WEALTH PRESERVATION EQUITY RESEARCH

CB

Chubb Limited

HOLD

WATCHLIST

The world's largest P&C insurer offers fortress-grade downside protection, 34 years of dividend growth, and a disciplined underwriting machine led by a 22-year veteran CEO.

Current Price	Fair Value	Margin of Safety
$328.33	**$325.00**	**-1.0%**

WP Score	Dividend Yield	Target Entry
79 / 100	**1.17%**	**$293.00**

EXECUTIVE SUMMARY

Metric	Value
Recommendation	HOLD / WATCHLIST
Current Price	$328.33

Report Date: April 5, 2026 | Analyst: Moschovakis Capital Research

NYSE: CB | Sector: Financials / Property & Casualty Insurance | HQ: Zurich, Switzerland

Metric	Value
Fair Value (Base Case)	$325.00
Margin of Safety	-1.0%
Target Entry Price	$293.00 (10% below fair value)

Return Profile	Value
Dividend Yield	1.17%
Expected Dividend Growth	4.3% CAGR
Expected Price Appreciation	6.8% CAGR
Total Expected Return (Base)	8.2% CAGR
Bear Case Total Return	1.8% CAGR
Bull Case Total Return	12.5% CAGR
Probability-Weighted Return	7.7% CAGR

Risk Assessment	Value
Wealth Preservation Score	79 / 100
Downside Protection Score	85 / 100
Quality Score	79 / 100
Risk Level	LOW
Probability of >50% Loss	<3%
Recession Profile	RESILIENT

One-Line Thesis:

Chubb offers the widest underwriting moat in global P&C; insurance, a 34-year dividend growth streak covered at just 15% of earnings, and a balance sheet strong enough to weather any cat season or recession scenario with capital intact, but the stock trades at fair value today and needs a 10% pullback to offer a margin of safety worthy of a full position.

INVESTMENT THESIS

Chubb Limited stands as the world's largest publicly traded property and casualty insurer, operating across 54 countries with a product suite spanning commercial P&C;, personal lines, agricultural insurance, life insurance, and global reinsurance. CEO Evan Greenberg has led the company for 22 years, during which time he engineered the landmark $28.3 billion ACE-Chubb merger in 2016 and delivered a cumulative total shareholder return of 543.5% (11.6% annualized) from 2008 through 2024. The company's disciplined underwriting culture produced a record combined ratio of 85.7% in 2025, meaning Chubb earned $14.30 in underwriting profit for every $100 of premium collected.

The wealth preservation case rests on three pillars. First, a debt-to-equity ratio of 0.31x and interest coverage of 17x create a balance sheet that qualifies as FORTRESS under our framework. Chubb maintained dividends through both the 2008 financial crisis and the 2020 pandemic, absorbing catastrophe losses without raising equity or cutting payouts. Second, the dividend has grown for 34 consecutive years with a payout ratio of just 15%, leaving enormous headroom for increases even in severe stress scenarios. When combined with a 1.7% buyback yield, total shareholder returns from capital allocation alone reach 2.9%. Third, Chubb's ROIC of 10.2%

exceeds its WACC of 6.2% by 400 basis points, confirming that management creates economic value with every dollar of capital deployed.

The reason this earns a HOLD rather than a BUY comes down to entry price. At $328, the stock trades at 12.8x trailing earnings versus a five-year average of 12.1x, and at 1.76x book versus a five-year average of 1.6x. Our fair value estimate of $325 offers no margin of safety. For a capital preservation mandate requiring 10% margin of safety, investors should target an entry near $293. A 10% pullback from current levels, whether driven by a heavy cat quarter, broader market weakness, or sector rotation, would present a compelling opportunity to own one of the highest-quality compounders in global insurance at a price that tilts the risk-reward firmly in the investor's favor. Warren Buffett's Berkshire Hathaway evidently agrees with the quality assessment, having grown its Chubb stake by 15.9% in Q3 2024.

1. BUSINESS QUALITY ASSESSMENT

Business Model:

Chubb collects premiums from policyholders across commercial P&C;, personal lines, agricultural, life, and reinsurance segments. The company earns money two ways: underwriting profit (premiums collected minus claims paid minus operating expenses) and investment income on the float (the pool of premiums held before claims are settled). In 2025, Chubb generated $6.5 billion in P&C; underwriting income and record net investment income, with total revenue of $59.6 billion. North America accounts for approximately 57% of premiums, with the remaining 43% spread across Asia, EMEA, and Latin America.

Competitive Moat

Moat Type	Evidence	Durability	Preservation Value
Global Scale	Largest P&C insurer; ops in 54 countries	9/10	Excellent
Switching Costs	Multi-year commercial policies; broker relationships	8/10	Excellent
Underwriting Expertise	22 years under Greenberg; sub-87% combined ratio	8/10	Excellent
Brand/Reputation	AA-rated; trusted by Fortune 500 clients	8/10	Good
Regulatory Barriers	Licensed in 54 jurisdictions; capital requirements	9/10	Excellent

Chubb's primary moat is the combination of global scale and underwriting discipline. Few insurers can service multinational corporations across 54 countries with consistent claims handling and risk management. Building a comparable network of licenses, local expertise, and broker relationships would take decades and billions in capital. The combined ratio track record under Greenberg (consistently below 90%, hitting a record 85.7% in 2025) demonstrates a culture of pricing discipline that survives across market cycles. This moat shows no sign of erosion; if anything, scale advantages compound as smaller competitors struggle with cat volatility and regulatory complexity.

Market Position:

Industry Ranking: #1 publicly traded global P&C; insurer. Market share is fragmented in P&C; insurance (the largest players each hold low single-digit shares), but Chubb's breadth across specialty, commercial, and personal lines creates cross-selling advantages that peers cannot match. Pricing power remains STRONG as evidenced by net premiums written growth of 8.9% in Q4 2025 and consistent ability to achieve rate increases above loss cost trends.

2. FINANCIAL FORTRESS ANALYSIS

Balance Sheet Strength

Metric	Value	Threshold	Assessment
Debt / Equity	0.31x	< 1.0x	PASS
Interest Coverage	16.97x	> 5.0x	PASS
Current Ratio	0.38x	N/A (insurer)	NORMAL
Cash / Total Debt	28.8%	> 20%	PASS
Operating CF Positive (5Y)	5 / 5	5 / 5	PASS

Note on Current Ratio: Insurance companies carry policyholder reserves as current liabilities, which structurally depresses the current ratio below 1.0x. This is standard for the industry and does not indicate liquidity stress. Chubb's $7.1 billion in cash, $12.8 billion in operating cash flow, and access to $3+ billion in credit facilities provide more than adequate liquidity.

Solvency Verdict: FORTRESS. Chubb carries the lowest debt-to-equity ratio among major global P&C; insurers, generates operating cash flow that exceeds net income by 24%, and maintains interest coverage of nearly 17x. The company returned $3.48 billion to shareholders in 2024 alone ($2.02 billion in buybacks plus $1.46 billion in dividends) while strengthening book value per share by 18%. This is a balance sheet built to absorb catastrophic loss years without flinching.

Profitability Metrics

Metric	Current (TTM)	5Y Avg	Trend
Gross Margin	29.6%	~28%	Improving
Operating Margin	21.8%	~19%	Improving
Net Margin	17.3%	~15%	Improving
Combined Ratio (P&C)	85.7%	~88%	Improving
ROIC	10.2%	~9%	Improving
ROE	14.3%	~12%	Improving

3. DIVIDEND ANALYSIS

Metric	Value	Assessment
Current Yield	1.17%	Below 2-4% sweet spot
Payout Ratio (EPS)	15.1%	Ultra-safe (< 60%)
Payout Ratio (OCF)	11.8%	Ultra-safe (< 70%)
Dividend Growth (5Y CAGR)	4.3%	Above inflation
Dividend Growth (1Y)	6.6%	Accelerating
Consecutive Years of Growth	34 years	Aristocrat status
Buyback Yield	1.71%	Accretive at historical prices
Total Shareholder Yield	2.87%	Dividend + buyback combined
Maintained Through 2008?	Yes	Dividend aristocrat
Maintained Through 2020?	Yes	Dividend aristocrat

Dividend Sustainability: ROCK SOLID. With a payout ratio of 15%, Chubb could sustain its dividend even if earnings dropped by 80%. The company earns $25.68 per share and pays out $3.88, leaving $21.80 per share of retained earnings for buybacks, debt reduction, and reinvestment. If earnings dropped 40% to $15.41/share, the payout ratio would rise to just 25%, still well within safe territory. The 34-year streak of consecutive increases predates the current management team and reflects an institutional commitment to dividend growth.

The low yield of 1.17% is the primary income reliability limitation under our framework. Chubb compensates through aggressive buybacks (1.71% shares retired annually), which concentrate future earnings and dividends across fewer shares. Over a 10-year horizon, the combination of 4-6% dividend growth and 1.5-2% share count reduction creates a powerful compounding effect for per-share returns.

4. VALUATION ANALYSIS

Relative Valuation

Metric	Current	5Y Avg	10Y Avg	Percentile	vs. History
P/E	12.95x	12.1x	~13.5x	55th	Slightly above
P/B	1.76x	1.6x	~1.5x	65th	Above average
P/S	2.18x	2.0x	~1.9x	60th	Slightly above
EV/EBITDA	11.47x	~11.0x	~11.5x	50th	At average
Dividend Yield	1.17%	~1.5%	~1.8%	30th	Below average

Fair Value Calculation

Normalized EPS: $25.00 (5-year average net margin of ~17% applied to trailing revenue, smoothing the 2022 catastrophe-heavy year). Fair P/E Multiple: 13.0x (reflecting premium quality, Aristocrat dividend, and ROIC spread above WACC). Fair Value: $25.00 x 13.0x = **$325.00**. Current Price: $328.33. **Margin of Safety: -1.0%.**

Valuation Verdict: FAIR. The stock trades at a slight premium to our assessed fair value. Multiple metrics sit in the 50th-65th percentile of their five-year range, meaning Chubb is priced for continued solid execution but offers no cushion against disappointment. Alpha Spread's intrinsic value estimate of $353 suggests 8% upside, while analyst consensus targets average $332-342. None of these imply the 10% margin of safety our framework demands for a BUY.

5. SCENARIO ANALYSIS

Scenario	Rev. CAGR	EPS CAGR	Term. P/E	10Y Price	Div. Yield	Total CAGR	Weight
Bear	3.0%	3.0%	10.0x	$345	~1.3%	1.8%	25%
Base	6.0%	7.0%	12.5x	$631	~1.4%	8.2%	50%
Bull	9.0%	10.0%	14.0x	$933	~1.5%	12.5%	25%

Probability-Weighted Expected Total Return: 7.7% CAGR

Bear Case Assumptions (25% weight)

A sustained soft insurance market compresses pricing power. Multiple severe catastrophe years erode underwriting margins. Combined ratio drifts toward 90%. Premium growth slows to 3% as competition intensifies. The P/E contracts to 10x, reflecting market skepticism. Even under these conditions, Chubb's EPS grows modestly at 3% CAGR (driven by investment income growth and buybacks), and the 10-year price target of $345 exceeds the current entry price. Dividends contribute an additional ~1.3% annually. Total return: 1.8% CAGR. Capital is preserved.

Base Case Assumptions (50% weight)

Chubb maintains its combined ratio in the 86-88% range. Premium growth of 6% reflects continued rate adequacy and geographic expansion, particularly in Asia and Latin America. Buybacks reduce share count by 1.5% annually, adding 1.5% to per-share growth. EPS compounds at 7% to reach ~$50 in year 10. The P/E holds at 12.5x (historical average), yielding a $631 price target. With dividends reinvested, total return reaches 8.2% CAGR, clearing our 7% hurdle.

Bull Case Assumptions (25% weight)

A hard insurance market drives pricing power and premium growth above 9%. Chubb's Asia expansion accelerates. Combined ratio improves toward 83-84% as favorable development continues. Investment income benefits from higher-for-longer interest rates. EPS compounds at 10% to reach ~$67 per share. The market assigns a premium multiple of 14x (below historical peaks), yielding a $933 price target. Total return: 12.5% CAGR.

Critical Downside Check

Check	Result
Bear Case Total Return	1.8% CAGR (positive)
Capital preserved in downside?	YES
Max estimated drawdown (temporary)	~30-35% (in severe cat year)
Probability of >50% permanent loss	< 3%

6. RISK ASSESSMENT

Risk Category	Score (1-10)	Key Concern	Mitigation
Balance Sheet	2	Debt relative to equity	D/E 0.31x, 17x coverage
Earnings Volatility	5	Cat losses swing quarterly EPS	Diversified portfolio, reinsurance
Competitive Threat	3	InsurTech, price competition	Scale moat, global reach
Regulatory Risk	4	54-jurisdiction complexity	Dedicated compliance, long track record
Management Risk	3	Key-man risk (Greenberg)	Deep bench, 22-year succession planning
Valuation Risk	5	No margin of safety at current price	Quality cushion, low beta (0.49)
Climate/Cat Risk	6	Increasing frequency of severe events	Pricing discipline, reinsurance
Aggregate Risk	4.0	LOW overall	Fortress balance sheet absorbs shocks

Recession Stress Test

Metric	2008-2009	2020 (COVID)	Assessment
Revenue Impact	Premiums flat to -5%	Premiums +2%	RESILIENT
EPS Impact	~Flat (cat-adjusted)	EPS dipped ~20%	RESILIENT
Dividend Action	Maintained & increased	Maintained & increased	ROCK SOLID
Combined Ratio	88.7% (2008)	96.1% (2020, cat-heavy)	ACCEPTABLE
Stock Decline (peak-trough)	~35%	~30%	MODERATE
Recovery Time	~18 months	~9 months	RAPID
Capital Raise Needed?	No	No	FORTRESS

Recession Profile: RESILIENT. Insurance is a needs-based product. Businesses and individuals maintain coverage even during recessions, though they may reduce limits. Chubb's commercial focus and multinational client base provide stability, while investment income (a major earnings driver) benefits from the large float regardless of underwriting cycles. The company has never needed to raise equity capital during a downturn.

7. MANAGEMENT & GOVERNANCE

CEO: Evan G. Greenberg

Tenure: 22 years (CEO since May 2004, Chairman since 2007). Greenberg spent 25 years at AIG before joining ACE Limited in 2001. He engineered 15 acquisitions, culminating in the $28.3 billion ACE-Chubb merger in 2016, the largest in P&C; insurance history. Under his leadership, Chubb's annualized total shareholder return reached 11.6% from 2008 through 2024. Insider ownership stands at 0.14% of shares outstanding, worth approximately $181 million, providing meaningful alignment with shareholders.

Capital Allocation (5-Year Track Record)

Category	Assessment	Detail
Dividend Growth	EXCELLENT	34 consecutive years; 6.6% increase in 2025
Buybacks	EXCELLENT	$2.02B repurchased in 2024 at avg $269/share (below current)
Acquisitions	GOOD	Selective; ACE-Chubb transformative; Huatai Life expansion

Category	Assessment	Detail
Debt Management	EXCELLENT	D/E reduced over time; 0.31x current
Overall	STRONG	$3.48B returned to shareholders in 2024

Compensation: Greenberg's total comp of $30.1 million in 2024 is above median for companies of comparable size, though 95% is performance-linked (tied to core operating income, ROE, combined ratio, and tangible book value growth). The CEO-to-median worker pay ratio of 452:1 is high but typical for a global financial services firm managing $260 billion in assets. Greenberg's $181 million personal stake in the company ensures he bears the same downside risk as outside shareholders.

Management Quality: EXCELLENT. Greenberg ranks among the most accomplished insurance CEOs of his generation. The 22-year tenure provides stability, the track record demonstrates value creation, and the performance-linked compensation structure aligns incentives with shareholders. The primary risk is key-man dependency, though the management bench is deep and succession planning is ongoing.

8. PEER COMPARISON

Metric	Chubb (CB)	Travelers (TRV)	Allstate (ALL)	Best for WP
Debt / Equity	0.31x	~0.35x	~0.65x	CB
Dividend Yield	1.17%	~1.97%	~2.21%	ALL
Payout Ratio	15.1%	~28%	~30%	CB
Combined Ratio	85.7%	~93%	~95%	CB
ROE	14.3%	~17%	~22%	ALL (cyclical)
ROIC	10.2%	~9%	~11%	ALL
5Y EPS Growth	18.6%	~10%	~15%	CB
Beta	0.49	~0.65	~0.80	CB
Div. Growth Streak	34 years	~20 years	~14 years	CB
P/E (TTM)	12.95x	~11x	~10x	ALL

Why Chubb for Wealth Preservation: Chubb dominates peers on the metrics that matter most for capital preservation: lowest leverage, lowest combined ratio, longest dividend streak, lowest beta, and the safest payout ratio in the industry. Travelers and Allstate offer higher current yields (1.97% and 2.21% respectively), but both carry higher leverage, more volatile underwriting results, and shorter dividend growth histories. Allstate's higher ROE reflects greater cyclicality rather than superior business quality. For an investor whose primary constraint is downside protection, Chubb's consistency and fortress balance sheet make it the clear choice among major P&C; insurers.

9. KEY METRICS SUMMARY

Metric	Value
Wealth Preservation Score	79 / 100
Fair Value Range	$310 - $351
Current Price	$328.33
Margin of Safety	-1.0%
Expected Total Return (Base)	8.2% CAGR
Bear Case Return	1.8% CAGR
Dividend Yield + Growth	1.17% + 4.3%
ROIC vs. WACC	10.2% vs. 6.2%
Probability of Permanent Loss	< 3%
Combined Ratio (2025 Record)	85.7%
Book Value Per Share	$188.59
Berkshire Hathaway Ownership	Yes (increased 15.9% in Q3 2024)

10. MONITORING CHECKLIST

Quarterly Review

Check earnings vs. expectations (next report: April 21, 2026). Confirm dividend maintained or increased. Verify combined ratio remains below 90%. Monitor debt-to-equity ratio stability. Review management guidance for premium growth and cat loss estimates. Track Berkshire Hathaway's position for changes in conviction.

Exit Triggers

Condition	Action
Dividend cut	Reassess immediately; likely sell
D/E rises above 0.75x	Reduce position; monitor closely
Combined ratio > 95% for 2+ years	Review underwriting discipline thesis
ROIC falls below WACC for 2+ years	Sell
Bear case return turns negative	Reduce or sell
CEO departure without clear succession	Reassess management quality
Better opportunity with 10+ higher WP Score	Replace

Upgrade Triggers (HOLD to BUY)

Condition	Action
Price drops to $293 or below (10% MoS)	Upgrade to BUY, full position
Price drops to $270 or below (17% MoS)	Upgrade to high-conviction BUY
Dividend yield reaches 1.5%+	Improves income score; reassess
EPS exceeds $28 on trailing basis	Raises fair value; reassess MoS

FINAL RECOMMENDATION

HOLD / WATCHLIST

Absolute Requirement	Result	Pass?
Bear case total return >= 0%	1.8% CAGR	PASS
Base case total return >= 7%	8.2% CAGR	PASS
Solvency: FORTRESS or ADEQUATE	FORTRESS	PASS
Dividend sustainability: ROCK SOLID or SUSTAINABLE	ROCK SOLID	PASS
Probability of >50% permanent loss < 10%	< 3%	PASS
Margin of safety >= 10%	-1.0%	FAIL

Chubb passes five of six absolute requirements for a BUY recommendation. The single failure point is margin of safety: at $328, the stock trades at our assessed fair value of $325, offering no cushion against valuation risk. This is not a quality concern. This is a price concern. Chubb is one of the highest-quality businesses available in public equity markets, and our WP Score of 79 reflects that. The company would qualify as a high-conviction BUY at any price below $293.

Entry Strategy

Place on watchlist with a limit order at $293 (10% below fair value). A second, more aggressive tranche at $270 would provide 17% margin of safety and push the expected base case return above 10% CAGR. Catalysts for a pullback include: heavy catastrophe quarter (hurricanes, wildfires), broader market correction, or temporary sector rotation away from financials. The company's low beta of 0.49 means it tends to decline less than the broader market, so patience may be required.

Expected Outcome (10 years, Base Case from Target Entry of $293)

Metric	From $293 Entry	vs. HYSA (4%)
Total Return CAGR	9.8%	4.0%
Cumulative Return	155%	48%
$100 becomes	$255	$148
Outperformance	+$107	Baseline

Downside Protection Summary

Check	Status
Bear case preserves capital	YES (1.8% CAGR even in worst case)
Dividend provides income floor	YES (15% payout, 34-year streak)
Balance sheet provides safety	YES (D/E 0.31x, 17x interest coverage)
Berkshire Hathaway endorsement	YES (growing position)

ANALYST NOTES

Key Assumptions:

1. Combined ratio remains below 90% over the projection period (Chubb has achieved this in 16 of the last 18 years). If climate-driven cat losses accelerate beyond pricing adjustments, this assumption faces pressure. Sensitivity: each 1 percentage point increase in combined ratio reduces underwriting income by approximately $550 million.

2. Interest rates remain elevated enough to support investment income growth. Net investment income hit a record $6.4 billion in 2025. A rapid rate decline would slow this income stream, though the fixed-income portfolio's duration provides multi-year visibility.

3. Share buybacks continue at approximately 1.5-2% of shares outstanding annually. Management has demonstrated consistent commitment to repurchases, but pace could slow if acquisition opportunities emerge or cat losses consume capital.

Limitations:

Insurance accounting is complex and opaque. Reserve adequacy is a management judgment call, and favorable prior-period development ($1.1 billion in 2025) could reverse if loss trends deteriorate. Climate risk modeling is evolving, and historical cat loss patterns may understate future exposure. The current ratio metric is not applicable to insurers, reducing the effectiveness of one standard solvency check in our framework.

Confidence Level: HIGH for the quality assessment and MEDIUM for the valuation. Chubb's business quality, balance sheet strength, and management caliber are well-established and supported by decades of data. The valuation assessment carries more uncertainty because insurance earnings are inherently volatile (cat losses can swing any given year by $1-3 billion), making normalized earnings estimates subject to meaningful error bands.

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