

Chubb - Underwriting Discipline after a Soft-Market Warning

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Decision scope: North America Commercial P&C large-account and excess-and-surplus (E&S) property underwriting appetite

Case convention: This is an author-created management decision exercise. The decision assignment is hypothetical; company disclosures are historical. No private deliberations are represented. All figures use information available by the cutoff.

The decision

By 28 July 2026, Chubb had filed its quarterly report for the three months ended 30 June. The results showed sharply different premium trends within North America Commercial P&C. The reported Major Accounts & Specialty category had contracted, while middle-market and small commercial had grown. Management attributed much of the commercial growth drag to underwriting actions in large-account and E&S property and described conditions in those property markets as overly soft.

Chubb's CEO said the company would not knowingly underwrite at a loss and expected the property growth penalty from its actions to dissipate. Those were management's views, not an account-level return analysis. The filing did not disclose the returns on the business Chubb declined, the quality of individual submissions, or whether alternative terms could preserve attractive accounts.

For this exercise, you are advising North America Commercial underwriting leadership. The role is hypothetical. The decision is whether to sustain selective large-account/E&S property participation when price, terms, and risk quality meet Chubb's standards, or to constrain that appetite further. The choice concerns selection, price, terms, limits, and risk controls within this property business. Middle-market/small commercial and other lines are comparisons only; the public disclosures do not establish that underwriting capacity, talent, capital, or distribution can be transferred between them.

Assignment: Recommend whether Chubb should maintain its current selective approach or constrain large-account/E&S property appetite further for the next renewal cycle. Identify the underwriting conditions that would support your decision, its strongest counterargument, the evidence you would monitor, and what would cause you to revisit the choice. Use only information available by 28 July 2026. Any numeric thresholds you introduce are your own assumptions, not disclosed Chubb rules.

Chubb's operating model

Chubb is a global insurer organized into six reporting segments: North America Commercial P&C, North America Personal P&C, North America Agriculture, Overseas General, Global Reinsurance, and Life Insurance. Its North America Commercial business includes several product families and account types. "Major Accounts & Specialty" includes large corporate accounts and wholesale business; "Commercial" in the segment tables refers to middle-market and small commercial accounts. Neither category is identical to the narrower large-account/E&S property business at the center of this case. [S1], MD&A pp. 57-58.

The company's disclosures describe underwriting as a core operating discipline. In July, management said conditions were overly soft in certain property markets, especially large-account and E&S-related property, and were spreading to some casualty areas. Its public position was to avoid knowingly underwriting at a loss. Management also said that the growth penalty from its property underwriting actions would dissipate. [S2], CEO comments following the Q2 summary.

Those statements frame a tension. Price and terms can make a policy unacceptable even when it would add premium. Yet an extended retrenchment could reduce relationships, submissions, and the company's presence in an important market segment. The disclosures do not quantify that cost or show which accounts are attractive after adjusting for their individual risk.

Premium patterns are not account returns

Exhibit 1. Selected North America Commercial P&C net premiums written

USD millions; three months ended June 30. Year-over-year changes as reported by Chubb.

Reported category or product	Q2 2026 NPW	Change vs. Q2 2025
North America Commercial P&C	\$5,594	−2.3%
Major Accounts & Specialty	\$3,257	−9.0%
Commercial (middle-market and small accounts)	\$2,337	+8.9%
Major Accounts & Specialty: property and other short-tail lines	-	−30.1%
Major Accounts & Specialty: casualty	-	+1.1%
Major Accounts & Specialty: financial lines	-	+6.8%
Middle-market and small commercial: P&C lines	-	+12.0%
Middle-market and small commercial: financial lines	-	−2.8%

Source: [S1], North America Commercial P&C Insurance, pp. 57-58. The filing states that large-account and E&S property reduced North America Commercial growth by about 6.4 percentage points in Q2, primarily due to underwriting actions. It does not report property-only NPW in the split above; "property and other short-tail" is a broader disclosed product grouping.

Net premiums written (NPW) record premium production when policies are written. Changes may reflect price, insured exposure, new business, renewals, retention, policy limits, mix, timing, and currency. NPW is not a direct measure of exposure, underwriting capacity, or profitability. Chubb separately reported that excluding large-account and E&S property, North America Commercial P&C grew 4.1% in Q2; this comparison does not show that another category can replace the property business. [S2], operating highlights; [S1], pp. 57-58.

Exhibit 2. North America Commercial P&C results

USD millions except ratios; Q2 ended 30 June.

Measure	Q2 2026	Q2 2025
Net premiums written	\$5,594	\$5,723
Net premiums earned	\$5,214	\$5,177
Underwriting income	\$761	\$857
Combined ratio	85.4%	83.5%
Current-accident-year combined ratio excluding catastrophe losses	81.8%	81.1%
Net catastrophe losses	\$302	\$229
Favorable prior-period development	\$111	\$106

Source: [S1], North America Commercial P&C Insurance, p. 57 and following discussion. Earned premium reflects policies written in prior periods as well as current production. The filing says the year-over-year change in the current-accident-year combined ratio excluding catastrophe losses primarily reflected a shift in business mix as property exposure fell. Segment results combine products and accounts; they do not identify the marginal profitability of large-account/E&S property or the expected return on declined submissions.

The broader company reported Q2 P&C underwriting income of \$1.937 billion, up 18.8%, with an 83.8% combined ratio. Pre-tax net catastrophe losses were \$475 million compared with \$630 million a year earlier, and favorable prior-period development was \$283 million compared with \$249 million. Stronger consolidated results could support patience, but they do not resolve the economics of a particular property account. [S1], MD&A pp. 53-56; [S2], operating highlights.

Risk selection and catastrophe exposure

Property underwriting involves more than choosing a premium-growth target. A submission's location, construction, occupancy, limits, attachment, coverage terms, risk controls, and relationship to other insured risks may affect the loss potential. Chubb's filing describes catastrophe accumulation monitoring, use of probable maximum loss (PML) models, and reinsurance as parts of managing natural-catastrophe risk.

At 30 June, Chubb reported a modeled pre-tax net worldwide annual-aggregate 1-in-100 PML of \$5.650 billion, equal to 7.5% of Chubb shareholders' equity. The estimate used the in-force portfolio and reflected the reinsurance programme; the filing assumed recoverables would be collectible and warned that model estimates are inherently uncertain. PML is not expected annual loss, a forecast, or a measure of the marginal exposure from a proposed account. [S1], "Catastrophe Management" and "Global Property Catastrophe Reinsurance Program," pp.

79-80.

The global property-catastrophe reinsurance programme had renewed for 1 April 2026 through 31 March 2027. Chubb said it reviews its protection and exposure before renewals and may or may not buy more coverage, considering modeled PML, reinsurance pricing, risk tolerance, exposures, and structure. The filing does not disclose alternative reinsurance quotes or the marginal cost of covering a particular large-account property risk. [S1], p. 80.

What the evidence leaves open

Chubb's filings identify underwriting actions and show reduced premium production in the relevant categories. They do not separate the decline into price, exposure, broker submissions, retention, limits, and account mix. Nor do they disclose the expected margin on business Chubb declined, how competitors priced those risks, or what share of lost premium represented business that failed Chubb's risk standards.

Middle-market and small commercial growth is relevant context, but the figures do not show whether it is a comparable opportunity. Different products, customer needs, geography, catastrophe exposures, delegated authorities, distribution, and underwriting expertise may limit substitutability. No public data in the case establish a transfer of resources between these categories.

The strategy is therefore about where Chubb draws the line within large-account/E&S property. Continuing to participate selectively may preserve a presence and capture accounts whose terms remain attractive despite management's description of overly soft conditions in some property markets. Constraining appetite further may protect against underpriced or concentrated risks if conditions deteriorate faster than expected. Both paths require evidence at a level more specific than the segment tables.

Discussion questions

1. What is the strategic choice for North America Commercial leadership? Which parts of it can be changed through account selection, pricing authority, terms, limits, and risk engineering?
2. What do the premium and underwriting exhibits establish? What do they not establish about exposure, rate adequacy, profitability, or capacity?
3. What is the strongest argument for sustaining selective participation? What is the strongest argument for constraining appetite further?
4. How should catastrophe aggregation and the reinsurance programme affect underwriting decisions without treating PML as an expected loss or account-level return?
5. What decision rule, evidence, and review triggers would you recommend? Which numeric limits, if any, are assumptions you introduced?

Sources and conventions

S1. Chubb Limited, Form 10-Q for quarter ended 30 June 2026, filed 28 July 2026, accession 0000896159-26-000017. [SEC filing](#). Page locators above refer to the printed filing pages.

S2. Chubb Limited, Q2 2026 earnings release, 21 July 2026. [Official IR release](#).

Management statements are attributed and are not independent market measurements. Historical figures are not forecasts. No post-cutoff outcomes are included.