



The Chubb Corporation

Audit Committee Charter

Purpose

The Audit Committee is appointed by the Board to assist the Board in monitoring (a) the integrity of the financial statements of the Corporation, (b) the compliance by the Corporation with legal and regulatory requirements, (c) the independence and qualifications of the Corporation's independent auditors, and (d) the performance of the Corporation's internal auditors and independent auditors.

The Audit Committee shall prepare the report required by applicable rules of the Securities and Exchange Commission ("SEC") to be included in the Corporation's annual proxy statement.

Committee Membership

The Audit Committee shall consist of at least three directors who shall be appointed by the Board on recommendation of the Corporate Governance & Nominating Committee. Audit Committee members shall serve at the pleasure of the Board for such term or terms as the Board may determine and may be replaced by the Board.

Each of the members of the Audit Committee shall be a member of the Board and shall otherwise be independent from the Corporation under applicable standards for director independence of the New York Stock Exchange. In addition, in order to be considered independent for purposes of service on the Audit Committee, each member of the Audit Committee shall also satisfy any requirements of the SEC and any standards of the New York Stock Exchange applicable to members of an audit committee and may not, other than in his or her capacity as a member of the Audit Committee, the Board or any other Board committee (a) accept any consulting, advisory or other compensatory fee from the Corporation, or (b) be an affiliated person of the Corporation or any subsidiary thereof, except as otherwise permitted by applicable requirements of the New York Stock Exchange and the SEC. Without limiting the generality of the foregoing, a member of the Audit Committee who is otherwise independent may serve as a member of an audit committee of Federal Insurance Company, the Corporation's wholly owned subsidiary, without impairing his or her independence.

No member of the Audit Committee may be an employee, director, partner, member or other affiliate of any firm to which the Corporation pays fees for services as a consultant or a legal or financial advisor, regardless of the amount and regardless of whether the member of the Audit Committee is the actual service provider, except as otherwise permitted by applicable requirements of the New York Stock Exchange and the SEC. Without impairing his or her independence, however, a member of the Audit Committee may receive compensation paid in an ordinary course commercial business relationship, as permitted by applicable requirements of the New York Stock Exchange and the SEC, or paid in connection with any other relationship that the Board has determined to be immaterial for purposes of its basic director independence analysis, to the extent permitted by applicable requirements of the New York Stock Exchange and the SEC.

Without impairing his or her independence, a member of the Audit Committee may receive his or her fee for service on the Audit Committee, the Board or any other Board committee in cash and/or stock or options of the Corporation or other in-kind consideration ordinarily available to Directors as well as all of the regular benefits that other Directors receive. Because of the significantly greater time commitment of members of the Audit Committee, they may receive reasonable compensation greater than that paid to other Directors for service on other committees of the Board.

All members of the Audit Committee shall be financially literate, as determined by the Board, at least one member of the Audit Committee shall be an "audit committee financial expert" (as defined by the SEC), and at least one member (who also may be the audit committee financial expert) shall have accounting or related financial management expertise.

No member of the Audit Committee may serve on the audit committees of more than two other public companies.

Without the approval of the Audit Committee, no member of the Audit Committee may use the services of the Corporation's independent auditors to provide to such member or his or her spouse any tax shelter advice.

Committee Structure and Operations

The Board shall designate one member as the Chairman of the Audit Committee. Such person shall also serve as a member of the Executive Committee of the Board. The Audit Committee shall meet in person or telephonically as often as it determines, but not less frequently than eight times per year at such times and places as may be determined by the Chairman of the Audit Committee, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Chairman of the Audit Committee. The Audit Committee may, in its discretion, form and delegate authority to one or more subcommittees consisting of one or more members of the Audit Committee, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of any such subcommittee to grant pre-approvals shall be presented to the full Audit Committee at its next scheduled meeting.

Duties and Responsibilities

The Audit Committee shall be responsible for all matters for which the New York Stock Exchange or the SEC requires an audit committee to assume responsibility and shall have the powers necessary to fulfill such responsibilities. Without limiting the generality of the foregoing statement, the Audit Committee shall be directly responsible for the appointment (subject, if applicable, to shareholder ratification), compensation, retention (or termination) and oversight of the work of the independent auditors (including resolution of disagreements between management and the independent auditors regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and the independent auditors shall report directly to the Audit Committee. If the Corporation submits for ratification to its shareholders the appointment of the independent auditors, the Audit Committee shall be responsible for making the recommendation of the Corporation with respect to such proposed ratification. The Audit Committee may consult with management but may not delegate these responsibilities.

The Audit Committee shall meet separately in executive session, periodically, with management, with internal auditors and with the Corporation's independent auditors. The Audit Committee may request any officer or employee of the Corporation, the Corporation's outside counsel, the Corporation's outside reserve advisors and/or the Corporation's independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

The Audit Committee shall make regular reports of its proceedings to the Board, reviewing any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's independent auditors or the performance of the internal auditors. Such reports may take the form of oral reports given by the Chairman of the Audit Committee or by any other member of the Audit Committee designated from time to time by the Chairman of the Audit Committee or by the Audit Committee to make such reports.

While the fundamental responsibility for the Corporation's financial statements and disclosures rests with management and the independent auditors, the Audit Committee must review (a) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles and financial statement presentations, and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies; (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation; and (d) earnings press releases (paying particular attention to any use of "pro forma," or

“adjusted” non-GAAP, information), as well as financial information and earnings guidance provided to analysts and rating agencies.

In performing the foregoing, the following shall be the regular duties of the Audit Committee:

Financial Statement and Disclosure Matters

1. To review and discuss with management and the independent auditors the annual audited financial statements and quarterly financial statements, including disclosures under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in its filings with the SEC and the results of the independent auditors’ reviews of the Corporation’s quarterly financial statements.
2. To recommend to the Board whether the audited financial statements should be included in the Corporation’s Form 10-K (or the Annual Report to Shareholders if distributed prior to the filing of the Form 10-K).
3. To discuss with management prior to their issuance the Corporation’s earnings press releases, including the use of any “pro forma” or “adjusted” non-GAAP information, as well as to discuss with management the approach to be taken regarding financial information and earnings guidance provided to analysts and rating agencies.
4. To discuss with management and the independent auditors the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Corporation’s financial statements.
5. To discuss with management the Corporation’s major risk exposures and the steps management has taken to monitor and control such exposures, including the Corporation’s risk assessment and risk management guidelines and policies.
6. To discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit. In particular, to discuss:
 - (a) The adoption of, or changes to, the Corporation’s significant auditing and accounting principles and practices as suggested by the independent auditors, internal auditors or management;
 - (b) The management letter provided by the independent auditors and the Corporation’s response to that letter;
 - (c) Any audit problems or difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, any significant disagreements with management and management’s response to the foregoing matters.
7. In addition to discussing the matters required to be discussed by Statement on Auditing Standards No. 61, to the extent deemed desirable or appropriate by the Audit Committee, to review with the independent auditors any accounting adjustments that were noted or proposed by the independent auditors but were “passed” (as immaterial or otherwise) and any communications between the audit team and the independent auditors’ national office respecting auditing or accounting issues presented by the engagement.
8. To discuss with management at least quarterly any significant deficiencies in the design or operation of the Corporation’s internal controls, which could adversely affect the Corporation’s ability to record, process, summarize and report financial data, any special audit steps adopted in light of material control deficiencies and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation’s internal controls.
9. To review with the Chief Executive Officer, the Chief Financial Officer and the General Counsel the Corporation’s disclosure controls and procedures and review periodically, but in no event less frequently than quarterly, management’s conclusions about the efficacy of such disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with, such controls and procedures.
10. With respect to each audit of the Corporation, to receive and discuss with the independent auditors and, to the extent the Audit Committee deems desirable or appropriate, management and the internal auditors a report from the

independent auditors setting forth (a) all critical accounting policies and practices to be used in the audit; (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (c) any other material written communications between the independent auditors and management, such as any management letter not otherwise provided to the Audit Committee or schedule of unadjusted differences.

11. Annually or as otherwise required pursuant to applicable rules of the SEC (a) to review and discuss with management an internal control report, which shall (1) state the responsibility of management for establishing and maintaining an adequate internal control structure and procedures for financial reporting; and (2) contain an assessment, as of the end of the most recent fiscal year, of the effectiveness of the internal control structure and procedures of the Corporation for financial reporting, and (b) if applicable, to review and discuss with the independent auditors their attestation to, and report on, such assessment made by management.
12. To discuss with the internal auditors the overall scope and plans for their audits, including the adequacy of staffing.
13. To discuss with the independent auditors the responsibilities, budget and staffing of the Corporation's internal audit function.
14. To review at least annually the report of the Corporation's loss reserves and to meet with management and the Corporation's outside reserve advisors to discuss the adequacy of the Corporation's loss reserves.

Oversight of the Corporation's Relationship with the Independent Auditors

15. To discuss with the independent auditors the overall scope and plans for their audit, including the adequacy of staffing.
16. At least annually, to obtain and review a report by the independent auditors describing:
 - (a) The firm's internal quality-control procedures;
 - (b) Any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;
 - (c) All relationships between the independent auditors and the Corporation, including confirmation that during the audit and professional engagement period, no audit partner (as defined by the SEC) has earned or received compensation based on that partner procuring engagements with the Corporation to provide any services other than audit, review or attest services.
17. To review and evaluate the lead partner of the independent auditors, taking into account the opinions of management and the Corporation's internal auditors.
18. In addition to assuring the rotation of the lead audit partner and the concurring partner as required by law, to consider, to the extent the Audit Committee deems it desirable or appropriate, whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm itself.
19. To the extent it deems it desirable or appropriate, to present its conclusions with respect to the independent auditors to the Board.
20. To set clear hiring policies for employees or former employees of the independent auditors, which shall include, at a minimum, a prohibition on hiring as a member of management involved in overseeing financial reporting matters (including the Chief Executive Officer, the Chief Financial Officer, the Chief Accounting Officer and any person serving in the capacity equivalent to a controller), any person who was the lead partner, the concurring partner, or any other member of the audit engagement team who provided more than ten hours of audit, review or attest services for

the Corporation within the one year period preceding the commencement of the audit of the current year's financial statements.

21. To pre-approve, pursuant to policies and procedures deemed by the Audit Committee to be desirable or appropriate, all auditing services (which may entail providing comfort letters in connection with securities underwritings or statutory audits required for insurance companies for purposes of State laws) and, subject to de minimis exceptions permitted by SEC regulation, any non-audit services, including tax services, that are not otherwise prohibited by law or regulation, that are provided to the Corporation by the independent auditors.

Compliance Oversight Responsibilities

22. To oversee the Corporation's compliance with law and regulation and, in connection therewith, to review and assess on no less than a quarterly basis, a report from the Corporation's Chief Ethics Officer on the operation, contents and effectiveness of the Corporation's compliance and ethics program.
23. To establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submissions by employees of concerns regarding questionable accounting or auditing matters.
24. To review and reassess the adequacy of the Corporation's Code of Business Conduct and a Code of Ethics for Senior Financial Officers (as defined by SEC regulation) and to recommend any proposed changes thereto to the Board for approval.
25. To discuss with management any correspondence with regulators or governmental agencies and any employee complaints or published reports and any litigation or other legal matters which raise material issues regarding the Corporation's financial statements or accounting policies or its compliance with law or regulation.
26. To approve the retention of the independent auditors to provide services involving tax shelter advice for or on behalf of any of the following persons in their individual capacities: any member of the Audit Committee, any Executive Officer of the Corporation or any Senior Financial Officer of the Corporation or any spouse of any of the foregoing.

Annual Performance Evaluation and Charter Review

The Audit Committee shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

The Audit Committee shall produce and provide to the Corporate Governance & Nominating Committee an annual performance evaluation of the Audit Committee, which evaluation shall compare the Committee's performance with the requirements of this Charter. The performance evaluation shall be conducted in such manner as the Audit Committee deems desirable or appropriate. The report to the Corporate Governance & Nominating Committee may take the form of an oral report by the Chairman of the Audit Committee or by any other member of the Audit Committee designated from time to time by the Audit Committee or by the Chairman of the Audit Committee to make such report.

Resources and Authority

The Audit Committee shall have the authority, without seeking Board approval, to engage outside legal, accounting or other advisors, as it determines desirable or appropriate to carry out its duties. Any accounting, legal or other advisor retained by the Audit Committee may, but need not, be in the case of an outside accountant, the same accounting firm employed by the Corporation for the purpose of rendering or issuing an audit report on the Corporation's annual financial statements, or in the case of an outside legal or other advisor, otherwise engaged by the Corporation for any other purpose. The Audit Committee shall determine the appropriate funding, which shall be provided by the Corporation for the payment of (a) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit,

review or attest services for the Corporation, (b) compensation to any advisors employed by the Audit Committee, and (c) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

Limitation of Audit Committee's Role

While the Audit Committee has the duties and responsibilities set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation's financial statements are complete and accurate or prepared in accordance with generally accepted accounting principles. Management is responsible for preparing the Corporation's financial statements and the independent auditors are responsible for auditing those financial statements.