. We've grown our company's value by 12% on a compound annual basis versus the S&P's 9% over the same period. Almost 40% of our business is outside the U.S., and that proportion will increase during 2022 with the completion of our Cigna and, then, Huatai transactions. This forms part of what has been and continues to be our long-term objective for enhancing our presence in areas of the world with the greatest growth potential.

In the cyclical business of commercial P&C insurance, the test for Chubb is to flourish in favorable times while showing patience and continuing to execute our long-term growth plans when underwriting conditions are less favorable. Frankly, we have outperformed the industry regardless of conditions and have simply produced faster growth and better returns during the favorable phase of the cycle. The fact that Chubb can pride itself on a magnificent year in 2021 testifies not only to the past two to three years of profitable revenue growth and margin expansion during the current phase of the cycle. It also testifies to our virtues of patience and discipline in the latter half of the 2010s, when the cycle was in a softer phase and underwriting conditions were less favorable.

P&C Combined Ratio Versus Peers

The company's underwriting results have outperformed the average of its peers over the last 15 years.



Averages:	1 year	3 year	5 year	10 year	15 year
Peers[1]	94.6%	97.2%	98.3%	98.1%	97.5%
Chubb	89.1%	91.9%	92.2%	90.7%	90.5%

[1] Includes AIG, Allianz, AXA, CNA, HIG, QBE, TRV, Zurich.
Source: SNL and company disclosures

The benefits of our broad diversification, market-leading franchises, and command-and-control management of the commercial P&C cycle are there to see in our full-year 2021 results. First, we produced record core operating income of $5.57 billion, or $12.56 per share. This represents a per share increase of 72% compared with 2020, a year when the pandemic had a notable impact on our earnings, and an increase of 24% over 2019, the last pre-Covid year. We achieved record net income of $8.54 billion, or $19.27 per share, a per share increase of 147% over 2020.

Our total net after-tax weather-related catastrophe losses were $1.97 billion, or $4.44 per share, compared with $1.47 billion, or $3.24 per share, in 2020 and our five-year average of $1.58 billion, or $3.44 per share. Last year was the second costliest on record for the insurance industry in terms of natural catastrophes, with insured losses topping $120 billion globally. This underlines the importance of assessing catastrophe exposure thoughtfully and getting paid properly for the risk and volatility. Natural catastrophes are a growing risk that requires continuous management.

Second, we achieved record underwriting profit. Chubb's published P&C combined ratio was 89.1%, a result that is substantially better than the market average. We have maintained a record of excellence going back 15 years, a period in which our combined ratio has outperformed that of our peers by an average of seven percentage points. In fact, we have outperformed them over virtually any time period one selects. Our underlying current accident year combined ratio, which means the current year business, excluding catastrophe losses was 84.8% in 2021, nearly two points better than the prior year's 86.7% and a record result.

Third, we delivered exceptionally strong top-line premium revenue growth. P&C net premiums written globally grew in 2021 by 13% to $35.4 billion. This was driven by commercial lines growth of almost 18% as we capitalized on favorable underwriting conditions in much of the world, particularly North America, Europe and the U.K., and parts of Asia-Pacific. Again, our increase in premiums marked the strongest yearly organic growth we have registered in over 15 years.

Finally, record operating cash flow of $11.1 billion contributed to growth in our invested assets, which in turn supported record adjusted net investment income of $3.7 billion, up more than 3%. With an expected rise in interest rates, our investment income will increase over time. I'll have more to say about that later.

Commercial P&C and cycle management

The foundation of our success in 2021 was clearly the performance of our $26 billion global commercial P&C operations. Allow me to provide some perspective.

For the past six years or so leading up to mid-2019, we were not being paid well enough in many commercial lines portfolios because of unattractive world prices, terms and conditions. So, as a good underwriter does, we chose to forsake growth – painfully, I

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might add – for an underwriting profit. Quite a number of our competitors, on the other hand, in their pursuit of market share during the soft part of the commercial P&C cycle, inflicted damage on themselves (and, frankly, their customers, too) by underpricing risk and providing excessively broad coverage. As time passed and losses piled up, they had to put up more reserves to cover these losses. In turn, they became more risk averse and ultimately withdrew capacity. Chubb, on the other hand, remained consistent and disciplined. Our constant objective is to make sure that underwriting does not destroy book value, and we strive to earn an adequate risk-adjusted return, particularly over the entire cycle.

Commercial P&C market conditions eventually began to harden during 2019 and reached an apex in 2021. Needless to say, we were ready and waiting: We seized the opportunities arising from better pricing for risk. Chubb's reputation for consistency of underwriting and high-quality service, the diversity of our product range and geographic reach, the ambition of our leaders, the availability and presence of our people in spite of Covid, and our willingness and appetite to take risk while many were parked on the sidelines all came together, enabling us to turn favorable global underwriting conditions in many parts of the world to our advantage. Since the end of 2019, we have grown our commercial lines portfolio by nearly a third, or 13% on a compound annual basis. That growth added more than $5 billion of net premiums written to our top line. With insurance rates continuing to exceed loss costs in the vast majority of our major product areas – and they should given the difficult risk environment – our commercial lines growth will continue.

In consumer lines, our growth suffered from the continued impact of Covid on economic activity and consumer behavior, which varied by country. Our $9.7 billion global consumer P&C operations grew 2.3% for the year. Domestic and international travel was shut down for much of this period, reducing the demand for travel insurance. Businesses were disrupted, in full or in part, for months at a time. As a result, our employer-related business suffered. Consumer lines connected to consumer purchase activity were disrupted, too, as people bought fewer automobiles, cellphones, homes and other personal items.

Nevertheless, our consumer lines businesses are intrinsically strong and will recover as the pandemic eases, global economic growth gains pace, employers hire, consumer spending revives, and business and leisure travel picks up. We used the time during 2021 to add more distribution partnerships and products, so we have more growth capability when conditions improve. In the latter half of 2021, and continuing into 2022, we began to see evidence of an economic rebound. Premium growth in our large retail international A&H business accelerated in the third and fourth quarters, and by year-end was exceeding 5.5% in constant dollars – the best showing since the beginning of the pandemic.

Our balance sheet is exceptionally strong and conservatively managed. We finished the year with $76 billion in total capital, of which $60 billion is equity and $40 billion is tangible equity, that we have grown at a compound annual rate of 9% over the last 15 years. We had $124 billion in cash and invested assets at December 31. Net loss reserves, the most important part of our balance sheet, rose by $3.4 billion throughout 2021 and stand at $55.6 billion. Our paid-to-incurred ratio for the year, a measure that speaks to the strength of our loss reserves, was a very strong 81%. Chubb's core operating insurance companies enjoy credit ratings of AA from Standard & Poor's and A++ from AM Best. This financial strength gives our clients the confidence and assurance that we will be there to pay their claims while, along with our earning power, providing the wherewithal for further technological investments and global expansion.

Record growth and a favorable outlook globally

Chubb has approximately 31,000 employees and more than 500 offices in 54 countries and territories. We provide commercial insurance to businesses of all sizes and consumer insurance to individuals and families ranging from the high-net-worth to lower middle-income brackets. The depth of our local presence and the well-integrated design of our organization enable us to take advantage of opportunities arising from both cyclical and longer-term secular growth trends in the U.S., Europe, Asia, Latin America and other parts of the world.

In North America, the combination of favorable underwriting conditions and a robust recovery of the U.S. economy provided the positive backdrop against which our businesses thrived in 2021 and will continue to in 2022 and beyond. In the U.S., Chubb is the largest commercial P&C insurer, serving large corporations, middle-market companies and small businesses with traditional and hard-to-place specialty excess and surplus (E&S) lines products; the leading high-net-worth personal lines insurer; and the #1 crop insurer with a market share of about 20%. To put all of this in context, the U.S. represents about 30% of the global insurance market. Drawing on a combination of increased pricing, strong customer retention, and record new business, we have been able to grow our North American franchise by 27% since 2018.

Our $24 billion North America Insurance franchise is Chubb's largest division with substantial presence in the United States, Canada and Bermuda. P&C net premiums written in North America were up more than 12% during 2021, with commercial lines up nearly 16.5% and consumer lines flat. Since 2018, commercial P&C rates we charge in North America have increased by more than 40%, and it is sorely needed. Again, the loss environment is hardly standing still, and interest rates have remained at historic lows.

Starting with our business that serves America's largest domestic and multinational corporations: Our $6.4 billion Major Accounts division grew about 8.5% last year. Major Accounts provides a broad range of products and services, including traditional areas of P&C and A&H as well as specialties ranging from cyber to climate along with all forms of liability-related coverage, such as products liability, directors and officers (D&O), and errors and omissions (E&O). Although 98% of Fortune 1000 companies are already Chubb clients, there remains plenty of room for us to continue expanding our share. Almost half of the largest 5,000 U.S. companies buy three or fewer coverages from us.

Comparable to Major Accounts in size is our $6.6 billion Commercial Insurance division, which grew in 2021 by 15%, its strongest pace in almost 20 years. Middle-market and small companies represent the vast majority of the U.S. business economy, from publicly traded mid-size companies to single-location private firms. For our middle-market clients, we offer the broadest product range along with substantial expertise and risk engineering for more than two dozen specific industries, from healthcare and construction to life sciences and technology, all brought to bear through an extensive local branch and regional network.

Our North American excess and surplus lines business is called Westchester, and it distributes its extensive set of products, ranging from specialty property and liability offerings like product recall to coverage for railroads, through wholesale brokers. As more business found its way into the E&S marketplace during the hard market conditions, Westchester grabbed the opportunity and produced $2.8 billion in net premiums, growing more than 21%.

Chubb Bermuda specializes in very high limits of liability protection required by the largest U.S. corporations and, as such, is complementary to our Major Accounts division. In industries ranging from pharmaceuticals and energy to utilities, these clients are exposed to large class action litigation-related

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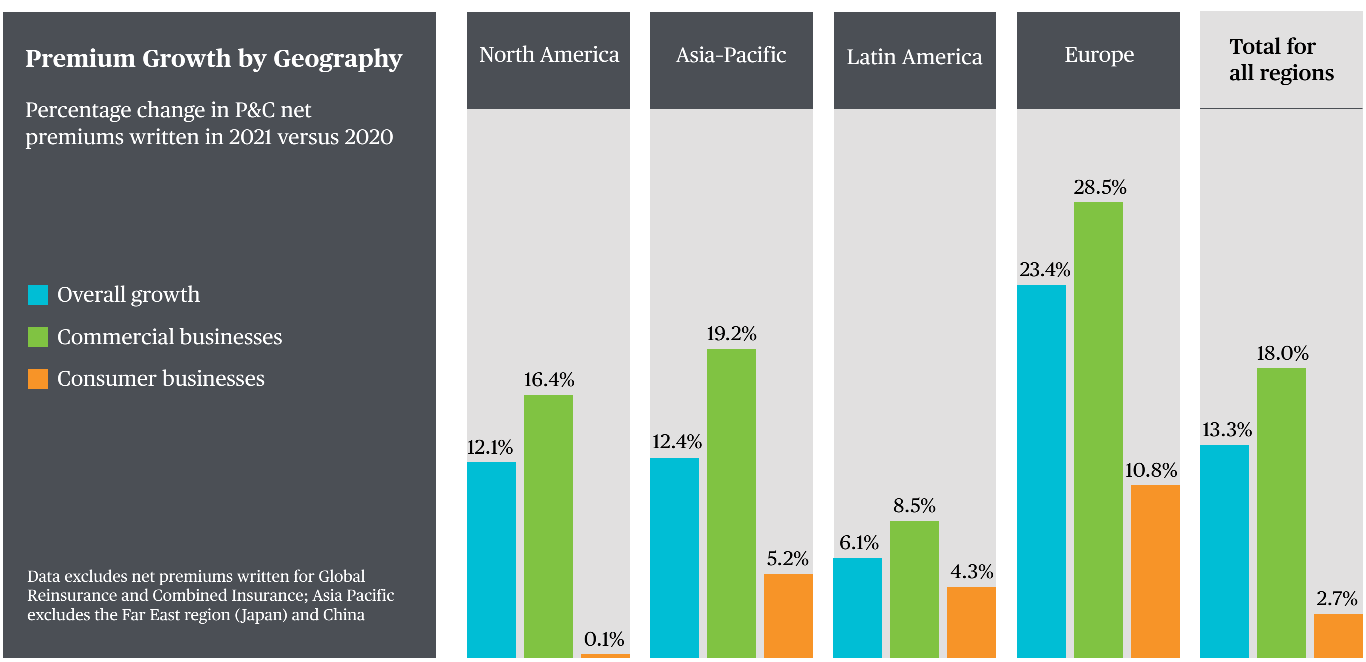
claims and other legal exposures. So this division requires a very specific type of underwriting expertise. The original ACE company, Chubb Bermuda was founded in 1985 and has client relationships developed over almost 40 years. Chubb Bermuda grew by 18% in 2021.

Of special note is our Bermuda-based political risk subsidiary, Sovereign Risk, which celebrates its 25th anniversary in ’22. Sovereign is a leader in its highly specialized field and, together with its sister operation in London, makes Chubb one of the largest political risk and cross-border trade credit underwriters in the world.

Agriculture is a $2.4 billion business for us. We are the leading insurer of crops for America’s farmers through Rain and Hail, and a leading agribusiness insurer for the nation’s farming and ranching communities. On the back of strong commodity prices and favorable growing conditions, Chubb’s agriculture segment had an excellent year for both growth and earnings, with premiums up 29%. Crop insurance is a public-private partnership with the U.S. government that operates with a proven model.

Turning to the consumer side, a prominent place in our North American operations belongs to Chubb Personal Risk Services (PRS), which provides a broad suite of traditional and specialty insurance products for affluent and successful individuals. With its rich coverage and extraordinary service levels, this business epitomizes the Chubb brand’s reputation for quality and is the leader in this niche sector with a share of about 60% among the specialist insurers that serve it. The $5 billion PRS franchise grew by only 1.7% in 2021. In the face of climate change, we have been reshaping the portfolio by reducing, for example, our homeowners insurance exposure in certain wildfire-prone areas of California and other Western states where we simply cannot get paid adequately to assume the increasing risks. Our main focus is on high-net-worth individuals and families, whom we call our Premier and Signature clients. With this select group, we use sophisticated pricing and analytic tools, and we offer digitally supported and enhanced personal services. For these clients, it’s about coverage and anytime-anywhere service over price, and here Chubb distinguishes itself. That segment grew more than 9.5% last year.

On the risk side, 2021 was hardly benign in North America. Last year was marked by numerous weather-related events and a legal environment that remains difficult. In the first instance, even with the increased catastrophe activity, the North America combined ratio was a world-class 85.6%, while



the current accident year combined ratio, excluding catastrophe losses, was 82.2%, two points better than in 2020. I will offer some thoughts later on how Chubb and the insurance industry in general should treat catastrophe losses in their financial reporting.

As a reminder, the well-known difficult legal environment comes from two principal sources. The first is litigation as a business, in which lawyers drive up insurance costs by cleverly twisting insurance contract language and testing new theories of legal liability. The abuse and metastasis of justice is partially fueled by increased litigation funding, another money-making investment class, valued at an estimated $39 billion worldwide, that provides a financial stake in litigation – a major portion of which is like betting on a horse race. The second source is "social inflation," which is set against a backdrop of rising wealth inequality, social justice and anti-corporate sentiment. Insurers and their insureds are portrayed as deep-pocketed goliaths and the trial bar as saviors. Ordinary citizens exercise their frustration through the jury system, encouraged by a populist narrative told by trial lawyers who hold themselves out as Robin Hoods of justice. The result is ever-more costly jury awards.

Excessive or abusive litigation is a tax on business and society. Pandemic-related business and courthouse closures had a temporary effect on loss patterns. As the pandemic recedes, however, underlying elevated frequency and severity of loss trends will reemerge, driven by everything from auto accidents to securities class action suits, from medical malpractice and professional liability claims to sexual abuse-related reviver statutes. Legal reform organizations, together with the business community and insurers, are fighting back state by state, but progress is slow. For example, forcing the disclosure of all funding sources of litigation is a modest but important reform slowly being adopted by states. While important, we cannot wait for tort reform at the federal level given the toxic political environment and level of trial bar political funding. Insurance pricing reflects this tough legal environment. Prices of liability insurance are increasing and will continue to increase given the exposure, and that, too, is a tax on business. We will continue to actively advocate for sensible reforms while aggressively defending our insureds against excessive and improper litigation when it occurs.

Europe leads company's growth in 2021

Outside North America, our $11 billion Overseas General Insurance division operates in 51 countries organized into four regions: Europe, Asia-Pacific, Japan and Latin America. With 360 offices overseas, Chubb competes in each country for local business of all kinds, both commercial and consumer. Fundamental to our success is an appreciation that no two regions, or countries within regions, are identical. Each has its own economic and political structures, social system, geographical features, language and culture. We are pretty good at understanding and discerning the distinct and evolving trends of each market and responding to the specific risks and opportunities that each represents. While there is great variability by region and country, the world outside the U.S., taken as a whole, is dynamic and full

> "With its rich coverage and extraordinary service levels, Chubb Personal Risk Services epitomizes the brand's reputation for quality and is the leader in this niche sector."

of opportunity. Last year, Overseas General P&C net premiums written were up nearly 15%, or 11% in constant dollars. This included growth of 21.4% in commercial lines and 5.6% in consumer lines.

To a large degree, insurance markets, like capital markets, are global. The favorable pricing phase of the underwriting cycle propelled our commercial P&C businesses in a number of important international markets last year such as the U.K., Continental Europe and Australia. In fact, our Europe region, at more than $5 billion in size, represents Chubb's second-largest market after North America and produced the best growth in the entire company in 2021. Comprising separate retail and E&S wholesale divisions, Europe grew premiums 23% last year and 45% since 2018.

Our international retail division, which serves businesses of all types, from multinational corporations to medium-size and small companies, grew over 19% in 2021. Commercial lines account for more than 65% of this division's business and grew over 24% during the year. The U.K. and the Continent alone have grown more than 30% in size since 2018 and now generate nearly $5 billion in gross premiums – the equivalent of a major company in its own right. We are well placed to continue to capitalize on favorable market conditions in this region.

Our international E&S business, known as Chubb Global Markets (CGM), operates in the London wholesale market and Lloyd's. From airlines to oil rigs, from directors to political risk to property around the world, CGM is a recognized leader in the market. Naturally, we do our own individual account underwriting and set the terms and price for most of the risks we underwrite that other insurers follow. We leaned into the market last year with net premiums up an impressive 38% from 2020 to $1.3 billion. By the way, combining CGM with our U.S.-based Westchester operation, Chubb is a major player in the E&S wholesale market, writing more than $4 billion in premiums.

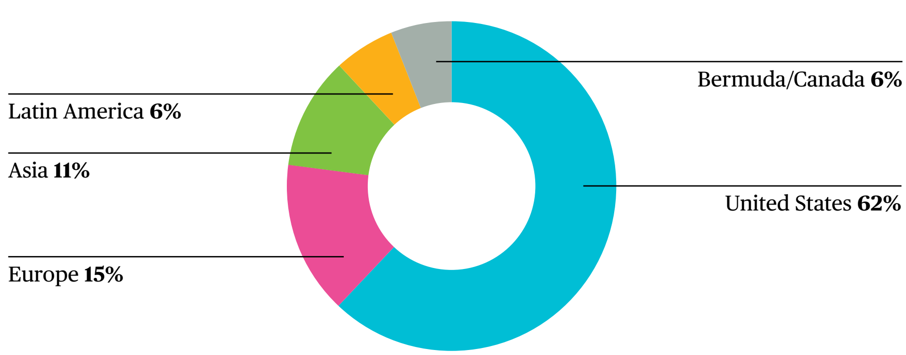
The pandemic has hit the Latin America region very hard, from both health and economic perspectives, exacerbating an already-present general political shift to the left in many countries – a trend that does not bode well for the future. In addition, as China has slowed, Latin America's commodity exports have as well, which has contributed to more economic hardship. Nevertheless, we grew premiums 6% and continued to invest in our consumer and digital capabilities with innovative digital platform partners. A new breed of young entrepreneurs is building business models using digital technologies, bypassing traditional players and infrastructure, and providing new paths of opportunity. Leading digital natives such as Nubank, Rappi, Mercado Libre and Kavak are all our partners. At the same time, we are transforming the digital journey and user experience with our long-term financial institution partners like Banco de Chile, Citibanamex and Banco Guayaquil.

A growing presence in Asia-Pacific

Chubb has a longstanding and well-established presence in the Asia-Pacific region with both non-life and life insurance businesses. In 2021, Asia-Pacific generated organic premium growth of about 12.5%, again driven by commercial lines, which grew more than 19%, primarily in Australia and certain parts of Asia.

Geographic Sources of Premium

2021 gross premiums written



The medium- and long-term outlook for the region is very promising. Today, Asia accounts for just over 40% of global economic output, but only 28% of the world insurance market. With a young and industrious population that is renowned for its work ethic and its family and savings orientation among large segments, Asia is the region of the world likely to generate the most wealth creation in coming decades. Businesses are being formed and the middle class continues to grow in numbers and financial weight. In addition, with the region's first-adopter attitude for all things digital, embracing digital innovation opens up vast opportunity over time for businesses of all sizes and greater access to consumers.

All of this represents significant opportunity for Chubb with a full range of commercial and consumer products, the latter of which include personal P&C, accident and health, and life insurance. Our protection and savings-oriented life and supplemental health products are well suited to the younger populations of Southeast Asia as well as the aging populations of North Asia. Including China, the Asian insurance market is expected to grow from $1.8 trillion to $3.8 trillion over the next 10 years or so.

As I mentioned earlier, consumer economic activity globally was impacted by the pandemic last year. Our $4 billion international consumer P&C business, however, began to pick up in the third and fourth quarters, in line with a recent recovery in commercial activity in Europe, Asia and, to a degree, Latin America. Across Asia and Latin America, we saw clear signs of recovery in growth in our large direct marketing business through banks, retailers and digital platforms. In Europe, a pick-up in consumer activity showed in resumed growth in what is now our $800 million cellphone insurance business, where we are the leader in that region. In our leisure travel insurance business, we began to see an increase in passenger counts in Europe and Latin America. And on the strategic front, our 100% digitally distributed business was up more than 50% versus prior year, and we expanded our footprint by adding several large partners. All in all, I expect growth in our consumer lines to improve materially in '22 if the world remains stable and pandemic conditions continue to recede.

Two acquisitions advance our strategy

In 2021, we further advanced a strategy we have been pursuing for years in the Asia-Pacific region by reaching agreement to acquire Cigna's supplemental A&H and life insurance operations. With this acquisition, expected to close in the first half of 2022, Asia's share of Chubb's global portfolio in net premiums will rise from about $4 billion, or 11% of Chubb's overall business, to $7 billion, or 18%. Our Asia life insurance company premiums will rise from about $1 billion to $4 billion, and our global A&H premiums from $3.8 billion to more than $6 billion.

In addition, we have signed agreements with shareholders that, when approved by regulators, will bring our ownership in Huatai Insurance Group in China to 86%. We will become the first foreign company to be granted

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permission to own a Chinese financial services holding company. While small, with $2 billion in revenue and $200 million in operating earnings, Huatai has separate P&C, life and asset management subsidiaries, nearly 19 million customers and more than 600 branches, and in time should become a meaningful contributor to our revenue and earnings. For Chubb, China is a market where the risks, though unquestionably high and arguably growing, are justified by potentially significant reward over time. We have a long-term view, and it will require time, patience and investment in capability.

Together, the addition of Cigna Asia and Huatai continues to advance our goal of greater product, customer and geographical diversification. Our current global product mix is 67% commercial and 33% consumer, but with the addition of Cigna and Huatai, consumer will rise to about 40%. As personal lines, A&H and life insurance account for a larger share of our operations – all of which are non-correlated to the commercial P&C cycle – our global business acquires better balance, improved resilience and greater optionality for growth. Chubb's expanding presence in China and the Asia-Pacific region underlines the importance of a stable macroeconomic, geopolitical and commercial environment in this part of the world.

With regard to acquisitions more broadly, we have a clear vision of what products and markets we want to concentrate on, generally speaking. We pull the trigger on an acquisition only if we are already engaged in and understand the business, are confident that there is an industrial logic, and there is a financial return that is attractive to the company and our shareholders. Our acquisitions are consistent with our enduring M&A philosophy, which is that they should enhance what we already do organically. After all, we are builders. We will continue to be guided by this approach, which has served us well over time.

The unique achievement represented by the ACE-Chubb merger of 2016 has become even more apparent now. At the time of the merger and for a number of years following, market conditions were soft, and growing revenue for the sake of market share was not necessarily a sign of strength. Since pricing conditions improved and our growth has accelerated, it is clear our success has been much greater than it would have been if Chubb and ACE had stayed on their separate paths. We have been able to step up and do things that would have been impossible without the merger. United, the company has been stronger because of our broader reach and our enhanced ability to take all kinds of risk. This has shown up in our top and bottom lines.

Measuring natural catastrophe exposures

Increased frequency of large and small weather-related events, from multiple perils and geographies, is the new normal of the insurance business. With the industry's insured natural catastrophe (CAT) losses of $120 billion, 2021 was the third consecutive year of elevated losses, second only to 2017's CAT losses of $146 billion. Some of the costliest disasters last year – the Texas freeze and Hurricane Ida in the U.S. and Storm Bernd in Europe – were simply part of what has become a normal and expected occurrence of increased catastrophic events, both large and small, related to all forms of weather – wind, water, fire and temperature-related. Every season is a CAT season now, as events that were classically associated with a specific time of year are occurring more regularly at all times of the year.

In order to understand the potential for weather-related loss arising from our aggregations of exposure, we use pretty sophisticated modeling tools – the best available. But no model is or can be absolutely accurate. Rather, models provide a more organized and insightful way of thinking that we constantly update and improve with the use of tools such as imagery technology, accumulated external and internal data, artificial intelligence and other methods. The impact of weather events is increasing because climate itself is changing, not simply due to carbon emissions, which are an overwhelming source, but also to other natural phenomena that occur over extended periods. For example, the level of hurricane activity in the Atlantic basin is influenced by the Atlantic Multidecadal Oscillation, or AMO, a condition that lasts many years and has occurred for millennia. Climate is complex and not well understood.

The severity of events is exacerbated by aging infrastructure that is not keeping pace with required resiliency as well as the enormous rise in property values concentrated in areas that combine demographic growth with higher risk geographies, such as coastal zones and woodland areas along the urban-rural continuum. In our way of thinking, virtually all geographies and properties are exposed to some combination of threats arising from increased weather-related events.

With that as context, we have two underwriting and risk management-related objectives. First, given all property business is climate-exposed, the price for each risk must reflect reality. That means understanding better the evolving exposures and perils driving loss, and then getting paid so we earn a proper risk-adjusted return. Given observable and projected realities, we continue to increase the dollar amount of our expected losses each year from weather. The second objective is to understand and/or manage accumulation of exposures against weather-related perils – whether modeled, less well modeled, or non-modeled – to conform with our appetite for risk and to know the limits of our appetite for loss. We continue to refine our portfolio management capabilities so that we can manage risk aggregation at an ever-more-granular level. The objective for us is faster, more dynamically risk-adjusted pricing and concentration management that appropriately reflect changes we observe.

In my judgment, investors and insurer managements have focused too much on the current accident year combined ratio excluding CATs. This is not the primary way of looking at the underwriting performance of an insurance company. Ex-CAT is an important measure of underlying health, but a secondary one. The industry and investment community should focus primarily on the published results, including CAT losses. The reason to focus on results excluding natural catastrophes made more sense when CAT events were more infrequent. This is not the case now – they and their attendant volatility are a regular and expected occurrence. By focusing more on ex-CAT, managements and investors are led to give a pass to inadequate pricing and underwriting, and it's a head fake. The CAT premium remains in the denominator and the losses are excluded from the numerator. The more CAT-levered, the better a company looks – what a great gig. I look at ex-CAT myself, but again, while important, it is a secondary measure that tells me other things.

Inflation, interest rates and investment income

Our government has injected some $6 trillion of stimulus into the economy since the start of the pandemic over two years ago. The Federal Reserve has also made some $4 trillion in asset purchases as part of quantitative easing and now has a stunning $9 trillion balance sheet, equal to 40% of GDP and limiting the Fed's flexibility in the event of a future crisis. At the outset, the government and the Fed did the right thing to adopt extraordinary measures in support of businesses and individuals, but these policies have long run their course, something I pointed to a year ago. Nearly every asset class today is overvalued due to the wall of money generated by the excessive fiscal and monetary stimulus, and, with the Fed tightening, we will pay the price as assets revalue.

The resulting demand plus the shortage of supply, exacerbated by supply chain disruptions and labor shortages, have led to a real inflation problem – which

"We are well prepared. As interest rates go up, Chubb's income will benefit as we reinvest at an improved and higher risk-adjusted rate."

at this writing is running 7.9%, the highest level in 40 years and more than three times the Fed's target. I doubt elevated inflation is simply a temporary phenomenon, given such broad-based supply- and demand-side pressures across the economy. And that's before the impact from the war in Ukraine. The Fed is behind the curve, but now beginning to respond. Interest rates are poised to rise and should continue, quantitative easing, or QE, is coming to an end, and credit spreads should begin to widen, particularly if the Fed begins to shrink their balance sheet, as they should. Of course, they are now forced to consider the impact of the war while trying to address inflation. They should have moved sooner.

We are well prepared. Our $122 billion investment portfolio is 87% fixed-income and of high quality. With a portfolio duration of about four years, every 100-basis-point increase in interest rates for us is worth about $1.2 billion in pre-tax investment income. As interest rates go up, Chubb's income will benefit as we reinvest at an improved and higher risk-adjusted rate.

A warning: Excessive deficits certainly matter, particularly when the borrowing is not for productive investment purposes. They crowd out private sector investment, sap our strength and flexibility to invest in what is important for competitiveness and security, threaten the dollar's status as the world's reserve currency and mortgage future generations. Further, continuing to monetize our debt using the Fed's balance sheet is unsustainable. When I think about what could trigger a crisis in financial markets, a geopolitical event coupled with the size of our deficit and overall financial leverage come to mind.

Strong shareholder returns

As I endlessly repeat, growth in tangible book value is the ultimate measure of shareholder wealth creation. For an insurance company, it is our most constraining factor. In 2021, Chubb's book and tangible book value grew, respectively, by 6.1% and 7.6% on a per-share basis and now stand at $139.99 and $94.38, both records. As the nearby chart illustrates, since 2003, Chubb has far outperformed when it comes to generating book and tangible book value per share despite plenty of risk-related events – which is our business. We have grown per share book and tangible book at a compound annual rate of 9.0% and 9.2%, respectively, and that is including the initially dilutive impact of acquisitions on tangible.

Our core operating return on equity (ROE) and core operating return on tangible equity last year were 9.9% and 15.3%, respectively. As a reminder, in contrast to most, we do not include the fair value mark on our private equity funds in core operating income, simply because PE gains are something we cannot control. Simply to illustrate for you to compare, if we did, our core operating ROE for the year would be 13.6%. By the way, over the last 10 years, our core operating ROE has averaged about 10% while the risk-free rate has averaged 2%. Our prudent retention of surplus capital has had the effect of diluting our ROE by about 150 basis points over that time. We are in a strong earnings growth period, and I expect, all things being equal because we are in the risk business, Chubb to achieve an ROE of about 13% and a tangible ROE of about 20% by 2023 on a deployed capital basis, with both likely heading north from there.

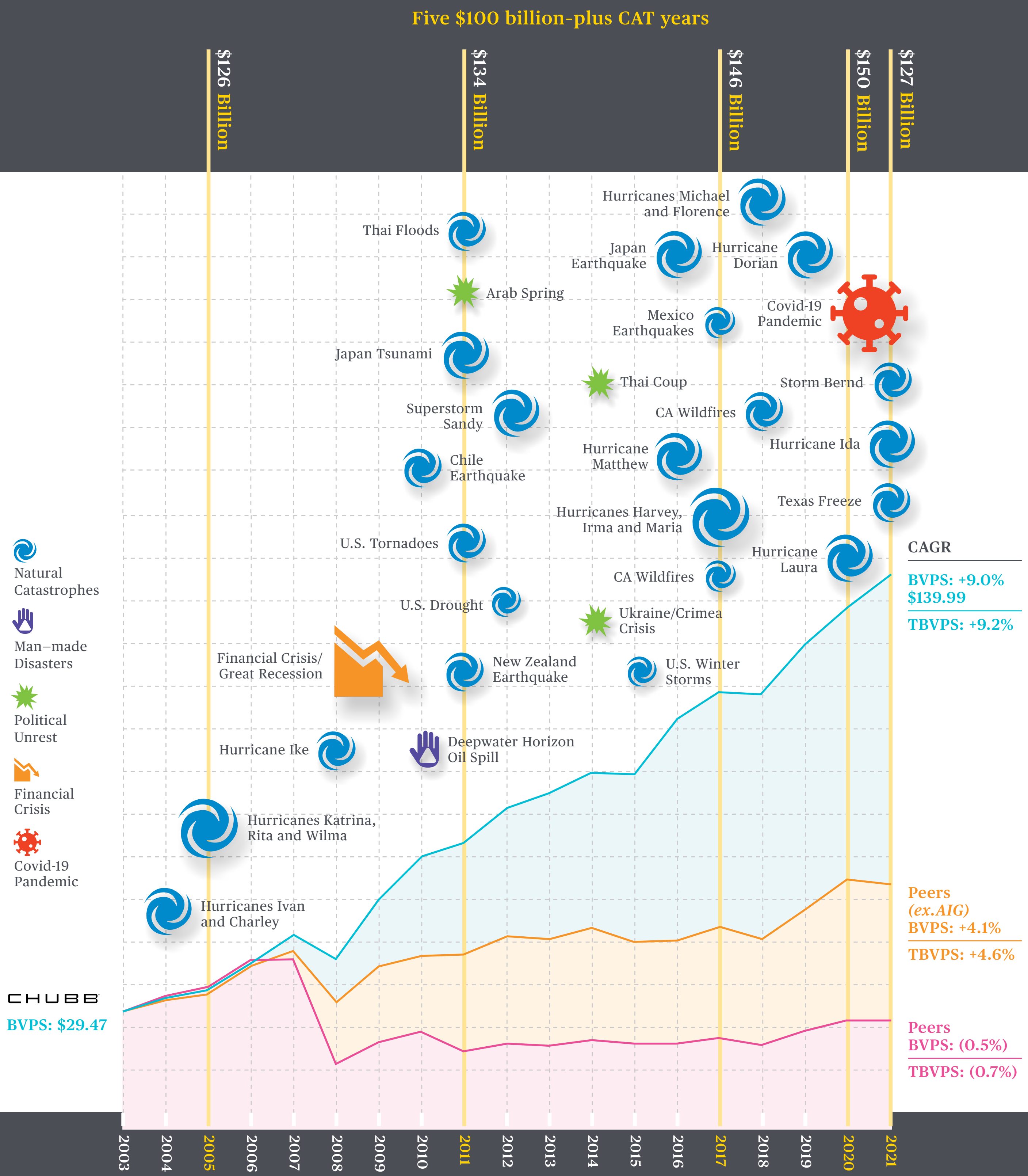
Chubb has an excellent track record of being good stewards of shareholder capital. Our policy is clear and unwavering: Beyond what we need for risk and growth, we return surplus capital to shareholders. We are patient, and dilution from surplus capital doesn't bother us. In 2021, we returned an extraordinary $6.3 billion to shareholders, equaling 112% of our core earnings. This included $4.9 billion in share repurchases and $1.4 billion in dividends. On top of our existing buyback program, which has varied over the years between $1.5 billion and $2.5 billion, we authorized a one-time $5 billion share repurchase program last year. As a designated "dividend aristocrat," we have increased our annual payouts for nearly three decades.

The importance of digitalization

Digitalization is not the future; it is the here and now and it is a commitment over time to transformation across the company in how we do everything. We are making good progress. There are two sides to this effort. One is the digital transformation of our existing businesses – our technology, our skill sets, the use of data and analytics, and the way we organize and who leads our businesses. The second aspect is the growth and vitality of our digital business, which was created from dust.

Sustained Book Value Per Share Growth in a World of Risk

Outstanding book value per share results since 2003 despite five $100 billion-plus CAT years and other major risk events



Peers: AIG, Allianz, AXA, CNA, Hartford, Travelers, Zurich

On the one hand, we are modernizing Chubb's infrastructure and foundational systems and deploying digital technology, data and analytics at scale around the world. We are accelerating the migration of legacy environments to the cloud, all of which is enhancing our ability for straight-through processing. By greatly scaling our analytics capabilities, we are enhancing our ability to select and price risk more insightfully. We are investing in specialized centers of excellence that enable our use of data for smarter decisions on underwriting and claims. We also continue to raise investment in cybersecurity and resilience. We have a vision to embrace a cloud-first, data-first and digital-first operating model, with real-time analytics embedded across the value chain to measure and improve how we do everything. Our Digital Transformation Officer, Julie Dillman, leads this effort, working with Sean Ringsted, our Chief Digital Business Officer and Chief Risk Officer, along with our other senior operating executives.

On the other hand, we are rapidly expanding our digital business unit, which is basically about generating revenue and income. The deployment of digital capabilities is reaping rewards in terms of digitally native partnerships and expanded traditional distribution networks. We have over 185 distribution partnerships with digital banks and fintechs as well as leaders in e-commerce, retail, travel, transportation, mobility, payments, communications and entertainment. As a result of our expanding network, we now have 19 million policies in force derived through these partnerships. Fully digital sales, which amounted to $145 million in 2019, exceeded $270 million in 2021. In 2022, we will achieve about $450 million in premiums and earn an underwriting profit.

Through the use of robotics, artificial intelligence and machine learning, Chubb is gaining deeper insights into underwriting and claims while eliminating low-value activities and driving efficiencies that we anticipate will reach $500 million in run-rate cost savings in 2023. We are already achieving current run-rate savings of more than half that amount.

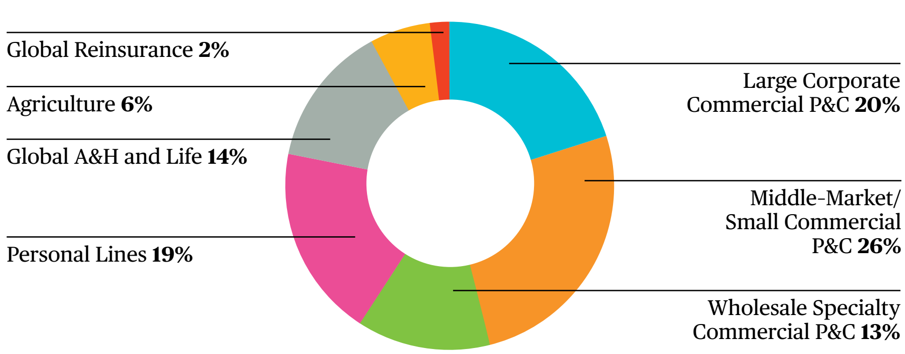
While we are investing hundreds of millions more in transformation, our focus rightly remains on our customers, both commercial and consumer. Our digital capabilities are turbocharging the experience and efficiency we provide them. The whole world is digitizing, so it's axiomatic that every company that wants to remain vital must transform.

Cyber: increasing risk versus industry management

We are one of the largest insurers of cyber-related risk. The accelerating digitalization of everything means that the world, both within and across our borders, is digitally connected. In parallel, cyber-attacks have grown exponentially in frequency and sophistication. Cyber criminals, both state and non-state actors, threaten infrastructure and supply chains of individual companies and entire industries – from theft and destruction of data to impoundment of systems and databases. Vectors and techniques of attack are iterating at a rapid pace. The government and private sector response is substantially reactionary and fundamentally remains defensive in nature. The potential for catastrophic loss of enormous scale is growing. Like a pandemic, a cyber-CAT event knows no geographic or temporal boundaries.

Premium Distribution by Product

2021 net premiums written



Insurers have a front row seat in providing cyber protection, both financial and pre- and post-event services, and encouraging the private sector to protect itself and increase its resiliency. In the face of a hostile environment, akin to the Wild West when criminals reigned and law enforcement was absent or incapable of stopping them, prices for cyber coverage have skyrocketed. But that alone is hardly the answer. The insurance industry, Chubb included, must evolve in its capabilities more rapidly if we are to assume and manage this risk responsibly. We are a part of the solution but no substitute for government and industry action to control the threat environment. From pre-event resiliency services to post-event loss management support, we are gaining greater underwriting insight into individual risk, enhancing the skills and tools we use – both digital and analytical – and improving our insight and management of cyber-CAT risk exposure.

For perspective, when cyber insurance began after the dawn of the digital age, it took the form of professional liability insurance, especially for software developers. But that was when the cyber loss environment was benign; the exposure was about systems-related failures due to errors. Individuals with cybersecurity, engineering, intelligence and hacker backgrounds are now center stage in the crafting of underwriting and the processes around it. Use of data and analytics, paired with surveillance tools that help us assess the risks and defensive capabilities of individual insureds, is improving but still limited.

I am concerned, despite all of the talk, that we are headed for a catastrophic cyber event, and this requires urgent action on behalf of governments, beginning with our own. The public and private sectors should work with other countries on establishing rules of the road and definitions similar to the Geneva Convention in defining acceptable cross-border behavior and consequences. The U.S. government should enforce laws around the payment of ransoms in cryptocurrencies that require you to know whom you are paying. Government-mandated reporting around cyber-attacks that reach a certain threshold of size would contribute to greater data sharing between the public and private sectors and provide more insight into the frequency and techniques of attacks. Cloud providers should be liable for the financial consequences of potential attacks against them, instead of passing the exposure to their customers, by requiring they hold them harmless.

Lastly, to better manage the catastrophe risk exposure of cyber at Chubb, we began last summer to roll out significant changes to the CAT exposure-related coverage we provide and how we provide it. We have introduced a new policy form that allows us to both provide and manage CAT-related exposures in a manner more similar to how we manage natural catastrophe risk. For cyber to be sustainable as a major and growing coverage area, management of CAT is something the industry must come to recognize. The industry has a finite balance sheet and cannot absorb what is, for practical purposes, infinite risk – a risk that has a strong likelihood of occurring.

"The whole world is digitizing, so it's axiomatic that every company that wants to remain vital must transform."

The war for talent

We have come through the disruptions of the last two years in better shape than we began. At our core, it's about the strong commitment and work ethic of Chubb employees, and their sense of purpose and belonging to something bigger than what each of us is individually. It is the signature of a Chubb citizen and our culture. It is a testament to our leaders at all levels and to their ability to inspire and sacrifice.

As with other companies, the backbone of Chubb's success has been supported by tools that enable us to collaborate in real time from many different places.

We are embracing a more flexible environment where employees share their time between working at the office and working from home. We have seen that working outside an office need not be a barrier to efficiency for many of our activities. The amount of time in an office versus remote work depends on a person's role. However, with that said, Chubb has a culture grounded in relationships and face-to-face contact.

As a company, we thrive on being with each other. A change of physical environment and being around colleagues is refreshing and energizing. We are fundamentally built around a work-from-office environment. We develop culture and communicate, train, mentor and innovate more effectively together, and, for most roles, we are more efficient in the broader sense of the word. In my judgment, working only from home, without a change of surroundings, ultimately makes most people stale and certainly doesn't foster a feeling of connection.

As quickly and safely as we could during a pandemic, we have leaned into a return-to-office schedule. In the U.S., for most of the second half of the year, 100% of Chubb offices were open, whereas in Europe, Asia and Latin America it ranged between 70% and 100%. Our clients and distribution partners noticed and appreciated our alert, ambitious and energetic customer-focused presence. At the end of the year, we had to take a pause, for a second time, because of rising infection rates. But by mid-February 2022, we are back meeting face-to-face with customers, brokers, agents and each other.

During 2021, employers in all industries faced labor shortages and increased staff turnover, coupled with increased employee demands and expectations. We aren't immune. Given our results and reputation, Chubb talent is highly sought after. While these trends are affecting everyone, we have substantial competitive attributes – a leading brand, scale, a global presence, a track record of success that offers great training, opportunity for professional development, advancement, and financial rewards; a company that is well led at all levels and offers authority along with individual accountability and opportunity. We are committed to ensuring a diverse group of ambitious people, regardless of race or gender, thrives. We are a place where people have confidence and pride in our culture and company, and we practice our craft at a high level of excellence. Our culture is self-selecting – it isn't for everybody. If you are ambitious, disciplined, take responsibility, are a decent human being and have a need to belong, you would likely thrive in our company, so give us a call.

In response to the labor market trends, we sharpened our focus on recruitment and retention. We hired more than 4,500 new employees in 2021, not only experienced people from outside but also early career hires, with large numbers just out of college or high school. We reassessed job requirements and determined that fewer roles require four-year college degrees, thus providing more opportunities to a greater pool of candidates. Employee turnover has also created opportunities for others to advance, and 4,700 employees globally were promoted last year. Turnover rates and vacancies have come down considerably, but we have more to do, and the so-called war for talent is hardly over.

Protecting society against the effects of climate change

Climate change is an existential threat for society at large. It affects businesses, individuals and communities in the U.S. and around the world. It is an assault on nature, destroying our natural habitat and biodiversity, and it is contributing to rising sea levels, higher sea surface temperatures, and greater frequency and destructiveness of extreme weather. Chubb is doing its part to help society manage the threat while also supporting humanity's journey toward a zero-carbon world.

In 2021, we announced our support for a global transition to a net-zero economy by 2050 and acknowledged our responsibility to encourage the transition. We are realistic, pragmatic and earnest about that responsibility. There is no magic bullet that will create a carbon-free economy in the short term, and the use of fossil fuels is unfortunately necessary during a transition period that will last many years. Our risk engineering, underwriting, investment, and philanthropic actions reflect this reality as society seeks to accelerate the transition away from fossil fuels. For example, we are prepared to make appropriate commitments on climate action and, in fact, have placed certain limits on fossil fuel underwriting, including coal and tar sands. But underwriting limitations must be balanced against the essential and core purpose of insurance, which is to provide risk protection for lawful activity. Any such limits on entire classes of activity interfere with this purpose and must be an exception based on an analytical, fact-based examination of realistic alternatives.

Chubb's policy regarding coal underwriting evolved from this process. We were the first U.S.-listed insurer to announce limits on coal underwriting and investments. In doing so, we considered a variety of factors related to the production and use of coal as well as the feasibility (including cost of alternatives to coal) and practicalities of the transition. Going forward, we will also not insure tar sands projects.

While we have placed certain limits on fossil fuel underwriting, insurers have a much more complex role to play in encouraging the transition away from fossil fuels than simply denying coverage to a particular activity. At Chubb, we do this through a proactive approach to climate issues in all aspects of our business:

• Chubb provides catastrophic protection to clients against losses globally arising from hurricanes, floods, tornadoes, wildfire and drought. These are perils that are growing in frequency and severity as a result of climate change. We use our expertise and extensive data regarding these perils to provide products and services to make clients more resilient. Our risk engineers bring deep technical knowledge to this work, including providing guidance on construction standards, wildfire land management and coastal protection.

• Chubb sends important climate-related price signals that help to encourage behaviors as to where people choose to live or locate their business in response to climate change. We expect, for example, that sea level rise, increased storm intensity and increased wildfire activity will lead to higher insured losses. Our pricing reflects that risk, potentially affecting both societal and individual behaviors and what actions are necessary to mitigate the risk – from the micro (e.g., moving away from a new hazard zone) to the macro (e.g., limiting greenhouse gas emissions).

• Product innovation is also important. We recognize that the pace of the transition away from fossil fuels is dependent on the development of alternatives, and we are a leader in the renewable energy sector, insuring

"Chubb is doing its part to help society manage the threat of climate change while also supporting humanity's journey toward a zero-carbon world."

a third of the top private innovation companies in clean technologies. We are also investing in companies that have promising new clean energy technologies. Insuring and investing in clean energy reflects our commitment to speeding up the transition from fossil fuels – we can't turn off the fossil fuel plants until there are realistic alternatives.

• Chubb's philanthropy further demonstrates our support of a net-zero economy. The Chubb Charitable Foundation, together with our employees, supports a range of environmental causes, including the Nature Conservancy, the Conservation Fund and Rainforest Trust, as well as volunteer activities in local communities around the world. Foundation grants help preserve sensitive lands and habitats, finance green business entrepreneurs, and support educational programs that promote a healthy and sustainable environment in the U.S. and around the world. To give just one example, we support a coral reef restoration project in the Mesoamerican Reef that resulted in transplanting 10,000 new coral colonies that provide a natural barrier to protect local areas from rising sea waters.

• Lastly, our environmental stewardship includes our operational carbon footprint. Even though our contribution to greenhouse gas (GHG) emissions is comparatively small, we have adopted science-based emissions reduction goals. At the end of 2019, we achieved the first of two goals by reducing emissions 22% from a 2016 baseline, exceeding our goal of 20% by 2025. Our second long-term goal is to reduce GHG emissions 40% by 2035, which is expected to result in the reduction of nearly 45,000 metric tons of CO_2 equivalent per year. Our goals are aligned with the two-degree Celsius target outlined in the Paris Climate Agreement, as well as the quantitatively supported science-based standards methodology of the United Nations Environmental Program.

While these actions demonstrate our strong commitment to helping society with a realistic transition to a net-zero economy, as a company we cannot ourselves make open-ended climate change pledges with uncertain, unknowable or unrealistic objectives. This includes some of the net-zero pledges that others have joined. We are committed to supporting the transition to a net-zero economy, but we will not make pledges that can't be met, including pledges that, for example, would require us to measure the GHG emissions of our insureds or the companies in which we invest. With millions of insureds across the globe, from individuals to small businesses to major corporations engaged in virtually every area of human activity, it's simply inconceivable. Instead, we believe that real actions – not hollow pledges – provide the best measure of our commitment to a net-zero future.

Leadership in a divided America

The world's ability to meet the challenges of climate change, catastrophic cyber threats, economic and social inequality, and the other great issues we face today, including the state of relations between democratic and authoritarian nations, is directly connected to the quality of our government and political leadership. Here in America, our inability to solve our most pressing domestic problems related particularly to our vitality and competitive profile, and to advance a foreign policy that provides leadership while representing our interests – frankly, to get things of consequence done – is a failure of leadership.

In his 1961 inaugural address, John F. Kennedy challenged his fellow citizens: "Ask not what your country can do for you – ask what you can do for your country." Where is the call today for citizens to actually rise above, unite and contribute to society, work hard, and preserve and enhance our common values and way of life? It is each generation's job to advance our inherited responsibilities.

Our nation is in the grip of ideological extremes that are obstacles to getting things done. The centrist majority of our country is capable of coming together to solve problems, but extremists on the right and the left are hijacking that effort. Rancorous arguments and paralyzing grievance have turned us into a more inward-looking country at a time when it has never been more important to understand the challenges to America arising from the world around us. A divided nation, we are failing to effectively lead and have left a dangerous leadership vacuum. Others, notably Russia and China, have noticed our preoccupations and perceive us to be in decline. They do not and will not hesitate to challenge us. Russian aggression and the war in Ukraine have served as a wake-up call for Western democracies, led by the U.S., to defend our democratic values and way of life. Let's hope we have the strength and fortitude to sustain the effort.

As a democracy, our country requires competing political visions that produce healthy debate and lead to intelligent, productive decisions. Unquestionably, honesty about our past history, including slavery and racism, and vigorous efforts to rectify errors, make for a more informed, mature society. It's intrinsic to democracy and the role of civil society. Democratization of opportunity, coupled with individual responsibility, matters deeply; our democratic way of life is unsustainable unless everyone has a chance. To that end, we as Chubb take with the utmost seriousness our commitment to an inclusive society and racial justice. Our Race Matters series, Intentional Inclusion Leadership training, and Chubb Rule of Law Fund support for justice system programs all testify to that.

The United States is not the only country suffering from extreme and growing wealth disparities, polarization, populism and a public sphere contaminated by cynicism and selfishness. Democracies around the world are under pressure because they are not solving problems and adequately protecting their own values of freedom, pluralism, the rule of law, and a better life for all their citizens. This causes discontent among citizens and feeds the illusion that authoritarian governments work better. However, that is a dangerous illusion, and it opens the door for populist, illiberal leadership. America's leading place in world affairs has gone hand in hand with a strong and growing economy and a healthy democracy that gets things done. To maintain that leadership requires will, discipline and sacrifice. In short, it requires that we run a better race, and that begins with the right priorities.

We have many advantages, and I am confident in our country. When it comes to competitors such as China, we also have potential disadvantages, one of them being size – China has a population four times that of the U.S. Our system of alliances built over generations is a potential force multiplier if we tend to them and support them. We cannot ignore the fact that a third to a half of global growth in the future will likely come from China, the world's largest country by population. If we are going to compete more effectively, it will take a larger working age population. Thoughtful economic- and humanitarian-oriented immigration programs for both skilled and non-skilled people will create an expanded labor force that will contribute to economic growth. By growing the economy faster and larger, we will create the financial means to not only pay for the commitments we have already made, i.e., our debt and entitlement programs, but also to invest in other important priorities for our long-term success: modernization of our infrastructure and technology base; greater R&D spending, including true 5G access for all; modernization and expansion of our military capability; training and skilling of our domestic workforce to make it more productive, complementing immigration-at-scale; and greater aid and assistance to and direct investment in other countries that share our vision.

"As a country, we cannot take our leadership position for granted. It is not an automatic right; it is earned."

A stronger economic base, with government using its resources for investments that are truly force multipliers, will make our collective democracy more resilient, our society more cohesive, and improve our power to lead in the world. We cannot take our leadership position for granted. It is not an automatic right; it is earned.

America's relationship with China

Rules-based international trade is part and parcel of the world order that flourished to the benefit of America, its allies and partners, and other countries after World War II. For seven decades the U.S. has had a special responsibility to lead the world in the protection of individual freedoms and the promotion of rules-based trade. America's vast foreign direct investments and the operations of U.S. businesses overseas – especially but not only in Asia – have been as powerful a factor in our world standing and ability to influence as our military presence abroad. More open rules-based global trade, powered by market-based principles, has helped to lift hundreds of millions of people out of poverty across the world and to support living standards in our country, but it has fallen out of favor across the U.S. political spectrum. We are in the throes of a damaging historical retreat from promoting our vision of the world, and it will hurt our quality of life at home.

The United States and China have a deep and growing rivalry and, at the same time, longstanding interdependencies. While our competition and tensions grow, our two nations' interests are deeply intertwined and the scale of trade and investment between us is significant. In 2021, two-way trade between the U.S. and China exceeded $657 billion, and China is our third largest trading partner after our North American neighbors, Mexico and Canada. From an industrial and commercial point of view, attempts to broadly decouple the U.S. and China are misguided and unrealistic. Importantly, two-way trade and investment creates dependencies, which in turn add ballast and act as a stabilizing force between our countries, though they also expose us and are a source of friction; both need to be managed. However, it means we are invested in each other's fate.

Our two countries' increased rivalry and competition extends beyond security and ideology to economics, and this is not going away. In that regard, the U.S. will and must naturally defend its interests, as will China. Both the public and private sectors have a role in defending our interests. This is especially true in areas of certain advanced technologies and intellectual property and, in particular, those that involve national security or represent certain leading-edge capabilities that provide future comparative advantage. We should be both thoughtful and careful in how we define what to protect. Our countries have important and fundamental differences, including the construct of our economies. One is more market oriented, while the other is becoming more state directed. The U.S. is far more open than China in most all ways. So, there is asymmetry in our economic models and the rules that govern them. Regardless of the differences, each country is pursuing what it believes is its own path to greater prosperity for its people. I, for one, am not insecure about my country and believe deeply in our American model as the right path that will prevail if, again, we have the discipline and will collectively to run a better race. Further, I believe our democratic values and market-based system have been the best in history at delivering prosperity, individual liberty, social stability and enlightened progress. Make no mistake: American companies carry our nation's values in how we conduct ourselves in China.

We are at a difficult time in the relationship between our two countries, and the war in Ukraine and China's support for Russia will escalate things. The level of distrust, lack of honest and productive communication, particularly between our two governments, and the growing nationalism being fed by constituents in both countries are at a high. It's important we seek ways to ease the current tensions. We need small confidence-building measures that begin to get us back into the habit of cooperation and problem-solving without ignoring our differences. China makes a mistake in viewing us a country in decline, and we make a mistake feeling insecure about ourselves while treating them, in the words of Henry Kissinger, as simply a guilty party. We are not natural enemies, and we shouldn't use that word. It should be the priority for both our governments and our private sectors to seek to advance productive economic relations benefiting both of our countries.

The notion of reciprocity in the broader sense is an important guiding principle, particularly in terms of access, equal treatment and compliance with commitments. Both must be held to account. However, at the same time, we must promote our vision of trade and investment globally as a part of our foreign policy. In that regard, we are in retreat and leave a vacuum for China to fill. Trade agreements matter. To begin, while unpopular to say, we should seek to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); we should hold Mexico to account for United States-Mexico-Canada Agreement (USMCA) violations; and we should promote a digital trade agreement with Asia and Europe. These actions are essential to support growth in the U.S. economy, providing new and expanded job opportunities for workers across our industrial base. Of course, as we work to expand trade, we have a responsibility to ensure that the benefits are distributed throughout our economy, including providing the skills and knowledge necessary for all of our workers to compete in the global economy.

Back to China, people-to-people relations and dialogue have suffered during the pandemic, including from travel restrictions. We are learning more about each other secondhand than first – that is never a good thing. It is incumbent upon all of us, in both the public and the private sectors, to continue to reach for greater people-to-people interaction between us. We all have roles to play in communication and in creating reciprocal understanding of each other's actions, intentions and priorities. We especially need more relationships across senior levels of government. After all, relationships build trust and communication, which are so important, especially in conflict avoidance and friction reduction. And relationships lead to frank, earnest dialogue where we don't try to convince each other that what we observe really doesn't exist – a favorite Chinese pastime.

An unrivaled reputation for excellence

At Chubb we will make every effort to stay at the top of our game by continuing to grow, diversify, and modernize our company, its products and services, and its operations around the globe. This is the path for generating strong earnings and revenue growth for the benefit of the company and its shareholders.

We are in a phase of vigorous wealth creation. We are in a world that holds out great opportunities for us but is becoming a riskier and more complex place. We owe our success to the talent, dedication and knowledge of everyone at Chubb, from our underwriters and risk engineers to our claims organization, investment managers, technology and finance groups, and marketing teams. I would like to pay tribute to our board of directors and to my senior management team, who have made an indispensable contribution to Chubb's ability to seize strategic opportunities and keep up the pace of change in a competitive industry.

I have spoken of our technological advances and our determination to maximize the benefits of technology for our business. We never stay still but always look to the future. Even so, the task for the remaining years of this decade, and beyond, will consist of far more than embracing new technological opportunities. The more fundamental challenge will be to consolidate and renew all that is most special about Chubb – our culture, our skill sets, and the organizational structures that unite our global operations and make them so effective.

We have a culture that brings out the best in people who want to belong to something bigger than they are. We have an unrivaled reputation for excellence, and the innovative cutting edge to drive forward our strategy for balanced global growth. We are hugely ambitious, focused, disciplined and attentive to the needs and wishes of our customers, staff, investors and shareholders. For Chubb, 2021 was one of the greatest, if not the greatest, years on record. Together we will endeavor to make sure that this statement will be eclipsed by our company's performance in years to come.

Sincerely,

Evan G. Greenberg
Chairman and Chief Executive Officer