

ACE INSURANCE LIMITED

ABN 23 001 642 020

and

CHUBB INSURANCE COMPANY OF AUSTRALIA LIMITED

ABN 69 003 710 647

**SUMMARY OF SCHEME UNDER DIVISION 3A OF PART III OF THE
INSURANCE ACT 1973 (CTH) FOR THE TRANSFER OF THE INSURANCE
BUSINESS OF CHUBB INSURANCE COMPANY OF AUSTRALIA LIMITED
TO ACE INSURANCE LIMITED**

You are or may be an affected policyholder of Chubb Insurance Company of Australia Limited. ACE Insurance Limited is applying to the Federal Court of Australia for confirmation of a scheme to transfer all of the insurance business of Chubb Insurance Company of Australia Limited to ACE Insurance Limited. This summary provides information concerning the proposed scheme, how your contract with Chubb Insurance Company of Australia Limited may or will be affected and your right to be heard on the scheme. The summary has been approved, as a summary of the scheme, by the Australian Prudential Regulation Authority.

Introduction

1. This is a summary of a scheme under Division 3A of Part III of the *Insurance Act 1973* (Cth) (the **Insurance Act**) for the transfer of the insurance business (the **Insurance Business**) including insurance contracts (the **Insurance Contracts**) of Chubb Insurance Company of Australia Limited ABN 69 003 710 647 (**Chubb**) to ACE Insurance Limited ABN 23 001 642 020 (**ACE**) (the **Scheme**). ACE and Chubb are both part of an international insurance group headed by Chubb Limited.
2. Subject to confirmation of the Scheme by the Federal Court of Australia (**Court**), and to any modifications ordered by the Court, the Scheme is proposed to effect the transfer of the Insurance Business, including the Insurance Contracts, to ACE on the terms set out in this summary.
3. Upon confirmation of the Scheme by the Court, the Scheme will become binding on all persons.
4. A joint actuarial report has been prepared by ACE and Chubb's Appointed Actuaries, Mr Stephen Wilson and Mr Steve Faulkes, and an independent peer review of the joint actuarial report has been carried out by Mr Tim Andrews of Finity Consulting Pty Ltd in respect of the Scheme (the **Actuarial Reports**). The Actuarial Reports are summarised in paragraph 16 of this summary.
5. Chubb and ACE have agreed a Transfer Deed to give effect to the transfer of the Insurance Business, including the Insurance Contracts, to ACE (the **Transfer Deed**). Material terms of the Transfer Deed are summarised in paragraph 13 of this summary.
6. The Scheme or the Transfer Deed will not transfer any contracts of insurance or inwards reinsurance issued or entered into by or on behalf of Chubb as insurer through its New Zealand branch that do not comprise Insurance Business for the purposes of the Insurance Act.

The parties

7. ACE is a company incorporated in Australia under the *Corporations Act 2001* (Cth). It is authorised to carry on insurance business in Australia under the Insurance Act. ACE can be contacted at:

28 O'Connell Street
Sydney, New South Wales 2000
Tel: +61 02 9335 3200
Fax: +61 02 9335 3411
 8. Chubb is a company incorporated in Australia under the *Corporations Act 2001* (Cth). It is authorised to carry on insurance business in Australia under the Insurance Act. Chubb can be contacted at:

Level 29, 2 Park Street
Sydney, New South Wales 2000
Tel: +61 02 9273 0100
Fax: +61 02 9273 0101
 9. Both ACE and Chubb are regulated by the Australian Prudential Regulatory Authority (**APRA**).
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Your right to appear

10. An application for confirmation of the Scheme will be made to the Court in Sydney on 4 October 2016 at 10:15 am, or such later date as the Court appoints. **Any policyholder affected by the Scheme has the right to attend the Court hearing and be heard by the Court on the application for confirmation of the Scheme.**
11. If you wish to appear at the hearing at the Court at which ACE will seek orders confirming the Scheme you are requested to advise the solicitor for ACE, Dean Carrigan of Clyde & Co (Level 30, 420 George Street, Sydney, New South Wales, 2000) by phone on (02) 9210 4400 or by email to dean.carrigan@clydeco.com at least three days prior to the date fixed for the hearing:
12. Any policyholder affected by the Scheme is not required to take any action if they have no objection to the Scheme.

Details of the Scheme

13. Subject to confirmation of the Scheme by the Court, the Insurance Business, including the Insurance Contracts, will be transferred from Chubb to ACE under the Scheme. Under the Transfer Deed:
 - (a) ACE agrees to assume and keep Chubb indemnified against all future claims, losses, liabilities, costs and expenses that might arise in connection with the Insurance Contracts (the **Insurance Liabilities**);
 - (b) The liabilities and obligations of Chubb in conducting the non-insurance business (the **Business Liabilities**) will be assumed by ACE and these liabilities will cease to be liabilities of Chubb;
 - (c) The assets used by Chubb for the purposes of conducting the Insurance Business of an equivalent value to the Insurance Liabilities (the **Insurance Assets**) and the assets used by Chubb for the purposes of conducting non-insurance business that are of sufficient value to cover the Business Liabilities (the **Business Assets**) will be transferred to ACE; and
 - (d) The consideration payable for the transfer of the Insurance Business is the aggregate value of the Insurance Assets and the Business Assets less the aggregate value of the Insurance Liabilities and the Business Liabilities.
14. The Scheme is subject to confirmation by the Court.

Actuarial Report

15. The Actuarial Reports have concluded that the implementation of the Scheme will not have a materially detrimental impact on the interests of policyholders of the Insurance Contracts, having regard to various factors, including those outlined below and APRA's capital requirements.
16. The reasons supporting the conclusions reached in the Actuarial Reports are summarised below:
 - (a) the Scheme will provide adequate financial security to the policyholders of the insurance contracts;
 - (b) ACE will assume Chubb's insurance liabilities on the same terms and conditions as currently apply. To that end, Chubb's policyholders will be in the same position as before

the Scheme. The Scheme will not of itself change the nature of the coverage that existing policyholders are entitled to;

- (c) it is expected that the post-transfer claims handling procedures of ACE, and the end outcomes they produce, will be broadly consistent with those of Chubb. Therefore, there is no reason to believe that policyholder and claimant expectations in relation to claims handling would be materially affected by the Scheme;
- (d) the Scheme will not reduce the amount of reinsurance protection for past liabilities and it is not expected that there will be any material adverse impact on policyholders due to future changes to the reinsurance arrangements following the Scheme; and
- (e) many of the risks currently faced by ACE and Chubb are similar. To the extent that there are some additional risks for each set of policyholders arising from the Scheme, these can be offset against the benefits of the Scheme: a more diversified spread of risk, with a broader policyholder base and greater scale.

Effect of Scheme on policyholders

- 17. Should the Scheme be confirmed by the Court, all outstanding claims-related rights and liabilities of Chubb in respect of the Insurance Contracts will be transferred to ACE such that any claims arising under or in connection with any Insurance Contract must be made against ACE.
- 18. Upon the Scheme taking effect:
 - (a) Chubb will be released and discharged from all liabilities and obligations under the Insurance Contracts; and
 - (b) all premiums and other amounts payable to or recoverable by Chubb under the Insurance Contracts will be payable to and recoverable by ACE.
- 19. Apart from ACE becoming the insurer in place of Chubb under the Insurance Contracts, the Insurance Contracts will be transferred to ACE with the same terms and conditions as applied prior to the Scheme taking effect. Any policyholder under the Insurance Contracts who has a claim on or obligation to Chubb pursuant to the Insurance Contracts will have the same claim on or obligation to ACE in substitution for his or her claim on or obligation to Chubb.
- 20. Policyholders are not required to take any action before or as a result of the Scheme.

Further Information

- 21. Following completion of the transfer, Chubb intends to apply to APRA to have its authorisation to carry on insurance business in Australia revoked and it is proposed that Chubb will be dissolved and ACE will change its name to Chubb Insurance Australia Limited.
- 22. If you have any questions in relation to the Scheme or any information contained in this summary, please contact:

Project Co-ordinator

Chubb Insurance Company of Australia Limited

Phone: +61 02 9273 0100

Between 9:00am and 5:00pm local time each weekday (other than public holidays).

Public Inspection

23. A copy of the Notice of Intention, the Scheme, this summary and the Actuarial Reports (the **Scheme Documents**) are available for inspection from 9:00am to 5:00pm local time each weekday (other than weekends and public holidays) between 24 August 2016 and 13 September 2016 (inclusive) at the following addresses:

New South Wales

Clyde & Co
Level 30, 420 George Street
Sydney NSW 2000

Victoria

Clyde & Co
Level 26, 140 William Street
Melbourne VIC 3000

Queensland

Clyde & Co
Level 22, 12 Creek Street
Brisbane QLD 4000

Western Australia

Clyde & Co
Level 28, 197 St Georges Terrace
Perth WA 6000

South Australia

Finlaysons
81 Flinders Street
Adelaide SA 5000

Tasmania

Dobson Mitchell Allport
59 Harrington Street
Hobart TAS 7001

Australian Capital Territory

Chamberlains Law Firm
24 Lonsdale Street Braddon
Canberra ACT 2612

Northern Territory

MSP Legal
6/32 Marina Boulevard, Cullen Bay
Darwin NT 0820

24. Copies of the Scheme Documents will also be available on the following website
www.chubb.com/au.
25. On request, an affected policyholder is entitled to obtain a copy of the Scheme Documents free of charge by contacting the Project Co-ordinator at Chubb on +61 02 9273 0100.
26. We recommend that policyholders obtain and review the Scheme documents, which contain a discussion of the impact of the Scheme on policyholders, to gain a better understanding of how the scheme will affect their rights and obligations as policyholders under the policies to be transferred from Chubb to ACE.

THIS SUMMARY HAS BEEN APPROVED, AS A SUMMARY OF THE SCHEME, BY THE AUSTRALIAN
PRUDENTIAL REGULATION AUTHORITY.