Annual Report and Financial Statements

Chubb European Group SE

31 December 2019

La Tour Carpe Diem
31 Place des Corolles, Esplanade Nord
92400 Courbevoie
France

COMPANY REGISTRATION NUMBER: 450 327 374 RCS Nanterre

CHUBB EUROPEAN GROUP SE

Contents

Managing Director's Report
at 31 December 2019

I am pleased to present my first Managing Director's Report for Chubb European Group SE ("CEG SE") following the redomicile of the company from the United Kingdom to France on 1 January 2019.

Financial Performance

2019 was a good year for CEG SE. We underwrote €4,235 million of gross written premiums, an increase of 10.1% over the €3,845 million recorded at year end 2018 and primarily driven by improving market conditions across the UK and Europe, together with focused segmentation and distribution initiaitves which have allowed us to expand our product offerings and enhance our broker relationships. Net written premiums for the year increased in line with gross premiums, rising to €2,476 million from €2,253 million the previous year.

The company also generated a healthy pre-tax profit of € 495 million reflecting a solid underwriting results and a strong investment performance.

New Appointments

There have been some changes to the CEG SE Board membership this year. David Robinson and Matthew Shaw resigned as Executive directors of the Board in January 2019 and Kevin O'Shiel, Catherine Riley and Tim Wade resigned as non-Executive directors in April 2019. Each of these people have made significant contributions to CEG SE's success and I thank them for their outstanding stewardship of the company over the years. I was also delighted to welcome Veronique Brionne, Nadia Cote, Miriam Connole, Mark McCausland and Kate Richards to the Board this year and I am certain that their leadership and guidance will help us maintain our position as one of the pre-eminent insurance companies operating across Continental Europe and the UK and Ireland today.

Operating Environment

Chubb aims to create sustainability for clients and shareholders by focusing on disciplined risk selection, pricing and terms and conditions that appropriately reflect the transfer of risk. Following many years of challenging underwriting conditions in the insurance markets across Europe, signs of firming finally began to emerge in 2019. There are signs of improvement in a number of regions and lines of business, most notably with the London wholesale and UK retail markets, but with positive rating momentum now also building throughout Europe. This change in market sentiment enabled our underwriters to maximise the opportunities afforded to them, with rate increases allowing business that had previously been inadequately priced to move into Chubb's appetite, and act as a catalyst for top line growth.

Coronavirus

During the first quarter of 2020, worldwide social and economic activity became severely impacted by the spread and threat of the novel coronavirus (COVID-19). The Company is taking actions to minimize risk to our employees, including restricting travel and instituting extensive work from home protocols. We seek to minimize any disruption to our clients and operations while ensuring the safety of our employees. The Company is unable to estimate the amount of losses, if any at this time. However, the Company anticipates that these events could adversely impact 2020 financial statements due to incurrence of losses and the impact of economic slowdown.

Looking Ahead

Prior to the impact of Corona virus underwriting conditions were robust in the majority of business classes and in most geographies, with little sign of any abatement in market resolve. It is inevitable that Coronavirus will change the economic and underwriting environments, although the exact impact will take some time to emerge.

Managing Director's Report
31 December 2018

We acknowledge the incredible pace of change throughout the world as new technologies lead to more innovative and efficient ways of doing business, and the impact this change is having on the insurance industry. At Chubb we embrace entrepreneurship and utilise our specialist expertise and innovative thinking to create opportunities to empower our customers and clients. We are masters of our craft, building relationships with our clients and applying craftsman-like precision to create unique and tailored coverages which, combined with our passion for excellence in service, helps us to deliver the best insurance solutions for our clients.

CEG SE has an exceptionally strong balance sheet to support its underwriting activities, an extensive suite of products, a powerful distribution network, outstanding data analytics and a strong underwriting culture. But the success of any business is based on the quality of its people, and I truly believe that we have some of the best teams in the insurance industry, with the talent, skills and enthusiasm to drive our business forward into the next decade. We are well prepared to face the challenges and take advantage of the opportunities that 2020 will bring, and I would like to take this opportunity to thank all of our employees for their continued hard work and dedication.

A Clifford
Managing Director

28 April 2020

Ownership

Chubb Limited, the ultimate parent of Chubb European Group SE ("CEG"), is the Swiss-incorporated holding company of the Chubb Group of Companies. Chubb Limited and its direct and indirect subsidiaries, collectively the Chubb Group of Companies ("Chubb") are a global insurance and reinsurance organisation. At 31 December 2019, Chubb Limited held total assets of $176.9 billion and shareholders' equity of $55.3 billion. It is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index. The company maintains executive offices in Zurich, New York, London and other locations, and employs more than 30,000 people worldwide.

Brexit

Chubb has been working to offer certainty and continuity of service for all of its customers and business partners regardless of their location since the UK EU membership referendum in 2016 was announced. Chubb's Brexit plans, including the decision to convert the UK company to Societas Europaea status in July 2018 and subsequently redomicile from the UK to France on 1 January 2019, enables the company to continue to carry out insurance business in the UK, Ireland and across Continental Europe with minimum disruption to its operating and servicing model.

The company operates under the supervision of the French Prudential Supervision and Resolution Authority , the Autorité de contrôle prudentiel et de resolution ("ACPR") and has its registered offices at La Tour Carpe Diem, 31 Place des Corolles, Esplanade Nord, 92400 Courbevoie, France.

Following its withdrawal from the EU on 31 January 2020, the UK has now entered a 'transition period' whereby it will effectively remain in the EU customs union and single market until 31 December 2020. During this period potential trade deals and agreements on a number of other key issues including law enforcement, data sharing and security will be negotiated.

As a French company, CEG will benefit from the UK's temporary permissions regime for inbound passporting EEA firms even after the expiry of the transition period. After that time and if required, Chubb intends to seek authorisation of the branches of its French companies, including CEG, in the UK. Chubb will continue to review the company structure, regulatory and tax requirements and governance arrangements to ensure the company operates an effective and compliant operating model across the region.

Coronavirus

Chubb is monitoring the Covid-19 outbreak and taking action to continue to serve clients effectively without any significant disruption in our business and minimising the risk to employees.

In view of this the directors have considered the impacts of Covid-19 on the company and have concluded that, as at the date on which these financial statements are signed the company is in a strong position to respond to the impacts of Covid-19 and support its policy holders and business partners. Despite the volatility in financial markets caused by the pandemic and its impact on investment valuations the CEG maintains a strong balance sheet and continues to be more than adequately capitalised. The company expects that any claims arising from the pandemic to be within appetite and manageable.

Business Overview

Chubb is the world's largest publicly traded property and casualty insurer. With operations in 54 countries and territories, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients.

Chubb is defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally. The company serves multinational corporations, mid-size and small businesses with property and casualty insurance and risk engineering services; affluent and high net worth individuals with substantial assets to protect; individuals purchasing life, personal accident, supplemental health, homeowners, automobile and specialty personal insurance coverage; companies and affinity groups providing or offering accident and health insurance programs and life insurance to their employees or members; and insurers managing exposures with reinsurance coverage. Chubb's core operating insurance companies maintain financial strength ratings of "AA" from Standard & Poor's and "A++" from A.M. Best.

Chubb's operating companies utilise the group's global capabilities for the benefit of local clients, leveraging its global expertise and balance sheet strength to deliver a consistent global customer value proposition at a local level. Underwriting strategy is set globally, with local adaptation to deliver an acceptable return to shareholders commensurate with the risk that they are taking. This global proposition is delivered through Chubb's network of local companies and ensures that appropriate policyholder security and customer outcomes are provided to clients and activities comply with all local and global requirements.

CEG is one of Europe's leading commercial insurance and reinsurance companies and operates a successful underwriting business throughout the UK, Ireland and Continental Europe. It is a major contributor to Chubb, generating approximately 11% of the group's overall gross written premium in 2019.

Headquartered in Paris with branch offices in the UK and across Europe, CEG holds cross-border permissions throughout the European Economic Area. The UK branch of the company is based at 100 Leadenhall Street, London EC3A 3BP and continues to be subject to limited regulation by the Financial Conduct Authority.

CEG is also a 'white listed' surplus lines insurance and reinsurance company in the United States, entitling it to write surplus lines in all US states and US territories. Business is accessed by a variety of distribution channels and the company has strong relationships with the broker community, its corporate partners and direct markets.

The company offers its clients a broad range of insurance and risk solutions encompassing property & casualty ("P&C"), accident & health ("A&H") and personal lines classes, with policies primarily written under the names "Chubb Europe", "Chubb Global Markets" and "Chubb Tempest Re", which capitalise on the distinctiveness and strength of the Chubb brand and acknowledge the company's strong insurance platforms, reputation, skill sets, financial strength ratings and consistent management philosophy.

The P&C operations provide client-focused insurance solutions and risk management and engineering services for a range of UK and European multinational, large and mid-sized commercial clients, with products encompassing property, primary and excess casualty, financial lines, cyber, surety, marine cargo, environmental and construction related risks.

The A&H division underwrites a range of A&H and travel related products, providing benefits and services to individuals, employee groups and affinity groups throughout Europe. In some cases these products are packaged under other brands or form part of another service provider's products. A range of personal accident and sickness insurance products including short-term disability, critical condition and hospitalisation/recovery are also offered across a number of European countries.

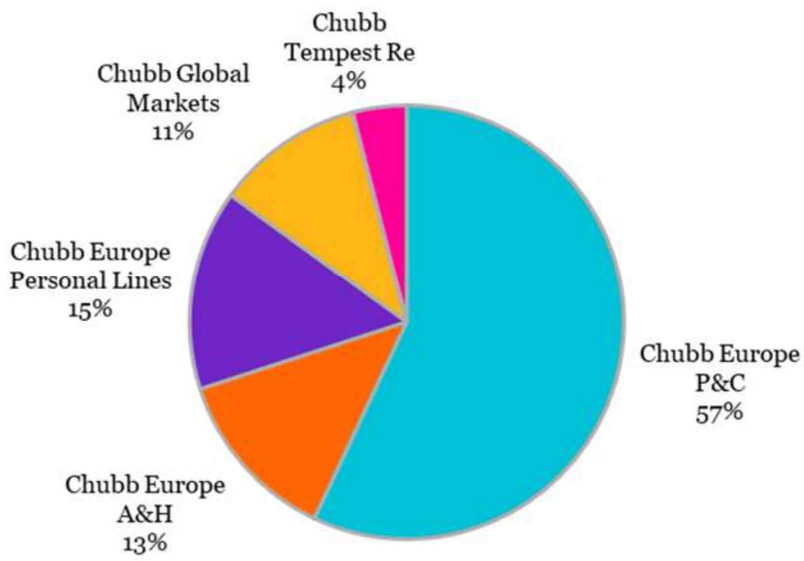
Personal Lines includes Specialty Personal Lines ("SPL") which provides innovative insurance solutions and industry-leading claims capabilities for Mobile Network Operators and Electrical Retailers in order to provide their customers with protection for their mobile devices. Chubb also offers insurance cover, primarily motor and home and contents insurance including jewellery and fine art collections, for successful individuals and families within its Personal Risk Services ("PRS") division.

Chubb Global Markets ("CGM") is the group's specialty international underwriting business. Its parallel distribution capabilities mean that underwriting products may be offered through both CEG and Lloyd's Syndicate 2488, managed by Chubb Underwriting Agencies Limited. CGM's product range includes tailored solutions for aviation, energy, financial lines, marine, property, political risks and excess & surplus lines insurance risks.

With underwriting operations located in London and Zurich, Chubb Tempest Re International ("CTRe") writes traditional and non-traditional aviation, casualty, marine and property treaty reinsurance worldwide. Products are offered through CEG and various overseas Chubb group legal entities.

CEG benefits from comprehensive and fully integrated support functions encompassing claims, finance and actuarial, risk management, legal and compliance, human resources, operations and IT.

The split of 2019 gross written premiums by business unit is illustrated below:



Business Objectives & Strategy

CEG's strategic vision is to pursue profitable growth by improving underwriting performance, product innovation, distribution and our service and relevance to customers and brokers.

The company is distinguished by its market-leading risk expertise, disciplined approach to underwriting and its regional branch presence which provides brokers and customers with fast access to CEG's decision makers.

Management is cognisant of the need to remain relevant in an evolving marketplace, and intends to differentiate CEG through clearly articulated underwriting appetites and risk selection, portfolio management, use of digital technologies and skilful manipulation of data. Underwriters strive to create new niche and packaged products, and provide enhanced tailored insurance and risk management solutions which are more accessible to customers and address their evolving needs. CEG also aims to deliver superior customer service and outcomes, and adhere to clear and agreed service standards through risk management, compliance and conduct governance practices.

CEG has an established underwriting ethos that permeates the company. Top line growth is not the primary driver for the company and underwriters are fully prepared to shed volume as necessary in order to maintain an underwriting profit. Using underwriters' skills and targeted marketing strategies, the company aims to generate growth in areas where risk-adjusted underwriting margins are favourable, and achieve better terms or shrink business where they are not.

Following the redomicile to Paris on 1 January 2019, CEG is headquartered in Paris, but can issue policies locally throughout its network of branch offices. This encourages underwriting flexibility and high levels of service for brokers and clients whilst ensuring local regulatory and tax requirements are adhered to. CEG is an established player in the multinational marketplace and has the capability to provide fully integrated international insurance programmes for clients. CEG's dedicated and experienced international underwriting and service teams work with Chubb's global network of offices to provide seamless, tailored solutions to the often unique and complex needs of multinational companies which includes agreeing coverage, issuing policies, adjusting claims and moving funds, all in accordance with legislative requirements and agreed service standards.

The company strives to offer superior service levels in all aspects of its operations, from policy processing to engineering risk management and claims handling. CEG continues to invest in technology to improve its operational efficiency, underwriter support and broker interfaces.

CEG is committed to protecting and preserving its capital. It operates a conservative investment strategy and has maintained its focus on cash flow management and liquidity to secure its long term position in the insurance market.

Investment Strategy

CEG operates a conservative investment strategy by establishing highly liquid, diversified, high quality portfolios managed by expert external managers. Detailed Chubb group investment guidelines are established for each managed portfolio including Chubb customised benchmarks against which the manager performance is measured.

CEG maintains five active investment grade fixed income portfolios, the core currencies of which are sterling, euro and US dollars. Further passive portfolios are maintained in Switzerland and Turkey to meet local solvency requirements. CEG also allocates a limited proportion of funds available for investment to alternative strategies. These alternative strategies include high-yield bonds, syndicated bank loans, private equity loans and global equities.

At year end 2019 funds allocated to alternative strategies made up 14% of CEG's investment portfolios, falling within the established limits. The majority of CEG's investments continue to be allocated to high quality, diversified, actively managed portfolios with exposure to a broad range of sectors. Consistent with previous years, CEG's investment guidelines and external manager positioning restrict exposure to peripheral Eurozone countries.

The approximate currency split of CEG's investment portfolios is sterling 35%, euro 38% and US dollars 26%. Other currency investments comprise approximately 1% of the total.

Presentation of Financial Statements

Key Performance Indicators

The following financial key performance indicators ("KPIs") have been deemed relevant to the company's business. These KPIs are reviewed regularly by the CEG Board.

€ million	**2019**
Gross premiums written	4,235
Net premiums written	2,476.6
Combined ratio % *	91.3%
Profit before tax	495

** Ratio of net claims incurred, commission and expenses to net premiums earned*

Management also use a variety of other performance indicators, including production volumes, retention ratios, price monitoring, loss and expense analyses, and operating metrics in assessing the performance of each of the business segments. All financial results are monitored against plan, forecast and prior year on a regular basis.

Results & Performance

2019 produced a pre-tax operating profit of 459,3 million euro and a combined ratio of 91.3%. A summary of the reported financial results is shown in the following table.

€ million	**2019**
Gross premiums written	4.235
Net premiums written	2.476,6
Net premiums earned	2357,9
Incurred losses	1.166,1
Operating expenses	981,5
Underwriting profit	**308,1**
Investment return	55,9
Net other income / (charges)	131,3
Net pre-tax profit	**495**
Combined ratio %	91,3

The Board of Directors proposes to the general meeting of shareholders to allocate the profit of 351 M€ for the financial year ending 31 December 2019 to the "Other reserves" account.

	2019
I - Financial position at year-end	
Share capital (in euros)	896 176 662
Number of existing ordinary shares	786 119 879
II - Result of actual operations (in thousands of euros)	
Turnover excluding tax (net reinsurance)	2 476 633
Pre-tax technical result	308 125
Pre-tax income (loss)	495 434
Income Taxes	144 120
Profit after tax	351 314
Distributed result	0
III - Earnings per share (in euros)	
Profit after tax	351 314
Dividend allocated to each share	0
IV - Staff	
Average number of employees	1 506
Payroll (in thousands of euros)	147 100
Employee benefits (in thousands of euros)	62 868

Rating Environment

After many years of challenging underwriting conditions in the UK and Continental Europe, a more positive underwriting environment began to emerge during 2018 leading to improvements in pricing in most commercial insurance markets,with the pace of change varying widely by region.

These positive changes continued to build throughout 2019 as the drive for acceptable pricing of insurance risks intensified. The London wholesale market experienced price increases across a broad range of business classes, with more significant rate increases being seen as the year progressed. CGM achieved an overall rate increase on renewals written into CEG in excess of 10%, with the highest increases in Aviation, Financial Lines and Property lines. The retail markets in the UK & Ireland also saw improvements in P&C pricing and terms and conditions, although to a lesser extent than the wholesale markets. CEG achieved an overall rate increase on UK & Ireland renewals of 5% with all core lines experiencing positive movements, particularly in Financial Lines. Pricing on the Continent also showed improvements over prior year, with renewals achieving low single digit rate increases on average, although some lines, notably Casualty, were still challenged.

Rates on A&H business were slightly up and there was positive movement within the PRS portfolio with Motor classes seeing somewhat more rate than other classes.

Conditions in the reinsurance market remained competitive, particularly on Property and UK Motor risks. However there were some improvements in underlying rates in a number of Casualty and Marine lines, with terms remaining broadly in line with prior year. There was also evidence of some market dislocation as carriers look to improve profit margins against the back drop of underperforming portfolios.

Drivers of Underwriting Result

CEG underwrites UK, Continental Europe, US and international business which is principally transacted in euro, sterling and US dollars. For accounting purposes and within this report, the operating results of the business are presented in euro.

CEG's 2019 gross written premiums of € 4.235 million were an increase of 14.2% over the €3,845 million recorded at year end 2018, driven primarily by growth in the CGM wholesale business and the P&C retail portfolios. Business retention in all lines across the region remained strong and new business was also up on prior year as clients continue to acknowledge Chubb's superior distribution, product offerings and service capabilities.

CEG purchases reinsurance to mitigate the impact of major events and an undue frequency of smaller losses. A number of the reinsurance programmes operated by CEG during 2019 were with a Chubb company, Chubb Tempest Reinsurance Ltd. CEG also has the benefit, particularly for US and worldwide catastrophe exposures, of reinsurance programmes shared with other Chubb entities, including Syndicate 2488 at Lloyd's. These arrangements result in an increase in the reinsurance purchasing power of Chubb, which ultimately benefits all subsidiaries, including CEG. There were no significant changes to the company's reinsurance purchasing strategy in 2019.

CEG's exposure to large losses is managed by adherence to clear risk management and underwriting guidelines and the use of reinsurance protection and sophisticated modelling and analysis.

Financial Markets Review

Low volatility returned in 2019 as both bonds and equities rallied on the back of reduced trade war tensions between the US and China and a more accommodative stance by global central banks, including the European Central Bank ("ECB"), the Bank of Japan, and the Federal Reserve ("the Fed").

In the first quarter, amid decelerating growth momentum, global central banks shifted toward more accommodative stances. The ECB's rhetoric became more dovish, the Bank of Japan suggested additional easing measures, and the Fed shifted to a lower outlook for rate hikes and signaled an end to its balance sheet unwind. This stance plus increased optimism over trade negotiations pushed yields lower and spurred a rally in risk assets.

Despite rising uncertainty for global growth in the second quarter, markets continued to perform strongly, spurred once again by more supportive stances from global central banks. Business sentiment indicators were declining, shifting in some cases to contractionary levels. Meanwhile, expectations for rate cuts increased. Intra-quarter, volatility picked up as trade tensions increased. But this was short-lived as the rally in risk assets continued and sovereign yields continued to decline.

Continuing along the same themes of the first and second quarters, yields fell and spread sectors tightened. However, increased trade tensions and growth concerns meant risk assets rallied less than they had in prior quarters. The Fed and the ECB lowered policy rates against this more uncertain backdrop, with the ECB also announcing a resumption of its quantitative easing program.

In the fourth quarter, recession risks and volatility decreased, a sharp contrast to a year before, as sentiment indicators appeared to turn, showing early signs of a recovery in global growth. Investment grade bond yields rose amid positive news concerning trade negotiations between the US and China, bolstering investor sentiment.

Investment Performance

Investment markets performed strongly in 2019 and with volatility decreasing, all asset classes held by CEG generated strong total returns. Fixed income returns were generally good in 2019 as both sovereign and corporate yields fell. Returns for high yield bonds exceeded investment grade mandates as spreads narrowed. Equities and illiquid loans also produced strong returns during the year.

Overall CEG generated a total return of 5.8% in 2019 on balances available for investment. For investment grade portfolios, performance varied by individual manager, ranging from 3.6% to 4.1% for sterling and 4.4% to 4.6% for Euros. The US dollar investment grade portfolio generated a total return of 8.9% in the year.

CEG's alternative investment assets, constituting around 14% of the total portfolio produced strong results. The allocation to US dollar upper tier high yield bonds generated returns of 14.3% for the year, allocations to bank loans produced a total return of 9.5% and the private loans and private equity holdings generated similar total returns of around 10%. CEG's allocation to Global equities comprises 1.1% of the total portfolio and generated a strong return of 20% for the year.

Financial Position

Capital

CEG maintains an efficient capital structure consistent with the company's risk profile that duly considers the regulatory and market environment relevant to its business operations.

The company assesses its own capital needs on a detailed risk measurement basis, for the purpose of maintaining financial strength and capital adequacy, sufficient to support business objectives and meet the requirements of policyholders, regulators and rating agencies whilst retaining financial flexibility by ensuring liquidity.

CEG managed its capital levels in 2019 in the context of the Solvency II Standard Formula Solvency Capital Requirement and the Solvency II Minimum Capital Requirement, which computes capital levels based on European industry risk factors related to premiums, reserves and assets. CEG maintained capital throughout 2019 over and above the Solvency II Standard Formula Solvency Capital Requirement with an additional margin.

Solvency II, as a maximum harmonisation directive, also operates in France in the same way as in the UK. The company's solvency and capital position was therefore unaffected by the redomicile.

As at 31 December 2019, the company had a standard formula Capital Requirement of €1,964 million and eligible own funds capital resources measured by Solvency II of €2,724 million. The company's regulatory solvency ratio was therefore 139%.

For internal purposes, CEG assesses its risk profile and own capital requirements using an internal model which has been developed to meet Solvency II requirements. The internal model is supported by a robust validation and governance framework which ensures its ongoing appropriateness and is refined to reflect CEG's experience, changes in the risk profile and advances in modelling methodologies. The internal model Solvency Capital Requirement is less than that as measured by the Solvency II standard formula.

Ratings

CEG holds financial strength ratings of "A++" from A.M. Best and "AA" from Standard & Poor's ("S&P"). Both ratings have a stable outlook.

Governance

CEG has a documented corporate governance framework, the purpose of which is to exercise oversight and control over the management of the business.

As detailed in the Business Overview on page 3 CEG successfully redomiciled from the UK to France on 1 January 2019 and now operates under the supervision of the ACPR and in accordance with French Law.

The Board meets on a quarterly basis and additionally for specific purposes to discharge its responsibilities. In 2019 the Board met seven times. With effect from 1 January 2019, the matters reserved for the Board are to determine the strategy for the business and oversee its implementation, keep the interests of key stakeholders under review, and maintain sound governance via oversight of robust management structures, including strategic, risk and controls monitoring.

Membership of the Board is kept under review to ensure that the composition and available expertise remains relevant to the current needs of the company. As at 31 December 2019 the Board comprised of six non-executive directors and three executive directors, including Lord Turner as the independent Chairman. In 2019 two executive directors and three non-executive director left the Board and three executive and three non-executive directors were appointed. These included Adam Clifford as Managing Director, two executive directors based in France. The day-to-day operations of the company are under the management of the Managing Director and any Deputy Managing Directors that may be appointed; these are authorised by the Board, in accordance with the French Commercial Code to represent the company in all its dealings with third parties. One Deputy Managing Director was appointed in compliance with the French requirements, however it is not necessary for the Deputy Managing Director to also be a member of the Board.

Key non-routine Board activity during the year included, i) the Internal Model Application Process for the ACPR to approve the company's internal model, ii) review of the governance structure to assess its effectiveness and to ensure it is appropriate following the redomicile, iii) the delegation of authority to the Managing Director to grant Deferred Consideration Guarantees pursuant to Artile L.224-35 paragraph 4 of the French Commercial Code in relation to the Surety business undertaken by the company, iv) the approval of the Third Party Relationship Management Framework to oversee outsourced arrangements and v) the transfer of CEG specific software, hardware and fixed assets from Chubb Services UK Limited to the company following the redomicile. It also agreed changes to the company's Solvency II and internal model documentation, to board policies and frameworks and to the life assurance benefit arrangements to enable CEG to become a participating employer.

The Board received regular reports on the status of business results, business and function plans, resourcing, developments in the risk and regulatory environments, on consumer conduct, regulatory compliance, underwriting controls, actuarial and solvency matters. One meeting each year is dedicated to thecompany's business strategy.

As an SE the company is required to hold general meetings for its shareholders and during 2019 an ordinary general meeting and an extraordinary general meeting were held on 20 June. The shareholders resolved to amend the age limit of directors and the chairman, as detailed in the company's statutes, to a maximum of seventy-five. From 1 January 2019, elected representatives of the French Works Council have been invited to attend all board and shareholder meetings.

The Board has delegated a number of matters to committees.

With effect from 1st January 2019, the Audit Committee and Risk Committees were combined to become one committee known as the **Audit & Risk Committee** (the "Committee"). The responsibilities of the individual committees were combined and included in the Internal Regulations of the company. The Committee is composed of Non-Executive Directors. Also as part of the Brexit planning in 2018 it was agreed that the Nominations Committee would be disbanded and the responsibilities would be undertaken by the Board from 1 January 2019.

The Committee, considered and made recommendations to the Board on areas including validation of solvency calculations, internal controls, financial reporting, whistleblowing, actuarial matters and the external audit. In addition it oversaw and adised the Board on risk exposures, future risk strategy, the design and implementation of the risk management framework into the business and on solvency and capital matters. It also ensured that business risks and controls were recorded and monitored.

The Committee received reports from the compliance, conduct, risk management, actuarial and finance functions and internal audit on a quarterly basis. Other regular reporting included updates on the company's Own Risk & Solvency Assessment metrics, which helps to provide an independent overview of management's assessment of risk.

In relation to the external audit process, the Committee monitord the nature and scope of work in the audit of the statutory financial statements and other external reporting requirements. The Committee received regular reports from the external auditor and the Chair of the Committee and Chair of the Board met regularly with the external auditor without management being present.

In the case of the internal audit function, the Committee's role involved agreeing and monitoring, in conjunction with the group audit function, the nature and scope of work to be carried out by the internal audit team and the availability of sufficient resources. The Committee received regular reports from the internal audit and the Chair of the Committee and Chair of the Board met regularly with the Head of Internal Audit without management being present.

The Committee's role is aimed at providing assurance to the Board and Chubb group management that the internal control systems, agreed by management as being appropriate for the prudent management of the business, were operating as designed. At all times the Committee is expected to challenge any aspect of these processes which it considers weak or poor practice.

During 2019 the Committee in particular reviewed i) the change in approach to the internal model validation process, which is supported by the Model Validation Unit, ii) the company's contribution to a market wide study on general insurance pricing undertaken by the UK's Financial Conduct Authority in respect to the company's UK Branch business, iii) the restatement of the 2018 Financial Statements from UK GAAP to French GAAP, iv) the increasingly complex requirements around sanctions and v) the results of the external quality assessment of the internal audit function. It also considered the Internal Model Approval Process and the support of branch matters, including the consideration of the establishment of a Romanian branch, which did not proceed, activity in Turkey and the requirements of the UK branch post Brexit.From 1 January 2019 executive management operated within a framework of local, regional and group level controls. This was effected by functional and geographic matrix reporting and accountability. This organisational structure maximises local knowledge and group experience and expertise, promotes excellence through shared best practice and global communication and ensures decisions are taken at company level but go through local, regional and group level systems and controls.

The format and membership of the company's **Management Committee** was amended to reflect the changes in governance resulting from Chubb's planning for Brexit and the Company's redomicile to France and the Managing Director chairs this forum. This oversees the day-to-day management of business operations and performance and assists the Managing Director and Deputy Managing Director in overseeing operational strategies and decisions determined by the Board. It is also responsible for the oversight of support function activities, branch networks, key steering groups and sub-committees including finance, capital & credit; reserve; underwriting controls; investment; and internal model steering committees. During 2019 it met quarterly on a formal basis, in additional to regular informal meetings. It received reporting on the activities of the Chubb Europe Regional Executive Committee and of the sub-committees. In late 2019 the remit of the underwriting controls committee was expanded to include product oversight and the status of the IT working group was amended to the IT steering committee. These changes became effective from 1 January 2020 and ensure that the CEG Management Committee has clear sight of customer and IT issues and that these can be escalated to the Committee and Board as necessary.

CEG had a **Brexit Committee** which met on an ad hoc basis between formal Board meetings to consider authorisation of matters relating to the dompany's Brexit planning. In On 13 December 2019 the Board agreed to amend the remit of this committee to deal with business issues of an administrative or routine nature where documentation of approval is required in between quarterly Board and Committee meetings and for it to be renamed the Routine Board Committee with effect from 1 January 2020.

Risk & Control Framework

The Chubb Group is a global underwriting franchise whose risk management obligation to stakeholders is simple: ensure sufficient financial strength over the long term in order to pay policyholder claims while simultaneously building and sustaining shareholder value.

The Chubb Enterprise Risk Management ("ERM") strategy helps achieve the goal of building shareholder value by systematically identifying, and then monitoring and managing, the various risks to the achievement of corporate business objectives and thereby minimising potential disruptions that could otherwise diminish shareholder value or balance sheet strength.

CEG has adopted the Chubb Group Enterprise Risk Management Framework ("RMF"), which describes the role of ERM within CEG and how it helps the company achieve its business objectives, meet its corporate obligations and maintain the reputation of Chubb's business. Chubb's documented RMF is principles-based and sets out the organisational framework for risk taking, monitoring and governance.

The RMF adopts a "three lines of defence" model, comprising day-to-day risk management and controls, risk management oversight, and independent assurance.

The RMF identifies the key risks to which each business segment, and the company as a whole, is exposed, and their resultant impact on economic and regulatory capital. This framework employs Solvency II principles to assess risk and manage capital requirements to ensure the capital required to support CEG's business objectives and to meet the requirements of policyholders, regulators and rating agencies is in place.

The CEG Board is ultimately responsible for ensuring that the company operates within an established framework of effective systems of internal control, including the approval of the overall risk tolerance for the organisation and compliance with policies, procedures, internal controls and regulatory requirements.

The Board's oversight of the RMF is effected through the various committees and functions with particular purposes and direction around the monitoring of risk tolerances and oversight of internal controls and compliance procedures. The risk management function has a strong mandate from the Board to promote the RMF and embed it throughout the company.

The company's RMF was re-approved by the Board in 2019 together with a review of individual risk policies and risk appetite statements which set out defined risk-tolerance constraints for the execution of the business strategy. All key risk policies and procedures are subject to Board approval and ongoing review by executive management, the risk management function and the internal audit function.

Principal Risks

The RMF classifies individual risk sources into four major categories: insurance, financial, operational and strategic. Insurance is Chubb's primary risk category; the three other risk categories present an exposure primarily from that assumption of insurance risk. Other risks, including group risk and emerging risk are also considered.

Insurance Risk

The principal risks from CEG's insurance and reinsurance business arise from its underwriting activities, both prospective and retrospective. Key risks include unexpected losses arising from inaccurate pricing, fluctuations in the timing, frequency and severity of claims compared to expectations, inadequate reinsurance protection and inadequate reserving.

Underwriting risks and line sizes are continually monitored through an established peer review process and automated exception reporting. Each underwriter is given an authority based on technical expertise and experience to bind risks that fall within specified classes of insurance and specified maximum limits. Formal price monitoring procedures are in place and form part of the standard monthly management statistics. These contribute to the quarterly actuarial review whereby the loss outcome of the underwriting activity is continually re-assessed and considered by the Reserve Committee.

With such a large and diverse book, it is vital that the company's aggregate exposures are continually monitored and adjustments made to the underwriting profile as appropriate. The company operates a dedicated catastrophe management function independent of underwriting management, whose responsibility is to model aggregate risk and assist with the pricing of this risk, providing a key control to the underwriting process.

Reinsurance is used to help mitigate some of the above insurance risk. However, the possibility of reinsurance risk itself arises when reinsurance purchasing proves inadequate in amount, fails to protect the underlying coverage or falls short when the reinsurer fails to pay.

Financial Risk

Financial risk includes a wide range of risks associated with activities such as investments, credit, liquidity and the impact of foreign exchange fluctuations:

- Investment risk includes the impact of market volatility on asset values attributable to such factors as interest rate movements and / or price changes.
- Credit risk arises from the possibility that the financial position of our counterparties deteriorates, and financial loss in the event of creditor default.
- Liquidity risk refers to the possibility that cash or equivalents, coupled with operating cash flows, will be insufficient to provide for claims payments to policyholders and other needs such as interest payments.
- Foreign exchange risk occurs when assets and liabilities are denominated in different currencies and materialises when asset holdings are decreased or liabilities increased by exchange rate movements.

Other financial risk sources manifest themselves through an impact on asset values. Among these are investment risk due to unanticipated interest rate movements having impacts on asset values, and asset-liability management risk when asset values are insufficient or unavailable to pay liabilities when due.

CEG has an investment strategy which is aligned with its underwriting liabilities. There are also defined investment guidelines in respect of asset allocation, duration, liquidity and credit risk exposure with quality control around investment portfolio management to ensure compliance with the set guidelines.

Operational Risk

Operational risk is the possibility of loss resulting from inadequate or failed internal processes, people or systems, or from external events other than those falling within strategic risk as defined below. Significant operational risk sources include claims processing, IT security, outsourcing and vendor management, business continuity, fraud, and regulatory compliance (including conduct risk).

CEG seeks to ensure that it is not exposed to operational risk in excess of the risk appetite with mitigating strategies including business continuity plans that have appropriate controls relating to key operational procedures and processes.

Strategic Risk

Strategic risk refers to the outcome from sub-optimal decisions that may be made or not made in respect of strategic planning, execution of strategy or responsiveness to changes in industry or competitive landscapes.

The CEG Board is responsible for the management of strategic risks arising from the execution of both the strategic and annual plans. The Board also receives reports produced to monitor and track business performance against the approved plan.

Chubb has implemented contingency plans for CEG in response to the UK's exit from the EU to mitigate the potential strategic risks to the company. These risks continue to be assessed and monitored on an on-going basis.

Other Risks

Group risks: This is the potential impact on the company of risks arising in other parts of the Chubb group, such as direct or indirect financial loss and operational, reputational or regulatory issues. As a strategically important member of the Chubb group, the company uses group resources in a number of areas, including IT and asset management, as well as reinsurance and capital support. Group risk is assessed, monitored and reported as part of the company's risk management processes. Additionally, intra-group arrangements are governed in an appropriate arms-length manner. The intra-group arrangements involve formal contracts, equitable and transparent transfer pricing, and full respect for the integrity thereof, as well as all laws and regulations facing the legal entities in question.

Emerging risks: An integral part of the risk management framework is the identification and assessment of emerging risks. CEG has defined emerging risks as any events, situations or trends that may arise within its internal and external operating environment that could significantly impact the achievement of its corporate objectives in either the short or long term. There is an internal system for the identification, assessment and monitoring of such risks with reports issued to senior management including analyses which are often iterative in nature and conclude with recommended action plans that can be implemented to minimise or otherwise manage the emerging risk.

Compliance

Compliance with regulation, legal and ethical standards is a high priority for Chubb and CEG, and the compliance function has an important oversight role in this regard. Annual affirmation of the Chubb Code of Conduct is required of all employees and directors.

As a material subsidiary of Chubb Limited, a US listed company, the financial control environment in which the US GAAP financial statements are derived is subject to the requirements of US Sarbanes-Oxley legislation. CEG has formalised documentation and tested controls to enable Chubb Limited to fulfil the requirements of the legislation.

CEG is also committed to fulfilling its other compliance-related duties, including its observance of customer-focused policies, in line with regulatory principles, and it uses various metrics to assess its performance.

The company utilises a skilled and specialist workforce to manage its regulatory and compliance responsibilities and aims to operate to a high standard. CEG recognises and values its relationships with regulators in each of its jurisdictions and engages in open dialogue and communication to address and resolve any issues.

Invoices received and issued not settled at the closing date of the financial year whose term has expired

(Table provided for in I of article D. 441-4)

In accordance with the FFA circular of 22 May 2017, the supplier deadlines presented below do not include transactions related to insurance and reinsurance contracts.

	Invoices received but not paid at the balance sheet closure date of the financial year for which the term is overdue					
(A) Late payment instalments						
	0 Day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
Number of invoices concerned	None					None
Total amount of the invoices concerned inclusive of tax						
Percentage of total purchases for the year						
(B) Invoices excluded from(A) relating to disputed or unrecorded payables and receivables						
Number of excluded invoices	0					
Total amount of excluded invoices incl. VAT	0					
(C) Reference payment periods used (contractual or statutory)						
Payment periods used for the calculation of late payments	No late calculation, Invoices paid in cash					

	Invoices issued and outstanding at the balance sheet date of the financial year for which the term is overdue					
(A) Late payment instalments						
	0 Day	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day and more)
Number of invoices concerned	None					None
Total amount of the invoices concerned inclusive of tax						
Percentage of turnover for the financial year (including tax)						
(B) Invoices excluded from(A) relating to disputed or unrecorded payables and receivables						
Number of excluded invoices	0					
Total amount of excluded invoices incl. VAT	0					
(C) Reference payment periods used (contractual or statutory)						
Payment periods used for the calculation of late payments	Legal deadlines under the conditions of Article L 441-6					

Pursuant to the provisions of Article L 225-37 of the French Commercial Code, the Board of Directors presents its report on corporate governance in this section.

List of management, executive, administrative or supervisory functions performed by the corporate officers during the financial year 2019

Name of Director	Name of other Organisation	Role	Country of Incorporation
Jonathan Adair Turner	ACE Europe Life SE	Chairman & Director	France
	Chubb Underwriting Agencies Limited	Chairman & Director	United Kingdom
	British Museum	Member of the Board of Trustees & Audit Committee Chair	United Kingdom
	Energy Transition Commission	Chair of Energy Transitions Commission	United Kingdom
	House of Lords	Crossbench Member	United Kingdom
	Institute for New Economic Thinking	Senior Fellow	USA
	OakNorth Bank Limited	Adviser to the CEO	United Kingdom
	Envision	Board Advisor	United Kingdom
	Envision AESC	Board Member for Japan subsidiary	United Kingdom
Veronique Brionne	ACE Europe Life SE	Director	France
	AGIPI	Board Member	France
Adam Clifford	ACE Europe Life SE	Director	France
Miriam Connole	ACE Europe Life SE	Director	France
	Chubb (CR) Holdings	Director	United Kingdom
	Chubb Capital I Limited	Director	United Kingdom
	Chubb Capital IV Limited	Director	United Kingdom
	Chubb Capital Ltd	Director	United Kingdom
	Chubb Capital V Limited	Director	United Kingdom
	Chubb Capital VII Limited	Director	United Kingdom
	Chubb Europe Services Ltd	Director	United Kingdom
	Chubb European Holdings Limited	Director	United Kingdom
	Chubb INA G.B. Holdings Ltd	Director	United Kingdom
	Chubb Insurance Service Company Ltd	Director	United Kingdom
	Chubb Market Company Limited	Director	United Kingdom
	Chubb Services UK Limited	Director	United Kingdom
	Chubb Underwriting Agencies Limited	Director	United Kingdom
Nadia Cote	N/A	N/A	N/A

Name of Director	Name of other Organisation	Role	Country of Incorporation
David Furby	ACE Europe Life SE	Director	France
	Chubb European Holdings Limited	Director	United Kingdom
	Chubb Services UK Limited	Director	United Kingdom
	Chubb Underwriting Agencies Limited	Director	United Kingdom
	London Market Group	Director	United Kingdom
	London Erratic Racing Club	Director	United Kingdom
Mark Hammond	ACE Europe Life SE	Director	France
	Chubb Insurance (Switzerland) Limited	Director	Switzerland
	Chubb Reinsurance (Switzerland) Limited	Director	Switzerland
Mark McCausland	Chubb Insurance (Switzerland) Limited	Chairman & Director	Switzerland
	Chubb Reinsurance (Switzerland) Limited	Chairman & Director	Switzerland
Sian Richards	N/A	N/A	N/A

The Board approved the appointment of Kenneth Koreyva as a director of the Company and Chairman of the Audit & Risk Committee, to replace Mark Hammond. This was effective from 14 May 2020 for the remaining term of the mandate i.e. up to the end of the shareholder meeting deciding on the annual accounts for the year ending 31 December 2023. He would not be remunerated for these duties, but would be entitled to reasonable reimbursement of his professional expenses.

Agreements referred to in Articles L.225-38 et seq. of the Commercial Code and R.322-7 of the Insurance Code

In accordance with the provisions of Article L225-37-4 - 2e , of the French Commercial Code, we would like to inform you that during the past financial year, no agreements were concluded, directly or through intermediaries, between, on the one hand, the Company and its subsidiaries, one of the corporate officers or one of the shareholders holding more than 10% of the voting rights in CEG SE, and, on the other hand, another company in which CEG SE directly or indirectly holds more than half of the capital, with the exception of agreements relating to current transactions and concluded under normal conditions.

Summary table of currently valid delegations granted by the General Meeting to the Board of Directors (Articles L.225-129-1 and L.225-129-2 of the French Commercial Code)

None

Method of exercising general management

The Board of Directors of CEG SE has decided that the functions of Chief Executive Officer will be separated from those of Chairman of the Board of Directors.

This choice of governance method was applied throughout the 2019 financial year.

BALANCE SHEET
at 31 December 2019

In K €	
ASSETS	**2019**
1. Uncalled subscribed capital or head office liaison account	**0**
2. Intangible Assets	**139 620**
3. Investments :	**5 544 701**
3a. Land and buildings	0
3b. Investments in affiliated undertakings and undertakings linked by virtue of participating interests	0
3c. Other investments	5 544 701
3d. Receivables for cash deposited with ceding companies	0
5. Share of assignees and retrocessionaires in technical provisions :	**3 907 647**
5a. Unearned premium reserves (non-life)	594 340
5d. Reserves for claims payable (non-life)	3 267 989
5f. Provisions for bonuses and rebates (non-life)	0
5g. Equalization provisions	0
5i. Other technical provisions (non-life)	45 318
6. Receivables	**2 079 994**
6a. Receivables arising from direct insurance operations and substitute underwritings	1 110 205
6aa. Premiums still to be issued	*73 662*
6ab. Other receivables arising from direct insurance operations and substitute underwriting	*1 036 543*
6b. Receivables arising from reinsurance operations and substutional cessions	368 101
6c. Other receivables	601 689
6ca. Staff	*0*
6cb. State, social organisations, public authorities	*180*
6cc. Miscellaneous debtors	*601 509*
6d. Unpaid called-up capital	0
7. Other assets	**388 671**
7a. Property, plant and equipment	102 068
7b. Current accounts and cash	286 603
7c. Own shares or certificates	0
8. Accruals and deferred income Assets	**386 876**
8a. Accrued interest and rentals	61 994
8b. Deferred sales charges (Life and non-life)	285 518
8c. Other prepayments and accrued income	39 363
TOTAL ASSETS	**12 447 508**

BALANCE SHEET
at 31 December 2019

In K €

LIABILITIES	2019
1. Shareholders' equity	**2 455 314**
1a. Share capital or fund of establishment and supplementary share capital or head office liaison account	896 177
1b. Premiums related to share capital	0
1c. Revaluation reserves	0
1d. Other reserves	1 207 824
1e. Carry forward	0
1f. Profit for the year	351 314
2. Overbordered liabilities	**0**
3. Gross technical provisions	**8 378 119**
3a. Unearned premium reserves (non-life)	1 729 760
3d. Reserves for claims payable (non-life)	6 562 531
3f. Provisions for profit-sharing and rebates (non-life)	0
3g. Equalization reserve	20 805
3i. Other technical provisions (non-life)	65 023
5. Provisions (other than technical)	**20 594**
6. Liabilities for cash deposits received from assignees	**10 215**
7. Other liabilities :	**1 525 084**
7a. Debts arising from direct insurance operations and substitute investments	42 300
7b. Debts arising from reinsurance operations and substitution assignments	493 745
7c. Bonds (including convertible bonds)	0
7d. Amounts owed to credit institutions	159 707
7e. Other liabilities :	829 332
7ea. Debt securities	*0*
7eb. Other loans, deposits and guarantees received	*0*
7ec. Staff	*7 140*
7ed. State, social organisations and public authorities	*60 983*
7ee. Miscellaneous creditors or creditors	*761 209*
8. Accruals and deferred income Liabilities	**58 183**
TOTAL LIABILITIES	**12 447 508**

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2019

In K €

Non-life insurance technical account	**Gross**	**Cessions and retrocessions**	**Net**
1. Earned premiums :	**4 038 095**	**1 680 168**	**2 357 926**
1a. Premiums	4 235 000	1 758 367	2 476 633
1b. Change in provisions for unearned premiums	-196 906	-78 198	-118 707
2. Allocated investment income from non-technical accounts	**103 790**		**103 790**
3. Other technical products	**0**		**0**
4. Cost of claims :	**-2 441 728**	**-1 276 585**	**-1 165 142**
4a. Benefits and expenses paid	-2 123 896	-943 964	-1 179 932
4b. Expenses of claims reserves payable	-317 832	-332 622	14 790
5. Charges to other technical provisions	**-6 139**	-4 934	**-1 206**
6. Share of profit-sharing	**0**		**0**
7. Acquisition and administrative expenses	**-1 214 235**	**-232 706**	**-981 529**
7a. Acquisition costs	-818 853		-818 853
7b. Administration fees	-395 382		-395 382
7c. Commissions received from reinsurers and substitute guarantors	0	-232 706	232 706
8. Other technical expenses	**-1 298**		**-1 298**
9. Change in the equalisation reserve	**-4 416**		**-4 416**
NON-LIFE INSURANCE UNDERWRITING RESULT	**474 068**	**165 943**	**308 125**

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2019

In K €

Non-technical account	**2019**
1. Non-life insurance underwriting result	**308 125**
3. Proceeds from investments :	**382 795**
3a. Income from investments	195 486
3b. Other investment income	5 160
3c. Gains from the realization of investments	182 150
5. Investment expenses :	**-223 119**
5a. Internal and external investment management and financial expenses	-17 846
5b. Other investment expenses	-493
5c. Losses from the realization of investments	-204 780
6. Investment return transferred to the non-life technical account	**-103 790**
7. Other non-technical products	**211 764**
8. Other non-technical expenses	**-80 342**
8a. Social charges	0
8b. Other non-technical expenses	-80 342
9. Exceptional result	**0**
9a. Extraordinary income	0
9b. Extraordinary expenses	0
10. Employee profit-sharing	**0**
11. Income Taxes	**-144 120**
PROFIT FOR THE YEAR	**351 314**

1 - Accounting principles and methods

1.1 - Accounting principles

The annual accounts are prepared and presented in accordance with the following provisions:

- Articles L.123-12 to L.123-22 of the Commercial Code, applicable to insurance companies pursuant to Article L.341.2 of the Insurance Code, to the provisions of the Insurance Code.

- The Insurance Code, amended by Decree No 2015-513 of 7 May 2015 implementing Ordinance No 2015-378 of 2 April 2015 transposing Directive 2009/138/EC of the European Parliament and of the Council on the taking up and pursuit of insurance and reinsurance activities (solvency II).

- NCA Regulation No. 2015-11 of 26 November 2015 on the annual accounts of insurance undertakings and transactions of a specific nature.

- NCA Regulation No. 2014-03 of 5 June 2014 on the general chart of accounts, amended by Regulation 2015-06 of 23 November 2015 on assets and notes, in the absence of specific provisions provided for in NCA Regulation No. 2015-11 of 26 November 2015.

1.2 – Derogation from accounting Principles and change in BalanceSheet presentation

Following the Company's redomiciliation from the UK to France, and resultant transitioning from UK GAAP to French GAAP reporting requirements, differences necessarily arise between the UK GAAP net assets position at 31 December 2018 and the opening French GAAP net assets position at 1 January 2019.

The new regulation of the French Accounting Standards Authority (Autorité des Normes Comptables) of December 6, 2019 No. 2019-08 approved by the order of December 26, 2019 and published in the Official Journal of the French Republic on December 30, 2019 led the company to account for these differences as described below :

For French GAAP reporting purposes the adjustments have been made in Euro to the underlying accounting systems and financial statements on 1 January 2019, using the exchange rate on that date. The transition adjustments, both positive and negative, have then been made to the relevant opening Balance Sheet categories and, correspondingly, to Equity (Other Reserves). The adoption of this regulation also means that 2018 French GAAP comparative values do not need to be presented.

A consequence of the transitional accounting arrangements is that the Fair Market Value under UK GAAP of the Company's investment portfolio at the end of 2018 is the same as the opening value in 2019 under French GAAP. This opening balance is taken to be the new Acquisition cost applied under French GAAP, without any prior year restatement.

This disclosure note serves to summarise the transitional adjustments and overall reconciliation between the prior year Net assets value reported under UK GAAP (EUR equivalent) and the opening 2019 French GAAP Net assets value.

CEGSE Net Assets: UK GAAP 2018 Closing vs French GAAP 2019 Opening Position

The differences are set out in the table below:

	EUR ’m
UK GAAP Net Assets at 31 December 2018 as previously reported*	**2,421.9**
Transitional adjustments: UK GAAP to French GAAP	
- Deferred Acquisition Costs (including Policy Acquisition Costs)	(68.9)
- Deferred Tax	(45.0)
- Equalisation Provision	(16.4)
- Direct Insurance Debtors/Creditors	(12.6)
- Net Technical Provisions	(3.1)
- Debtors/Creditors from Reinsurance Operations	(2.1)
- Investments	0.2
- Intangible Assets	1.1
- Derivatives	1.9
- Other Debtors / Creditors	2.6
- Pensions	6.3
French GAAP Net Assets at 1 January 2019	**2,285.8**

*UK GAAP net assets per CEGSE audited 2018 financial statements: £2,194.9m

1.3 - Description of accounting policies

1.3.1 Non-life insurance operations

1.3.1.1 PREMIUMS

Premiums correspond to premiums written, net of cancellations and rebates, and premiums to be issued for the portion earned during the financial year.

1.3.1.2 Provisions for unearned premiums and provisions for outstanding risks (Articles 143-4, 143-5, 143-6 and 143-7 of Regulation 2015-11 ANC, R 343-7 2° and R 343-7 3° of the Insurance Code)

The provision for unearned premiums corresponds to the portion of premiums relating to risk coverage for the following year or years. A provision for outstanding risks is established when the estimated amount of claims (including administrative expenses and acquisition expenses attributable to the financial year) likely to occur after the end of the financial year and relating to contracts concluded before that date exceeds the provision for unearned premiums.

1.3.1.3 Reserves for claims payable (Articles 143-9, 143-10, 143-11 and 143-16 of Regulation 2015-11 ANC and R 343-7 4° of the Insurance Code)

Claims are recognised in the year in which they occur and on the basis of an estimate of claims incurred but not yet reported.

- **Claims provisions:**

These are provisions corresponding to the estimated value of capital expenditure and both internal and external costs required to settle all claims incurred and not yet paid, including annuity capital. They are estimated in a sufficiently conservative manner to cope with adverse developments.

They include case-by-case provisions, provisions for unknown claims, provisions for recoveries and provisions for management expenses.

Provisions for claims include :

- **provisions for known claims**

Provision for claims payable file by file

Known claims files are valued file by file by the claims handler at the actual estimated cost, including both the principal and incidental amounts. For certain categories of risks (Material Liability, Damage, etc.), files are opened on the basis of a fixed price. Evaluations are reviewed periodically, based on new information on file.

- **provisions for claims payable not known**

They are therefore supplemented by a technical adjustment estimated on the basis of statistical methods such as development triangles and additional analyses in order to obtain the final level of reserves required.

- **a provision for claims handling expenses**

It is intended to cover the costs that will be incurred in future years for the management of claims that have occurred and are not closed to the inventory in question. Claims handling expenses for each market segment are reported under the "claims" expense for the year in question, this ratio determining the management expense rate to be applied to the provisions for claims to be paid.

1.3.1.4 Acquisition costs (Article 151-1 of Regulation 2015-11 ANC and L 113-15-2 of the Insurance Code)

Deferred acquisition costs recorded on the assets side of the balance sheet correspond to the portion of acquisition costs not chargeable to the financial year that is recognised as an expense in the financial year, taking into account the remaining term of the contracts and a maximum of five financial years. They are determined by applying, to the amount of unearned premiums, the ratio between acquisition costs, recognized as expenses and written premiums net of cancellations and provisions for cancellations.

The base for unearned premiums takes into account the probability of termination referred to in Article L 113-15-2 of the Insurance Code.

1.3.1.5 Equalisation provisions (Articles 143-19 and 143-20 of Regulation ANC 2015-11 and R 343-7 6° of the Insurance Code)

This provision is intended to cover exceptional expenses relating to certain cyclical or random risks (weather events and terrorist attacks). The calculation conditions are set by Article 2 of Law 74-1114 as well as Decrees 75-768 and 86-741 and Article 39 G of the General Tax Code.

It is assigned in the order of seniority to compensate for underwriting losses.

Annual allocations that are not absorbed by subsequent net technical losses are reintegrated into taxable income in the eleventh year following the financial year in which the allocation is made.

1.3.1.6 Annuity policy liabilities

Annuity policy liabilities represent the present value of the company's liabilities for annuities and annuity accessories.

The provisions are determined by the "price of the euro annuity" set by the TD 88/90 mortality table using a technical discount rate, represented by a maximum of 60% of the average of the last 24 months of the TME + 10 bps in accordance with the methods recommended by the ANC.

Pursuant to this provision, the discount rate used in 2019 for this type of annuity is 0.38%.

For pensions paid out for accidents occurring on or after January 1, 2013 and whose amount is revalued in accordance with Law 51-695 of May 24, 1951 or Law 74-1118 of December 27, 1974, an inflation rate of 2% is also taken into account.

1.3.2 Reinsurance operations

1.3.2.1 Acceptances (Article R 343-8 of the Insurance Code)

Accepted reinsurance is recorded on a treaty basis on the basis of information provided by ceding companies or estimated. Technical provisions correspond to the amounts reported by ceding companies plus any additions based on market trends or experience.

1.3.2.2 Transfers (Articles 145-1 and 2 of the ANC 2015-11 regulations)

Reinsurance ceded are accounted for in accordance with the terms of the various treaties.

1.3.2.3 Securities pledged as collateral by reinsurers

Securities pledged by reinsurers are recorded off-balance sheet and valued at the stock market price on the closing date.

1.3.3 Investments

1.3.3.1 Entry costs and rules for the valuation of realisable values at the end of the financial year

1.3.3.1.1 Fixed income securities

Bonds and other fixed-income securities are recorded at their acquisition price, net of accrued income at the time of purchase. The difference between the latter and the redemption value is recorded in the income statement over the remaining period until the redemption date, in accordance with Articles 121-1 and 121-2 of ANC Regulation No 2015-11.

At the end of the financial year, the estimated realisable value of fixed-income securities corresponds to their quoted value on the last trading day of the financial year or their market value.

1.3.3.1.2 Shares and other variable-income securities

Shares and other variable-income securities are recorded at their purchase price, excluding accrued income.

Unlisted securities include shares of affiliated companies or companies with which there is a shareholding relationship in accordance with Articles 330-1 and 330-2 of Regulation 2015-11, which define affiliated companies and shareholding relationships. Other shares are classified with other unlisted investments.

Their realisable value at the end of the financial year is determined in accordance with the rules defined by Article R 343-11 of the French Insurance Code and corresponds to:

- for listed securities and securities of any kind, at the last quoted price on the inventory date;
- for unlisted securities, at their market value, which corresponds to the price that would be obtained under normal market conditions and according to their usefulness for the company;
- for shares of open-ended investment companies and units of mutual funds, at the last redemption price published on the day of the inventory.

1.3.3.2 Impairment losses

1.3.3.2.1 Fixed income securities

- Bond securities covered by Article R 343-9 of the French Insurance Code

These obligations may be subject to impairment for proven credit risk in accordance with Articles 123-1 to 123-3 of Regulation 2015-11.

- Bond securities covered by Article R 343-9 of the French Insurance Code

Their depreciation follows the rules of listed or unlisted investments.

With regard to R 343-10 bonds, the appropriateness of setting up a provision can be assessed by comparing it with the principles applicable to obligations in Article R 343-9, i. e. with the notion of proven credit risk in accordance with Article 123-7 of Regulation 2015-11.

1.3.3.2.2 Real estate investments, variable-yield securities and other investments, other than those representing technical provisions relating to unit-linked policies

In principle, an impairment loss is recognised on a line-by-line basis if it is of a lasting nature.

1.3.3.2.2.1 Unlisted financial investments

This includes investments in affiliated companies and companies with which there is a shareholding relationship.

They are subject to a line-by-line valuation that takes into account the company's net worth and outlook. If necessary, an impairment loss is recognised.

1.3.3.2.2.2 Listed financial investments

A provision for permanent impairment is recorded on a line-by-line basis if the value in use or the yield value shows a significant discount. The methods for calculating the provision for permanent impairment have been specified in the ANC 2015-11 regulation in Articles 123-6 et seq.

The long-term nature of the unrealised loss is assumed in the following cases:

- there was already a provision for impairment on this investment line at the previous closing date;
- in the case of a non-real estate investment, the investment has been consistently in a situation of significant unrealised loss compared to its carrying amount over the 6 consecutive months preceding the closing of the accounts;
- there are objective indications that, for the foreseeable future, the company will not be able to recover all or part of the historical value of the investment.

The significant impairment criterion can generally be defined, for French equities, according to the volatility observed, i.e. 20% of the book value when the markets are not very volatile, this criterion being increased to 30% when the markets are volatile. It also applies, with some exceptions, to European equities. For other securities, this criterion is adapted to the characteristics of the investments concerned, in particular as regards UCITS and non-European securities.

Beyond this presumption of impairment, securities with a significant unrealised loss were subject to a special review. In the event of an intrinsic depreciation in value and not linked to the general decline in the financial markets or the economic sector, a provision is recorded on the basis of the inventory value, where applicable.

The inventory value of investments is determined by taking into account the company's intention and ability to hold the investments for a specified holding period. A provision is recorded for securities:

- on the basis of the market value at the end of the financial year, if the company does not have the capacity or intention to hold the investment on a long-term basis;
- on the basis of an recoverable amount at the envisaged holding period.

The company did not use an estimate of recoverable amounts to determine the carrying amount of investments. Consequently, any securities deemed impaired are subject to a provision for impairment based on the market value at the end of the financial year.

1.3.3.2.2.3 Provisions for liabilities related to technical commitments

The provision for liability risk intended to cover commitments in the event of overall capital losses on the assets mentioned in Article R 343-10 of the Insurance Code is defined in Article R 343-7 7° of the same code. The procedures for setting up the provision for payment risk are specified in Article R 343-5 of the French Insurance Code. The terms and conditions for spreading the charge constituted by the allocation of the provision for liability risk are specified in Article R 343-6 of the French Insurance Code.

1.3.3.3 Investment income (Article 337-7 of Regulation 2015-11)

Investment income includes income from financial investments. Other investment income includes reversals of impairment losses on financial assets (unlisted securities and financial receivables in particular) and income from repayment differences.

1.3.3.4 Investment expenses (Chart of accounts Article 322-1 of the 2015-11 by-law)

Financial management fees include the costs per internal and external destination corresponding to the cost of managing the financial service.

Other investment expenses relate to charges to provisions for financial assets.

1.3.3.5 Income from the sale of investment assets

Gains or losses on sales of securities are recorded in the income statement in the year of sale.

For the determination of capital gains or losses on the sale of securities, the FIFO method is applied.

1.3.3.6 Allocated investment income

The portion of net investment income generated by assets relating to obligations towards policyholders is transferred to the technical result account according to a flat-rate calculation determined in the notes to the article 337-11-e of by-law 2015-11.

1.3.3.7 Presentation of the financial result

In general, expenses and income have been classified in financial income and expenses as follows:

- directly related to investments (class 2);
- indirectly related to investments (income related to the remuneration of subsidiaries' current accounts);
- impairment of subsidiaries.

Gains and losses related to other fixed assets are recorded in non-technical income.

1.3.4 Intangible assets

Intangible assets mentioned in the balance sheet mainly correspond to software and goodwill following the merger between Chubb and ACE. They are recorded at acquisition or cost price. Software is amortized over its useful life.

1.3.5 Tangible assets

They are valued at their acquisition price less accumulated depreciation.

They are mainly composed of the following items:

- Fixtures, fittings and installations,
- Office equipment and furniture.

Depreciation is calculated on a straight-line basis as follows:

Asset category	*Depreciation period*
Fixtures, fittings and installations	10 Years
Motor vehicles	4 Years
Office equipment	5 Years
Other equipment	up to 5 Years

1.3.6 Receivables and loans

Receivables are recorded at their nominal value.

A provision for impairment is recorded in the event of a risk of default by the counterparty.

1.3.7 General expenses and commissions

Overheads and commissions, which are first entered in the accounts according to their nature, are then broken down according to their purpose, using the following approach:

- direct allocation, without application of any flat-rate key, for expenses that can be directly allocated by destination,
- use of allocation keys based on objective, appropriate and verifiable quantitative criteria for loads with several destinations and for those that are not directly assignable.

Overheads and commissions are thus allocated to the following destinations :

- claims settlement expenses,
- contract acquisition costs,
- contract administration fee
- costs allocated to the financial management of the contracts,
- other technical expenses.

1.3.8 Taxation

The tax recorded in the income statement for the year corresponds to the tax payable for the year in accordance with the tax rules in force.

1.3.9 Transactions in foreign currencies

These transactions are recorded in foreign currencies.

At the balance sheet date, balance sheet and income statement items denominated in foreign currencies are translated at the exchange rate prevailing on the balance sheet date. In accordance with Articles 241-5 and 241-6 of ANC Regulation 2015-11, foreign exchange differences are recorded :

- on the balance sheet in the case of translation differences on structural positions (mainly strategic equity securities, foreign exchange allocations to branches)
- in foreign exchange gains and losses in the case of foreign exchange differences on operational foreign exchange positions

1.3.10 Reserves for liabilities and charges

Litigation.

Provisions are made for disputes that the company may face, based on management's assessment of the risk.

This rule has been applied in particular in respect of disputes in various European jurisdictions.

1.3.11 Accruals and deferred income Assets and liabilities

Prepayments and accrued income and prepaid expenses consist mainly of the premium/discount on bonds and miscellaneous transactions.

1.4.1 Off-balance sheet commitments of forward financial instrument transactions

Legislation applicable to forward financial instruments:

Articles 260-1 of Regulation 2015-11 and CRC Regulation 2002-09 on the rules for the accounting of financial instruments by companies.

Accounting principles and methods:

Currency forward financial instruments are recorded in off-balance sheet accounting by offsetting off-balance sheet foreign exchange position accounts and are then settled when the strategy is terminated or unwound.

Margin calls are recorded in a specific yield strategy account in accrual accounts and interest on these calls is recorded as investment income. Losses are recorded as realized foreign exchange differences in investment income.

1,4,2 Pension and similar off-balance sheet commitments

Definition of plans:

The plans set up to cover pension commitments and other long-term employee benefits are either defined contribution plans or defined benefit plans.

***Defined contribution plans*:** They are characterized by payments to organizations that release the employer from any further obligations. There is no actuarial liability in this respect.

***Defined benefit plan*:** Defined benefit post-employment benefit schemes for CEG SE employees exist for employees in Germany, Ireland and Spain. For France, they correspond to the retirement benefit schemes as defined in the collective bargaining agreement for insurance companies.

The company manages a small number of funded defined benefit pension plans in Europe, the assets of which are held in separate funds managed in trust. The off-balance sheet pension asset or liability is the value of plan assets less the present value of plan liabilities.

The pension cost of the plans is analysed between the current service cost, the past service cost and the expected net return of the pension plans. The current service cost is the actuarially determined present value of benefits earned by active employees during each period. Past service cost, relating to service rendered by employees in prior periods and arising in the current period as a result of the introduction or improvement of pension benefits, is recognised in the income statement on a straight-line basis over the vesting period of the benefit increase.

The expected net return comprises the expected return on pension plan assets less interest on plan liabilities.

Actuarial gains and losses arising from valuations and from the updating of the latest actuarial valuations to reflect conditions at the balance sheet date are included in the statement of comprehensive income for the period.

The company also provides a guarantee to a defined benefit pension plan held by Chubb Services UK Limited. As the plan is currently in a net asset position, no liability has been recognised by CEG.

Commitment to off-balance sheet liabilities K €uros	31/12/2019
Germany	944
Ireland	0
Spain	86
France	3 533
Total	4 563

Actuarial assumptions

Assumption	Germany	Ireland	Spain	France
Year	2019	2019	2019	2019
Discount rate	1,57%	0,90%	0,75%	0,80%
Retirement age	65 ans	65 ans	65 ans	64 ans
Rate of change in salaries	2,00%	n/a	2,25%	2,50%
Inflation rate	1,75%	1,30%	n/a	n/a
Turn Over				8,81%

1.4.2 Events after the end of the financial year

Chubb is monitoring the Covid-19 outbreak and taking action to continue to serve clients effectively without any significant disruption in our business and minimising the risk to employees.

In view of this the directors have considered the impacts of Covid-19 on the company and have concluded that, as at the date on which these financial statements are signed the company is in a strong position to respond to the impacts of Covid-19 and support its policy holders and business partners. Despite the volatility in financial markets caused by the pandemic and its impact on investment valuations the CEG maintains a strong balance sheet and continues to be more than adequately capitalised. The company expects that any claims arising from the pandemic to be within appetite and manageable.

1.4.3 Remuneration of members of the management team

The confidentiality of executive compensation does not make it possible to indicate the compensation allocated to members of the company's administrative and management bodies.

BALANCE SHEET NOTES

B1 :Movements - Intangible assets

	Gross value 01/01/19	Inputs	Outputs	Transfers	Gross value 31/12/19
Right to lease					
Others	20 937 365			-10 869 455	10 067 909
Software	110 639 982	1 328 584		56 721 447	168 690 013
Total	**131 577 346**	**1 328 584**		**45 851 992**	**178 757 922**

	Depreciation and amortization 01/01/19	Depreciation, amortization and impairment	Reversal of depreciation and impairment losses	Transfers	Depreciation and amortization 31/12/19
Right to lease					
Others	16,589,043				16,589,043
Software	13,832,377	3,450,193		5,266,421	22,548,991
Total	**46,993,875**	**3,450,193**		**5,266,421**	**39,138,034**
Net value	**84,583,472**	**-2,121,609**		**40,585,571**	**139,619,889**

B2 : Operating tangible assets

	Gross value 01/01/19	Inputs	Outputs	Transfers	Gross value 31/12/19
Arrangements					
Transport equipment	5 315 006		23 100		5 291 906
Office and computer equipment	18 201 936	51 761 047			69 962 983
Furniture	20 826 425	1 590 659			22 417 084
Other non-depreciable property, plant and equipment	407 405				407 405
Assets under construction					
Deposits and guarantees	17 884 370				17 884 370
Total	**62 635 142**	**53 351 706**	**23 100**		**115 963 748**

	Amortization 01/01/19	Endowment to Amortizations	Takeover depreciation	Transfers	Amortization 31/12/19
Arrangements					
Transport equipment	1 908 565		23 100		1 885 465
Office and computer equipment	6 364 247	15 809			6 380 056
Furniture	5 172 167	458 003			5 630 170
Total	**13 444 979**	**473 812**	**23 100**		**13 895 691**
Net Value	**49 190 163**	**52 877 894**	**-**	**-**	**102 068 057**

B3 : Change in investment

	Gross value 01/01/19	Entries	Exit	Transfers	Gross value 31/12/19
Land and buildings	-	-	-	-	-
Technical Mali	-	-	-	-	-
Investments in related companies and companies linked by an equity relationship	-	-	-	-	-
Other investments	5 302 338 166	2 099 127 750	-1 856 764 757	-	5 544 701 159
Cash receivables deposited with ceding companies	-	-	-	-	-
Total	**5 302 338 166**	**2 099 127 750**	**-1 856 764 757**	**-**	**5 544 701 159**

	Depreciation and amortization 01/01/19	Depreciation, amortization and impairment	Reversal of depreciation and impairment	Transfers	Depreciation and amortisation 31/12/19
Land and buildings	-	-	-	-	-
Technical Mali	-	-	-	-	-
Investments in related companies and companies linked by an equity relationship	-	-	-	-	-
Other investments	-	-	-	-	-
Cash receivables deposited with ceding companies	-	-	-	-	-
Total	-	-	-	-	-
Net value	**5 302 338 166**	**2 099 127 750**	**-1 856 764 757**	-	**5 544 701 159**

B4 : **Summary statement of investments and forward instruments** *(In thousands of €uros)*

	at 31/12/19		
I -Investment and forward instruments (details of items 3 and 4 of assets and forward instruments)	**Gross value**	**Net book value**	**Realizable value**
1. Real estate investments and real estate investments in process			
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
2. Shares and variable-income securities other than UCITS units	67 724	67 724	70 967
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
3. UCITS units (other than those referred to in 4)	16 699	16 699	16 699
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
4. Units of UCITS holding exclusively fixed-income securities	-	-	-
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
5. Bonds and other fixed-income securities	5 352 463	5 307 957	5 498 334
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
6. Mortgage loans	-	-	-
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
7. Other loans and similar instruments	107 815	107 265	109 945
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
8. Deposits with ceding companies	-	-	-
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
9. Deposits (other than those referred to in 8), cash guarantees and other investments	-	-	-
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
10. Assets representing unit-linked contracts	-	-	-
Forward instruments investment or divestment strategies	-	-	-
Forward instruments yield strategy	-	-	-
11. Other forward instruments	-	-	-
Forward instruments investment or divestment strategies	-	-	-
Forward instruments investment expectations	-	-	-
Forward instruments yield strategy	-	-	-
Forward instruments other transactions	-	-	-
12. Total of lines 1 to 11	5 544 701	5 499 645	5 695 945
Of which total Forward instruments	-	-	-
Of which total listed investments	5 528 002	5 482 946	5 679 246
Of which total unlisted investments	16 699	16 699	16 699
Of which total investments	5 544 701	5 499 645	5 695 945

B5 : Investments and forward instruments (details of items 3 and 4 of assets and forward financial instruments)	at 31/12/19		
	Gross Value	Net Book value	Realizable Value
a) of which			
Investments valued in accordance with Article R 343-9 and related forward financial instruments	5 352 463	5 307 957	5 498 334
of which discount not yet amortized		13 127	
non-recoverable redemption premium		-57 633	
Investments valued in accordance with Article R 343-10 and related forward financial instruments	192 238	191 688	197 611
of which discount not yet amortized			
non-recoverable redemption premium		-550	
Investments valued in accordance with Article R 343-13 and related forward financial instruments			
b) of which			
Values attributable to the representation of technical provisions other than those referred to below	5 544 701	5 499 645	5 695 945
Assets backing liabilities to pension funds or covering managed investment funds			
Assets deposited with assignors (of which assets deposited with assignors whose company has acted as joint and several guarantor			
Values allocated to special technical provisions for other business in France			
Other assignments or unassigned			
c) of which			
Investments and forward instruments issued in OECD countries	5 301 813	5 258 730	5 446 431
Investments and forward instruments issued in non-OECD countries	242 888	240 915	249 514

B6 : Statement of due dates of receivables

Receivables	Share less than one year old	Share from 1 to 5 years	Part to more 5 years old	Gross total	Impairment losses	Net values
Loans						
Other financial fixed assets						
Receivables arising from direct insurance operations	1 110 204 519			1 110 204 519		1 110 204 519
Receivables arising from reinsurance transactions	368 100 559			368 100 559		368 100 559
Staff						
State, social agencies	179 697			179 697		179 697
Miscellaneous debtors						
Subsidiaries						
Deferred Tax Assets						
Accrued income						
Prepaid expenses						
Accrued interest and rents						
Miscellaneous	601 509 123			601 509 123		601 509 123
Total	**2 079 993 897**			**2 079 993 897**		**2 079 993 897**

B7 : Accrued income and prepaid expenses

	Gross value 01/01/19	Inputs	Outputs	Transfers	Gross value 31/12/19
Accrued interest and rentals	58 369 079	3 625 222			61 994 300
Deferred acquisition costs	179 934 464	105 583 613			285 518 076
Deferred Tax Assets					
Prepaid expenses					
Differences on redemption prices to be received		13 126 822			13 126 822
Accrued income	11 599 229	14 637 246			26 236 475
Miscellaneous					
Total	**249 902 772**	**136 972 902**			**386 875 674**
Net Worth	**249 902 772**	**136 972 902**			**386 875 674**

B8 : Shareholders' equity

	01/01/2019	Appropriation of income	Increase	Decrease	31/12/2019
Capital	896 176 662				896 176 662
Premiums related to share capital	0				0
Total I	**896 176 662**	**0**	**0**	**0**	**896 176 662**

	01/01/2019	Appropriation of income	Increase	Decrease	31/12/2019
Other reserves	1 260 175 052		83 744 709		1 343 919 761
Effect of/difference from change in accounting policy	-136 096 009				-136 096 009
Total II	**1 124 079 043**	**0**	**83 744 709**	**0**	**1 207 823 752**

	01/01/2019	Appropriation of income	Increase	Decrease	31/12/2019
Carry forward	0				0
Profit for the year	265 515 811		85 797 730		351 313 542
Total III	**265 515 811**	**0**	**85 797 730**	**0**	**351 313 542**
Total général I + II + III	**2 285 771 516**	**0**	**169 542 439**	**0**	**2 455 313 956**

B9 : Composition of the shareholder base

Companies	Securities	Values	Voting Rights
Chubb European Holdings Limited	786 041 267	896 087 044	99,99 %
Chubb EU Holdings Limited	78 612	89 618	0,01 %
Total	**786 119 879**	**896 176 662**	**100,00 %**

Nominal value of the share : 1.14 euros

B10 : Provisions

	01/01/19	Allocation for the year	Reversal of the year	31/12/19
Provisions for disputes	4 200 000	16 393 772		20 593 772
Provisions for investment				
Provisions for IFC commitments				
Total	**4 200 000**	**16 393 772**		**20 593 772**

B11 : Statement of debt maturities

Debt	Share at less than one year	Share from 1 to 5 years	Share at more than 5 years	Total
Liabilities arising from direct insurance operations	42 300 159			42 300 159
Debts arising from reinsurance transactions	493 744 929			493 744 929
Amounts owed to credit institutions	159 706 608			159 706 608
Borrowings, deposits and guarantees				
Cash deposits received from assignees				
Participation Fund				
Staff	7 140 452			7 140 452
State, social agencies	60 983 291			60 983 291
Sundry creditors	761 208 597			761 208 597
Subsidiaries				
Deferred revenue				
Amortization of differences on repayment prices				
Total	**1 525 084 035**			**1 525 084 035**

B12 : Accruals and deferred income

	01/01/19	Additions	Releases	31/12/19
Amortization of redemption price differences				
Suspense accounts and accounts to be regularised	0	58 183 104		58 183 104
Total	**0**	**58 183 104**		**58 183 104**

B13 : Analysis of non-life technical reserves

	2019		
	Gross	Share of assignees and retrocessionaires	Net
Provisions for unearned premiums written	1 729 760 160	594 339 669	1 135 420 491
Provisions for risks in progress			
Provisions for claims	6 606 816 413	3 294 042 485	3 312 773 928
Appeal forecasts			
Other technical provisions	20 737 272	19 264 581	1 472 691
Equalization reserve	20 804 742		20 804 742
Grand Total	**8 378 118 586**	**3 907 646 735**	**4 470 471 852**

In accordance with Article R 343-7.4° of the Insurance Code, the provisions for claims payable correspond to the estimated value of the capital and expenses, both internal and external, necessary to settle all claims incurred and not yet paid, including the capital constituting annuities.

They are estimated in a sufficiently conservative manner to cope with adverse developments.

They include case-by-case provisions, provisions for unknown claims, provisions for recoveries and provisions for management expenses.

Subordinated liabilities.

There are no subordinated debt on the Company's balance sheet at the balance sheet date.

Transactions with affiliated companies and companies in which the company has a participating interest

Not Applicable

B14 : Foreign currency assets and liabilities

	Assets in foreign currencies	**of which exchange rate difference**	**Liabilities in foreign currencies**	**of which exchange rate difference**
Euro	5 688 145 800		-5 985 636 453	
US Dollar	1 907 903 472		-1 906 705 733	
Swiss Franc	7 905 781		-4 286 156	
Pound Sterling	4 531 986 122		-4 250 634 828	
Other currencies	279 312 930		-267 990 935	
Total	**12 415 254 105**		**-12 415 254 105**	

B15 : Off-balance sheet commitments

K€	31/12/2019 Affiliated companies	With shareholding link	Others
Commitments received excluding reinsurance			
Endorsements, guarantees and leasing			
Past service cost on IFC common status			
End-of-career benefits fund			
Commitments given			
Endorsements, sureties and credit guarantees given			
Termination benefits - retirement			4 563
Common status CETR contribution			
Other liabilities on securities, assets or income			39 819
Securities received as collateral from assignees and retrocessionaires			41 261
Securities delivered by reinsured organizations with joint and several guarantees or with substitution			
Assets belonging to pension funds			
Other securities held on behalf of third parties			
Outstanding forward financial instruments			

INFORMATION ON THE INCOME STATEMENT

R1 : Claims payments made since the accident year and in the provision for outstanding claims (gross of reinsurance)

year of inventory		Year of occurrence
		2019
2019	Claims paid	666 566 273
	Claims reserves	2 143 900 631
	Total Claims (S)	**2 810 466 904**
	Earned Premium (P)	**3 987 096 280**
	Loss ratio (S/P)	**70,49 %**

R2 : Investment income and expenses

	In related companies			Others			Total		
	Financial income	Financial expenses	Total	Financial income	Financial expenses	Total	Financial income	Financial expenses	Total
Income from equity participations (Art. 20 décret du 29/11/83)									
Income from real estate investments									
Income from other investments				377 635 786	-222 626 095	155 009 691	377 635 786	-222 626 095	155 009 691
Other financial income (commissions, fees)				5 159 587	-492 959	4 666 629	5 159 587	-492 959	4 666 629
Financial income				**382 795 373**			**382 795 373**		
Financial expenses					**-223 119 054**			**-223 119 054**	
Total Investment income and expenses				**382 795 373**	**-223 119 054**	**159 676 320**	**382 795 373**	**-223 119 054**	**159 676 320**

R3 : Breakdown of gross premiums by geographical area

	2019	2018
France	533 915 466	533 621 079
EEC (outside France)	3 142 721 872	2 888 246 547
Outside the EEC	558 362 870	422 506 531
Total gross premiums	**4 235 000 209**	**3 844 374 157**

R4 : Amount of commissions

	2019
Direct business commissions	646 692 838
Acceptance commissions	136 988 850
Total	**783 681 688**

R5 : Analysis of personnel expenses

	2019
Salaries	147 100 533
Pension fund contributions	15 482 940
Social security charges	32 668 297
Others	14 718 980
Total	**209 970 750**

R6 : Staff

Average number of employees by category	2019	2018
Non-executives	1 205	1 133
E xecutives	301	283
Total	**1 506**	**1 416**

R7 : Fees for certification of accounts and other services

Statutory auditor	PWC
Certification of accounts	1 530 616
Other Services	56 728
Total	**1 587 344**

R8 : Analysis of non-technical income and expenses

Non-technical income	2019
Capital gains on disposals of assets	
Reversals of impairment of current assets	
Withdrawal from IS capitalisation reserve	
Reversals of provisions for disputes	
Recovery on tax audit and URSSAF	
Other	211 764 431
Total	**211 764 431**

Non-technical expenses	2019
Losses on disposals of assets	
Bank processing fees	
Impairment of current assets	
Allocation to the IS capitalisation reserve	
Provisions for disputes	
Other expenses	80 341 740
Tax audit and URSSAF	
Total	**80 341 740**

R9 : Analysis of exceptional income and expenses

Exceptional income	2019
Reversal of investment provisions	
Other extraordinary income	
Total	

Exceptional expenses	2019
Extraordinary depreciation	
Other extraordinary expenses	
Total	

R10 : Analysis of the tax charge

	2019		
	Related to the financial year	Over previous financial years	Total
Related to ordinary operations	129 408 000	14 712 000	144 120 000
Related to exceptional income and expenses			
Total	**129 408 000**	**14 712 000**	**144 120 000**

R11 : **Non Life technical result by category**

	Individual bodily injury [cat. 20]	Collective bodily injury [cat. 21]	Civil liability of land motor vehicles [cat. 22]	Damage to land motor vehicles [cat. 23]	Personal Property Damage [cat. 24]	Professional and Agricultural Property Damage [cat. 25-26]	General Liability [cat. 28]	Financials Lines [cat. 31]	Marine [cat. 34]	Construction and Erection All risks [cat. 35]	Credit [cat. 37]	Caution [cat. 38]	Inward	Grand Total
Premiums	64 584 900	10 239	86 284 695		604 842 854	659 585 526	1 130 022 996	380 044 288	198 280 391	140 223	87 004 230	38 861 775	788 432 447	4 038 094 565
Cost of services	20 161 746	1 734 103	49 154 079	8 617	254 653 412	445 484 787	1 012 525 430	127 942 969	82 694 435	132 111	32 469 100	57 694 214	367 628 515	2 452 283 518
Charges to life insurance and other technical reserves														
ACAV adjustment														
A - Subscription balance	**44 423 154**	**-1 723 864**	**37 130 616**	**-8 617**	**350 189 442**	**214 100 739**	**117 497 566**	**252 101 319**	**115 585 956**	**8 113**	**54 535 131**	**-18 832 439**	**420 803 931**	**1 585 811 047**
Acquisition costs	789 856	242 577	17 363 597		288 721 451	98 162 154	209 916 254	119 397 420	46 263 652	-64 819	32 821 428	5 239 185		**818 852 754**
Other net management expenses	4 146 342	4 352 393	9 867 109		25 603 399	88 155 919	153 541 605	60 298 651	25 441 898	-473	14 241 268	6 106 927	4 924 958	**396 679 996**
B - Net acquisition and management expenses	**4 936 198**	**4 594 970**	**27 230 706**		**314 324 850**	**186 318 073**	**363 457 859**	**179 696 071**	**71 705 550**	**-65 292**	**47 062 696**	**11 346 112**	**4 924 958**	**1 215 532 750**
Investment income					32 364 552	20 385 561	51 039 618							**103 789 731**
Profit sharing and technical interests														
C - Financial balance					**32 364 552**	**20 385 561**	**51 039 618**							**103 789 731**
Substitute Premiums														
Substitute guarantors' share of service expenses														
Substitute guarantors' share of life insurance and other technical provisions expenses														
Substitute guarantors' share in profit sharing														
Commissions received from substitute guarantors														
D - Surrogate balance														
Ceded premiums	24 318 672		26 751 657		124 748 263	440 319 789	242 323 954	119 874 494	57 218 956	32 863	61 292 497	16 258 139	567 029 055	**1 680 168 339**
Reinsurers' share of benefit expenses	7 345 962		13 227 086		53 122 642	166 678 955	291 778 789	50 860 489	40 610 920		27 981 017	22 736 532	269 621 155	**943 963 546**
Reinsurers' share of life insurance and other technical provisions charges	463 280		-4 609 991		-15 863 498	61 336 756	151 279 950	8 427 647	-22 730 035	66 461	-9 044 997	35 242 171	132 987 891	**337 555 635**
Reinsurers' share of profit sharing														
Commissions received from reinsurers	13 544 976		1 015 482		35 745 396	46 033 593	33 401 901	12 539 444	7 250 192	-62 736	32 046 963	-3 669 517	54 859 999	**232 705 693**
E - Reinsurance balance	**-2 964 454**		**-17 119 079**		**-51 743 723**	**-166 270 485**	**234 136 686**	**-48 046 915**	**-32 087 879**	**-29 139**	**-10 309 515**	**38 051 046**	**-109 560 009**	**-165 943 465**
Technical Result [A - B + C + D + E]	**36 522 503**	**-6 318 834**	**-7 219 169**	**-8 617**	**16 485 421**	**-118 102 258**	**39 216 011**	**24 358 334**	**11 792 526**	**44 266**	**-2 837 080**	**7 872 495**	**306 318 964**	**308 124 563**
Off Accounts														
Amount of redemptions														
Gross technical interest for the year														
Gross technical provisions at the end of the period														
Opening gross technical provisions														

OTHER INFORMATION (IN THOUSANDS OF €UROS)

The financial statements of CEG SE are included, by the full consolidation method, in the consolidated financial statements of CHUBB Limited (Bärengasse 32, CH-8001 Zurich, Switzerland).

Rapport du commissaire aux comptes sur les comptes annuels

(Exercice clos le 31 décembre 2019)

A l'assemblée générale
CHUBB EUROPEAN GROUP SE
Tour Carpe Diem Esplanade Nord
31 Place Des Corolles
92400 COURBEVOIE

Opinion

En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons effectué l'audit des comptes annuels de la société CHUBB EUROPEAN GROUP SE relatifs à l'exercice clos le 31 décembre 2019, tels qu'ils sont joints au présent rapport. Ces comptes ont été arrêtés par le conseil d'administration le 13 mai 2020 sur la base des éléments disponibles à cette date dans un contexte évolutif de crise sanitaire liée au Covid-19.

Nous certifions que les comptes annuels sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du résultat des opérations de l'exercice écoulé ainsi que de la situation financière et du patrimoine de la société à la fin de cet exercice.

L'opinion formulée ci-dessus est cohérente avec le contenu de notre rapport au comité d'audit.

Fondement de l'opinion

Référentiel d'audit

Nous avons effectué notre audit selon les normes d'exercice professionnel applicables en France. Nous estimons que les éléments que nous avons collectés sont suffisants et appropriés pour fonder notre opinion.

Les responsabilités qui nous incombent en vertu de ces normes sont indiquées dans la partie « Responsabilités du commissaire aux comptes relatives à l'audit des comptes annuels » du présent rapport.

Indépendance

Nous avons réalisé notre mission d'audit dans le respect des règles d'indépendance qui nous sont applicables, sur la période du 1er janvier 2019 à la date d'émission de notre rapport, et notamment nous n'avons pas fourni de services interdits par l'article 5, paragraphe 1, du règlement (UE) n° 537/2014 ou par le code de déontologie de la profession de commissaire aux comptes.

Observation

Sans remettre en cause l'opinion exprimée ci-dessus, nous attirons votre attention sur le point exposé dans la note 1.2 de l'annexe des comptes annuels relatif aux modalités d'application du règlement ANC n°2019-08 dans le cadre de la première publication de comptes annuels en principes comptables français de Chubb European Group SE.

Justification des appréciations - Points clés de l'audit

En application des dispositions des articles L.823-9 et R.823-7 du code de commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les points clés de l'audit relatifs aux risques d'anomalies significatives qui, selon notre jugement professionnel, ont été les plus importants pour l'audit des comptes annuels de l'exercice, ainsi que les réponses que nous avons apportées face à ces risques.

Les appréciations ainsi portées s'inscrivent dans le contexte de l'audit des comptes annuels pris dans leur ensemble, arrêtés dans les conditions rappelées précédemment, et de la formation de notre opinion exprimée ci-avant. Nous n'exprimons pas d'opinion sur des éléments de ces comptes annuels pris isolément.

Evaluation des provisions pour sinistres à payer

Risque identifié

Comme indiqué en note 1.3.1.3. de l'annexe aux états financiers les provisions pour sinistres à payer sont destinées à couvrir le coût total des sinistres survenus et non encore réglés. Elles sont constituées des provisions pour sinistres connus « dossier par dossier » ainsi que de l'estimation des sinistres survenus sur l'exercice mais non encore connus.

Leur détermination résulte, d'une part, de l'application de méthodes statistiques déterministes sur la base de données historiques et, d'autre part, de l'utilisation d'hypothèses actuarielles faisant appel aux jugements d'experts.

Le choix des paramètres retenus est de nature à affecter de manière sensible la valeur de ces provisions à la clôture et ce, en particulier pour les branches d'assurance à déroulement long ou fortement exposées aux sinistres significatifs pour lesquelles l'incertitude inhérente à la probabilité de réalisation des prévisions est en général plus importante. Il s'agit notamment des branches d'assurance relatives à la responsabilité civile.

Nous avons considéré que l'évaluation de ces provisions constituait un point clé de l'audit en raison de l'importance relative des provisions sur ces branches et de la sensibilité des hypothèses et des jugements d'experts dans leur évaluation.

Notre réponse

Nous avons mis en œuvre, avec l'aide de nos actuaires, les procédures suivantes :

- Prise de connaissance de l'environnement de contrôle interne lié au processus de détermination des provisions, à la gestion des sinistres qui détermine l'évaluation des provisions comptabilisées dossier par dossier ainsi qu'aux systèmes d'information supportant le traitement des données techniques et leur alimentation en comptabilité ;

- Prise de connaissance des contrôles clés mis en place par la direction que nous avons estimé les plus pertinents dans le processus de détermination des provisions ;

- Rapprochement des données comptables aux données historiques servant de base aux estimations ;

- Analyse des variations significatives afin d'identifier leurs origines et circonstances, et examen du dénouement des estimations comptables de l'exercice précédent ;

- Examen des méthodes statistiques et des paramètres actuariels utilisés ainsi que de la cohérence des hypothèses retenues au regard des pratiques de marché et de notre expérience d'audit ;

- Estimation indépendante des provisions pour sinistres tardifs au titre des branches à déroulement long et appréciation du caractère raisonnable du montant de ces provisions inscrit en comptabilité ;

- Revue du caractère approprié des informations données en annexe.

Se référer à la note 1.3.1.3 de l'annexe aux comptes annuels

Vérifications spécifiques

Nous avons également procédé, conformément aux normes d'exercice professionnel applicables en France, aux vérifications spécifiques prévues par les textes légaux et réglementaires.

Informations données dans le rapport de gestion et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires

Nous n'avons pas d'observation à formuler sur la sincérité et la concordance avec les comptes annuels des informations données dans le rapport de gestion du conseil d'administration arrêté le 13 mai 2020 et dans les autres documents sur la situation financière et les comptes annuels adressés aux actionnaires à l'exception du point ci-dessous.

La sincérité et la concordance avec les comptes annuels des informations relatives aux délais de paiement mentionnées à l'article D.441-4 du code de commerce appellent de notre part l'observation suivante :

Comme indiqué dans le rapport de gestion, ces informations n'incluent pas les opérations d'assurance et de réassurance, votre société considérant qu'elles n'entrent pas dans le périmètre des informations à produire, conformément à la circulaire de la Fédération Française de l'Assurance du 29 mai 2017.

S'agissant des événements survenus et des éléments connus postérieurement à la date d'arrêté des comptes relatifs aux effets de la crise liée au Covid-19, la direction nous a indiqué qu'ils feront l'objet d'une communication à l'assemblée générale appelée à statuer sur les comptes.

Nous attestons que la déclaration de performance extra-financière prévue par l'article L.225-102-1 du code de commerce figure dans le rapport de gestion, étant précisé que, conformément aux dispositions de l'article L.823-10 de ce code, les informations contenues dans cette déclaration n'ont pas fait l'objet de notre part de vérifications de sincérité ou de concordance avec les comptes annuels et doivent faire l'objet d'un rapport par un organisme tiers indépendant.

Rapport sur le gouvernement d'entreprise

Nous attestons de l'existence, dans le rapport du conseil d'administration sur le gouvernement d'entreprise, des informations requises par l'article L.225-37-4 du code de commerce.

Informations résultant d'autres obligations légales et réglementaires

Désignation des commissaires aux comptes

Nous avons été nommés commissaires aux comptes de la société CHUBB EUROPEAN GROUP SE par votre assemblée générale du 27 novembre 2018.

Au 31 décembre 2019, le cabinet PricewaterhouseCoopers Audit était dans la première année de sa mission sans interruption.

Responsabilités de la direction et des personnes constituant le gouvernement d'entreprise relatives aux comptes annuels

Il appartient à la direction d'établir des comptes annuels présentant une image fidèle conformément aux règles et principes comptables français ainsi que de mettre en place le contrôle interne qu'elle estime nécessaire à l'établissement de comptes annuels ne comportant pas d'anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs.

Lors de l'établissement des comptes annuels, il incombe à la direction d'évaluer la capacité de la société à poursuivre son exploitation, de présenter dans ces comptes, le cas échéant, les informations nécessaires relatives à la continuité d'exploitation et d'appliquer la convention comptable de continuité d'exploitation, sauf s'il est prévu de liquider la société ou de cesser son activité.

Il incombe au comité d'audit de suivre le processus d'élaboration de l'information financière et de suivre l'efficacité des systèmes de contrôle interne et de gestion des risques, ainsi que le cas échéant de l'audit interne, en ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Les comptes annuels ont été arrêtés par le conseil d'administration.

Responsabilités du commissaire aux comptes relatives à l'audit des comptes annuels

Objectif et démarche d'audit

Il nous appartient d'établir un rapport sur les comptes annuels. Notre objectif est d'obtenir l'assurance raisonnable que les comptes annuels pris dans leur ensemble ne comportent pas d'anomalies significatives. L'assurance raisonnable correspond à un niveau élevé d'assurance, sans toutefois garantir qu'un audit réalisé conformément aux normes d'exercice professionnel permet de systématiquement détecter toute anomalie significative. Les anomalies peuvent provenir de fraudes ou résulter d'erreurs et sont considérées comme significatives lorsque l'on peut raisonnablement s'attendre à ce qu'elles puissent, prises individuellement ou en cumulé, influencer les décisions économiques que les utilisateurs des comptes prennent en se fondant sur ceux-ci.

Comme précisé par l'article L.823-10-1 du code de commerce, notre mission de certification des comptes ne consiste pas à garantir la viabilité ou la qualité de la gestion de votre société.

Dans le cadre d'un audit réalisé conformément aux normes d'exercice professionnel applicables en France, le commissaire aux comptes exerce son jugement professionnel tout au long de cet audit. En outre :

- il identifie et évalue les risques que les comptes annuels comportent des anomalies significatives, que celles-ci proviennent de fraudes ou résultent d'erreurs, définit et met en œuvre des procédures d'audit face à ces risques, et recueille des éléments qu'il estime suffisants et appropriés pour fonder son opinion. Le risque de non-détection d'une anomalie significative provenant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne ;

- il prend connaissance du contrôle interne pertinent pour l'audit afin de définir des procédures d'audit appropriées en la circonstance, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne ;

- il apprécie le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, ainsi que les informations les concernant fournies dans les comptes annuels ;

- il apprécie le caractère approprié de l'application par la direction de la convention comptable de continuité d'exploitation et, selon les éléments collectés, l'existence ou non d'une incertitude significative liée à des événements ou à des circonstances susceptibles de mettre en cause la capacité de la société à poursuivre son exploitation. Cette appréciation s'appuie sur les éléments collectés jusqu'à la date de son rapport, étant toutefois rappelé que des circonstances ou événements ultérieurs pourraient mettre en cause la continuité d'exploitation. S'il conclut à l'existence d'une incertitude significative, il attire l'attention des lecteurs de son rapport sur les informations fournies dans les comptes annuels au sujet de cette incertitude ou, si ces informations ne sont pas fournies ou ne sont pas pertinentes, il formule une certification avec réserve ou un refus de certifier ;

- il apprécie la présentation d'ensemble des comptes annuels et évalue si les comptes annuels reflètent les opérations et événements sous-jacents de manière à en donner une image fidèle.

Rapport au comité d'audit

Nous remettons au comité d'audit un rapport qui présente notamment l'étendue des travaux d'audit et le programme de travail mis en œuvre, ainsi que les conclusions découlant de nos travaux. Nous portons également à sa connaissance, le cas échéant, les faiblesses significatives du contrôle interne que nous avons identifiées pour ce qui concerne les procédures relatives à l'élaboration et au traitement de l'information comptable et financière.

Parmi les éléments communiqués dans le rapport au comité d'audit figurent les risques d'anomalies significatives, que nous jugeons avoir été les plus importants pour l'audit des comptes annuels de l'exercice et qui constituent de ce fait les points clés de l'audit, qu'il nous appartient de décrire dans le présent rapport.

Nous fournissons également au comité d'audit la déclaration prévue par l'article 6 du règlement (UE) n° 537-2014 confirmant notre indépendance, au sens des règles applicables en France telles qu'elles sont fixées notamment par les articles L.822-10 à L.822-14 du code de commerce et dans le code de déontologie de la profession de commissaire aux comptes. Le cas échéant, nous nous entretenons avec le comité d'audit des risques pesant sur notre indépendance et des mesures de sauvegarde appliquées.

En application de la loi, nous vous signalons que nous n'avons pas été en mesure d'émettre le présent rapport dans les délais légaux compte tenu de la réception tardive de certains documents.

Fait à Neuilly-sur-Seine,

le commissaire aux comptes
PricewaterhouseCoopers Audit

Bénédicte Vignon