

Investing for a Sustainable Future

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Shareowner Rebuttal to Chubb Corp. Statement in Opposition of Proposal 5: Shareholder Resolution Requesting Sustainability Report

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Chubb Shareowners are encouraged to vote FOR the following resolution:

Shareholders request the Board of Directors issue an annual sustainability report describing Chubb's short- and long-term responses to ESG-related issues. The report should include, where feasible, objective statistical indicators and goals (where relevant) relating to each issue, be prepared at a reasonable cost, omit proprietary information, and be made available to shareholders by December 31, 2013.

Overview

Chubb published its first and only Global Reporting Initiative (GRI) sustainability report 2008, but replaced it with website disclosures in lieu of a comprehensive report in subsequent years. The board perceives current web disclosures to be more cost effective. The board also concluded that "... posting ESG-related content on the corporate website is a more effective and efficient means of communicating this information to interested stakeholders than publishing a sustainability report of the sort requested in the proposal."

We believe that many of the user-friendly features provided in the current web based approach could be retained in a cost-effective manner while providing a more comprehensive GRI compliant report to its stakeholders.

Chubb Corporation does not adequately disclose its sustainability-related risks, opportunities, policies, and practices, particularly the risks associated with climate change

Chubb's website reporting¹ is substantial in some areas, but is not comprehensive and does not include many key performance metrics. We do commend Chubb for several specific initiatives that address

¹ http://www.chubb.com/corporate/chubb12285.html

key long-term issues, including diversity in the workplace and environmental related product development. Greenhouse gas emissions are also reported through the CDP.

GRI sustainability reporting informs stakeholders, in a standardized way, about significant long-term environmental and social risks and opportunities. Sustainability reporting is also important because the process of producing a good report helps companies to establish data gathering systems that help them control costs and reduce risk, and how the firm is managing these risks. Sustainability reporting often provides insight into emerging risks that are not covered comprehensibly in the 10-K. In this instance, reporting is weakest where the risk is greatest--climate change impact.

The insurance industry in particular should treat climate change as a corporate-wide strategic issue. The company acknowledges in their last several annual reports that climate change "may affect our ability to manage exposure under the insurance policies we issue as well as the impact that laws and regulations intended to combat climate change may have on us." Chubb's own experience and the experience of the industry in general indicates that the impact of catastrophes is likely to increase with climate change--the total costs of catastrophes for Chubb before tax were \$1,140 million in 2012, \$1.030 million in 2011 and \$634 million in 2010.

Shareowners require more specific information on actionable steps being taken to manage the risk of an accelerating and increasingly unpredictable loss environment. Chubb does not disclose what specific steps it is taking to mitigate the risk to its underwriting and investment operations that come from the increased catastrophic loss potential that may be driven by climate change, which is crucial given Chubb's extensive coastal exposure. Although Chubb recognizes the potential impact of climate change on its property underwriting operations, there is no disclosure of the potential litigation risk present in casualty operations.

Sustainability issues also threaten the performance of investments that insurers rely on to meet their liabilities. A discussion assessing the potential for emergent correlated risks between insurers' underwriting and investment portfolios is not apparent, nor is there any indication that environmental, social and governance issues are considered in the management of Chubb's extensive portfolio of investments.

Chubb risks lagging behind its peers on sustainability reporting

A GRI sustainability report provides key information for data aggregators of environmental, social, governance (ESG) and financial information, such as Bloomberg, MSCI and indexes such as the Dow Jones Sustainability Index. Institutional investors rely heavily on these providers to evaluate Chubb and its competitors. ESG data aggregators may have difficulty populating their databases and sharing information with Chubb investors and stakeholders if the data is not easily comparable between companies.

Within this context, the common standards set by the GRI guidelines are necessary for many of the same reasons as standard accounting practices, and rapid adoption of these standards indicates that

²http://www.sec.gov/Archives/edgar/data/20171/000119312513084095/d400078d10k.htm#tx400078 56

GRI reporting is becoming standard practice. 80 percent of the 250 biggest companies in the world report their sustainability performance using the GRI Guidelines, according to an international study released by KPMG in November 2011.³

Major competitors Allstate⁴ and the Hartford⁵ are two industry peers who report using GRI guidelines.

Conclusion:

Without appropriate sustainability disclosure, shareholders, investors, and analysts cannot effectively determine how Chubb Corporation managing its ESG risks and opportunities. We urge you to vote FOR Proposal #4 following the instruction provided on the management's proxy mailing.

Note: This is not a solicitation of authority to vote your proxy. Please DO NOT send us your proxy card; the proponent is not able to vote your proxies, nor does this communication contemplate such an event.

³ http://www.kpmg.com/Global/en/IssuesAndInsights/ArticlesPublications/Documents/building-busines-value-part-3-v2.pdf, (pg. 12)

⁴ http://www.allstate.com/social-responsibility/gri.aspx

⁵ http://www.thehartford.com/about/environmental-responsibility