

CHUBB CORP  
Form PRE 14A  
March 12, 2007  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**The Chubb Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 

	(1)	Title of each class of securities to which transaction applies:
	(2)	Aggregate number of securities to which transaction applies:
	(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
	(4)	Proposed maximum aggregate value of transaction:
	(5)	Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 

	(1)	Amount Previously Paid:
	(2)	Form, Schedule or Registration Statement No.:
	(3)	Filing Party:
	(4)	Date Filed:

**Persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**



**THE CHUBB CORPORATION**

15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615

March [\_\_], 2007

Dear Shareholder:

You are cordially invited to attend the 2007 Annual Meeting of Shareholders of The Chubb Corporation, which will be held on April 24, 2007 at 10:00 a.m., local time, in the Amphitheater of our corporate headquarters located at 15 Mountain View Road, Warren, New Jersey 07059.

Details regarding admission to the meeting and the business to be presented at the meeting can be found in the accompanying Notice of 2007 Annual Meeting of Shareholders and Proxy Statement.

Your vote is important. Regardless of whether you are able to attend, it is important that your shares be represented at the meeting. You may vote over the internet as well as by telephone or by returning your proxy card. Directions for using these voting options are provided in the enclosed materials.

On behalf of the Board of Directors and the management of Chubb, I extend our appreciation for your continued support.

Yours sincerely,  
/s/ JOHN D. FINNEGAN  
John D. Finnegan  
*Chairman, President and Chief  
Executive Officer*

---

**THE CHUBB CORPORATION**

15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615

**NOTICE OF 2007 ANNUAL MEETING OF SHAREHOLDERS**

DATE AND TIME	Tuesday, April 24, 2007 at 10:00 a.m., local time
PLACE	Amphitheater The Chubb Corporation 15 Mountain View Road Warren, New Jersey 07059
ITEMS OF BUSINESS	(1) To elect 11 directors to serve until the next annual meeting of shareholders and until their respective successors are elected and qualified. (2) To ratify the appointment of Ernst & Young LLP as independent auditor. (3) To vote on an amendment to our Restated Certificate of Incorporation to provide for majority voting in the uncontested election of directors. (4) To vote on a shareholder proposal regarding political contributions. (5) To transact such other business as may be properly brought before the meeting or at any adjournment or postponement thereof.
RECORD DATE	You are entitled to vote at the annual meeting and at any adjournment or postponement thereof if you were a shareholder of record at the close of business on March 5, 2007.
ADJOURNMENTS AND POSTPONEMENTS	Any action on the items of business described above may be considered at the annual meeting at the time and on the date specified above or at any time and date to which the annual meeting may be properly adjourned or postponed.
VOTING BY PROXY	To ensure your representation at the annual meeting, please fill in, sign, date and return the accompanying proxy card in the enclosed addressed envelope, or follow the instructions attached to the proxy card to vote using a touch-tone telephone or by accessing the internet. The giving of a proxy will not affect your right to revoke the proxy by appropriate written notice or to vote in person should you later decide to attend the annual meeting.

---

ADMISSION TO THE MEETING

You are entitled to attend the annual meeting if you were a shareholder as of the close of business on March 5, 2007. For admittance to the meeting, please be prepared to present a valid, government-issued photo identification (federal, state or local), such as a driver's license or passport, and proof of beneficial ownership if you hold your shares through a broker, bank or other nominee. The annual meeting will begin promptly at 10:00 a.m., local time. Please allow yourself ample time for the check-in procedures. Video and audio recording devices and other electronic devices will not be permitted at the meeting, and attendees may be subject to security inspections.

By order of the Board of Directors,

W. Andrew Macan  
*Vice President and Secretary*

March [\_\_], 2007

---

**THE CHUBB CORPORATION**

15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615

**2007 ANNUAL MEETING OF SHAREHOLDERS  
PROXY STATEMENT  
TABLE OF CONTENTS**

	<b>PAGE</b>
Proxy and Voting Information	1
Who Can Vote	1
How Many Shares Can Be Voted	1
How You Can Vote	1
Record Holders	1
Chubb Plan Participants	2
Brokerage and Other Account Holders	2
Voting	2
Revocation of Proxies	2
Required Votes	2
Other Matters to be Acted upon at the Annual Meeting	3
Adjournments and Postponements	3
Combined Form 10-K and Annual Report	3
Important Notice about Security	3
Corporate Governance	4
Commitment to Corporate Governance	4
Corporate Governance Guidelines	4
Director Qualifications and Candidate Considerations	5
Nominating Procedures	6
Director Election Procedures	7
Director Independence	7
Related Person Transactions	7
Lead Director	9
Contacting our Board and Audit Committee	9
Director Communications	9
Audit Committee Communications	10
Required Certifications	10
Meeting Attendance and Related Matters	10
Audit Committee	10
Compensation Committee	11
Scope of Authority; Composition	11
Processes and Procedures	11
Role of Executive Officers	11
Delegation of Authority	12
Role of Executive Compensation Consultant	12
Executive Committee	12
Finance Committee	12
Governance Committee	12
Pension & Profit Sharing Committee	13



Compensation Committee Interlocks and Insider Participation	13
Director Compensation	13
Director Compensation Table	13
Fees Earned or Paid in Cash	15
Stock Awards	15
Background	15
2006 Stock Awards	16
Option Awards	16
Change in Pension Value and Nonqualified Deferred Compensation Earnings	16
Cash Compensation	16
Cash Accounts	17
Market Value Accounts	17
Shareholders' Equity Accounts	17
Equity Compensation	18
All Other Compensation	18
Director's Charitable Award Program	18
Our Board of Directors	20
Committee Assignments	23
Audit Committee Report	24
Purpose	24
Composition and Meetings	24
Charter and Self-Assessment	24
Appointment of Independent Auditor	24
Review of Financial Information	24
Critical Accounting Policies	25
Auditor Independence	25
Inclusion of Consolidated Financial Statements in Form 10-K	25
Compensation Committee Report	26
Compensation Discussion and Analysis (To Be Inserted)	27
Executive Compensation (To Be Inserted)	28
Equity Compensation Plan Information	29
Security Ownership of Certain Beneficial Owners and Management	30
Certain Transactions and Other Matters	34
Section 16(a) Beneficial Ownership Reporting Compliance	34
Proposal 1 Election of Directors	35
Proposal 2 Ratification of Appointment of Independent Auditor	36
Proposal 3 Amendment to the Restated Certificate of Incorporation	37
Proposal 4 Shareholder Proposal Regarding Political Contributions	38
Solicitation of Proxies	41
2008 Shareholder Proposals and Nominations	41
Annex A The Chubb Corporation Policy on Pre-Approval of Independent Auditor Services	A-1
Annex B Certificate of Amendment to the Restated Certificate of Incorporation	B-1



**THE CHUBB CORPORATION**

15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615

---

**PROXY STATEMENT**

---

**PROXY AND VOTING INFORMATION**

Our Board of Directors (our Board) has provided you with these proxy materials in connection with its solicitation of proxies to be voted at the 2007 Annual Meeting of Shareholders (the 2007 Annual Meeting). We will hold the 2007 Annual Meeting on Tuesday, April 24, 2007 in the Amphitheater at The Chubb Corporation, 15 Mountain View Road, Warren, New Jersey 07059, beginning at 10:00 a.m., local time. Please note that throughout these proxy materials we may refer to The Chubb Corporation as Chubb, we, us, or our. We first began mailing this proxy statement and accompanying proxy card on or about March [\_\_], 2007.

**Who Can Vote**

Our Board has set March 5, 2007 as the record date for the 2007 Annual Meeting. Shareholders of record of our common stock at the close of business on March 5, 2007 may vote at the 2007 Annual Meeting.

**How Many Shares Can Be Voted**

Each shareholder has one vote for each share of common stock owned at the close of business on the record date. On the record date, 407,355,123 shares of our common stock were outstanding.

**How You Can Vote**

*Record Holders.* If your shares are registered in your name with Computershare Trust Company, N.A., our dividend agent, transfer agent and registrar, you are considered a shareholder of record, and these proxy materials are being sent directly to you by us. Shareholders of record can vote in person at the 2007 Annual Meeting or give their proxy to be voted at the 2007 Annual Meeting in any one of the following ways:

- over the internet;
- by telephone; or
- by completing and mailing the enclosed proxy card.

The internet and telephone voting procedures have been set up for your convenience. These procedures are designed to authenticate your identity, to allow you to give voting instructions and to confirm that those instructions have been recorded properly. If you are a shareholder of record and you would like to vote by using the internet or by telephone, please refer to the voting instructions attached to your proxy card. If you wish to vote using the enclosed proxy card, please specify your voting instructions using the boxes provided, sign, date and return your proxy card before the 2007 Annual Meeting, and we will vote your shares as you direct.

*Chubb Plan Participants.* If you are a participant in our 401(k) plan (the Capital Accumulation Plan), your proxy will include all shares allocated to you in the Capital Accumulation Plan (Plan Shares), which you may vote over the internet, by telephone, by completing and mailing the enclosed proxy card or by voting in person at the 2007 Annual Meeting. Your proxy will serve as a voting instruction for the trustee of the Capital Accumulation Plans. If your voting instructions are not received by April 20, 2007, any Plan Shares you hold will be voted in proportion to the way the other plan participants vote their shares.

*Brokerage and Other Account Holders.* You are considered to be the beneficial owner of shares held for you in an account by a broker, bank or other nominee. These proxy materials are being forwarded to you with respect to those shares by your broker, bank or nominee who is the shareholder of record. You have the right to direct your broker, bank or nominee on how to vote, and you may also attend the 2007 Annual Meeting. Your broker, bank or nominee has enclosed a voting instruction card. Beneficial owners of shares who wish to vote at the 2007 Annual Meeting must obtain a legal proxy from their broker, bank or nominee and present it at the 2007 Annual Meeting. The availability of telephone and internet voting for beneficial owners will depend on the voting processes of the broker, bank or nominee. Please refer to the voting instructions of your broker, bank or nominee for directions as to how to vote shares that you beneficially own.

*Voting.* Whether you vote over the internet, by telephone or by mail, you can specify whether you wish to vote your shares for or have your vote withheld from all, some, or none of the nominees for election as director (Proposal 1 on the proxy card). You can also specify whether you vote for or against, or abstain from, Proposals 2, 3 and 4. If you abstain, your vote will not count for or against Proposals 2, 3 and 4.

**If you duly execute the proxy card but do not specify how you want to vote, your shares will be voted as our Board recommends, which is FOR the election of each of the nominees for director as set forth under Proposal 1 below, FOR ratification of the appointment of Ernst & Young LLP as independent auditor as described in Proposal 2 below, FOR the amendment to our Restated Certificate of Incorporation as described in Proposal 3 below and AGAINST the shareholder proposal regarding political contributions as described in Proposal 4 below.**

#### **Revocation of Proxies**

If you are a shareholder of record or a holder of Plan Shares, you may revoke your proxy at any time before it is exercised in any of four ways:

- by notifying our Corporate Secretary of the revocation in writing;
- by delivering a duly executed proxy card bearing a later date;
- by properly submitting a new timely and valid proxy via the internet or by telephone after the date of the revoked proxy; or
- by voting in person at the 2007 Annual Meeting.

You will not revoke a proxy merely by attending the 2007 Annual Meeting. To revoke a proxy, you must take one of the actions described above.

If you hold your shares in a brokerage or other account, you may submit new voting instructions by contacting your broker, bank or nominee.

#### **Required Votes**

The presence, in person or by proxy, of the holders of a majority of all outstanding shares of our common stock entitled to vote at the 2007 Annual Meeting is necessary to constitute a quorum. For Pro



posals 1 - Election of Directors, directors will be elected by a plurality of the votes cast at the 2007 Annual Meeting. This means that the 11 nominees receiving the greatest number of votes will be elected as directors. Approval of Proposal 2 Ratification of Appointment of Independent Auditor and Proposal 4 Shareholder Proposal Regarding Political Contributions each requires the affirmative vote of a majority of the votes cast on the proposal at the 2007 Annual Meeting. Approval of Proposal 3 Amendment to the Restated Certificate of Incorporation requires the affirmative vote of two-thirds of the votes cast on the proposal at the 2007 Annual Meeting. Abstentions are counted as shares present at the 2007 Annual Meeting for purposes of determining a quorum. Similarly, shares which brokers do not have the authority to vote in the absence of timely instructions from beneficial owners (broker non-votes) also are counted as shares present at the 2007 Annual Meeting for purposes of determining a quorum. Abstentions and broker non-votes are not considered votes cast and will not be counted either for or against these proposals and, accordingly, will have no effect on the outcome of the vote for Proposals 1, 2, 3 and 4.

**Other Matters to be Acted upon at the Annual Meeting**

Our Board currently is not aware of any matters other than those specifically stated in the Notice of 2007 Annual Meeting of Shareholders to be presented for action at the 2007 Annual Meeting. If any matter other than those stated in the Notice of 2007 Annual Meeting of Shareholders is presented at the 2007 Annual Meeting on which a vote may properly be taken, the shares represented by proxies will be voted in accordance with the judgment of the person or persons voting those shares.

**Adjournments and Postponements**

Any action on the items of business described above may be considered at the 2007 Annual Meeting at the time and on the date specified above or at any time and date to which the 2007 Annual Meeting may be properly adjourned or postponed.

**Combined Form 10-K and Annual Report**

We have prepared a combined Form 10-K for the year ended December 31, 2006 and 2006 Annual Report to Shareholders (the 2006 Annual Report) in accordance with the rules of the Securities and Exchange Commission (the SEC). A copy of the 2006 Annual Report, which is not a part of the proxy soliciting materials, accompanies this proxy statement and proxy card. **The 2006 Annual Report is available on our website at [www.chubb.com/investors](http://www.chubb.com/investors). It also is available without charge by sending a written request to our Corporate Secretary at 15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615.**

**Important Notice about Security**

All 2007 Annual Meeting attendees may be asked to present a valid, government-issued photo identification (federal, state or local), such as a driver's license or passport, and proof of beneficial ownership if you hold your shares through a broker, bank or other nominee before entering the 2007 Annual Meeting. Attendees may be subject to security inspections. Video and audio recording devices and other electronic devices will not be permitted at the 2007 Annual Meeting.

## **CORPORATE GOVERNANCE**

### **Commitment to Corporate Governance**

Our Board and management have a strong commitment to effective corporate governance. We have in place a comprehensive corporate governance framework for our operations which, among other things, takes into account the requirements of the Sarbanes-Oxley Act of 2002, the SEC and the New York Stock Exchange (NYSE). The key components of this framework are set forth in the following documents:

- our Restated Certificate of Incorporation;
- our By-Laws;
- our Audit Committee Charter;
- our Corporate Governance & Nominating Committee Charter;
- our Organization & Compensation Committee Charter;
- our Corporate Governance Guidelines;
- our Code of Business Conduct; and
- our Code of Ethics for CEO and Senior Financial Officers.

Copies of each of these documents are available on our website at [www.chubb.com/investors](http://www.chubb.com/investors). Copies also are available without charge by sending a written request to our Corporate Secretary.

### **Corporate Governance Guidelines**

Our Corporate Governance Guidelines address a number of policies and principles employed in the operation of our Board and our business generally, including our policies with respect to:

- the size of our Board;
- director independence and minimum qualifications;
- factors to be considered in selecting candidates to serve on our Board;
- director nominating procedures, including the procedures by which shareholders may propose director candidates;
- director election standards and our policy with respect to directors who do not receive a majority of the votes cast in uncontested elections;
- term limits, director retirement, director resignations upon job change and Board vacancies;
- directors' outside directorships and outside audit committee service;
- the role and responsibilities of the independent Lead Director;
- director responsibilities;
- director attendance at Board meetings, committee meetings and the annual meeting of shareholders;

- executive sessions of our independent directors;
- director access to management and our Board's ability to retain outside consultants;
- director compensation;
- stock ownership guidelines for directors and certain employees;
- administration of our legal compliance and ethics program;

4

---

- charitable contributions and related party transactions;
- director orientation and continuing education;
- management succession and evaluation of our Chief Executive Officer;
- annual self-assessments of our Board and each of our Audit Committee, our Corporate Governance & Nominating Committee (our Governance Committee) and our Organization & Compensation Committee (our Compensation Committee); and
- shareholder access to our Board and Audit Committee.

#### **Director Qualifications and Candidate Considerations**

Our Board has established our Governance Committee which is comprised solely of directors satisfying the independence requirements of the NYSE. A copy of the charter of our Governance Committee is available on our website at [www.chubb.com/investors](http://www.chubb.com/investors). Copies also are available by sending a written request to our Corporate Secretary. Our Governance Committee is responsible, among other things, for:

- recruiting qualified independent directors, consisting of persons with diverse backgrounds and skills who have the time and ability to exercise independent judgment and perform our Board's function effectively and who meet the needs of our Board; and
- identifying the respective qualifications needed for directors serving on the committees of our Board and serving as chairmen of such committees, recommending to our Board the nomination of persons meeting such respective qualifications to the appropriate committees of our Board and as chairmen of such committees, and taking a leadership role in shaping our corporate governance policies.

We require that a majority of the directors on our Board meet the criteria for independence under applicable law and the rules of the NYSE. We believe that variety in the lengths of service among the directors benefits us and our shareholders. Accordingly, we do not have term limits for service on our Board. As an alternative to term limits, all director nominations are considered annually by our Governance Committee. Individuals who would be age 72 or older at the time of election are ineligible for nomination to serve on our Board. While our Board does not require that in every instance directors who retire or change from the position they held when they were elected to our Board resign, it does require that our Governance Committee consider the desirability of continued Board membership under the circumstances.

Our Governance Committee considers a number of factors in selecting director candidates, including:

- the personal and professional ethics, integrity and values of the candidate;
- the independence of the candidate under legal, regulatory and other applicable standards, including the ability of the candidate to represent all of our shareholders without any conflicting relationship with any particular constituency;
- the diversity of the existing Board, so that we maintain a diverse body of directors, with diversity reflecting gender, ethnic background and geographic and professional experience;
- whether the professional experience and industry expertise of the candidate will complement that of the existing Board;
- the compatibility of the candidate with the existing Board;
- the length of tenure of the members of the existing Board;

- the number of other public company boards of directors on which the candidate serves or intends to serve, with the general expectation that the candidate would not serve on the boards of directors of more than four other public companies;

5

---



- the number of public company audit committees on which the candidate serves or intends to serve, with the general expectation that, if the candidate is to be considered for service on our Audit Committee, the candidate would not serve on the audit committees of more than two other public companies;
- the candidate's service on the boards of directors of other for profit, not-for-profit, trade associations or industry associations;
- the ability and willingness of the candidate to devote sufficient time to carrying out his or her Board duties and responsibilities effectively;
- the commitment of the candidate to serve on our Board for an extended period of time; and
- such other attributes of the candidate and external factors as our Governance Committee deems appropriate.

Our Governance Committee has the discretion to weight these factors as it deems appropriate. The importance of these factors may vary from candidate to candidate.

#### **Nominating Procedures**

The primary purpose of our nominating procedures is to identify and recruit outstanding individuals to serve on our Board. Our Board has delegated responsibility for identifying director candidates to our Governance Committee, which meets periodically to consider the slate of nominees for election at our next annual meeting of shareholders. If appropriate, our Governance Committee schedules follow-up meetings and interviews with potential candidates. Our Governance Committee submits its recommended nominee slate to our entire Board for approval.

Our Governance Committee will consider candidates recommended by directors, members of management and our shareholders. In addition, our Governance Committee may, in its discretion, engage one or more search firms to assist in the recruitment of director candidates.

The procedures for shareholders to propose director candidates are set forth in Article I, Section 10 of our By-Laws. For a shareholder proposed candidate to be considered, in addition to complying with the notice period described in our By-Laws, the shareholder must provide:

- all information relating to each person whom the shareholder proposes to nominate for election as a director as would be required to be disclosed in a solicitation of proxies for the election of such person as a director pursuant to Regulation 14A under the Securities Exchange Act of 1934 (Exchange Act), including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if so elected;
- the name and address of the shareholder giving the notice, as they appear on our books, and of the beneficial owner of those shares; and
- the class and number of shares which are owned beneficially and of record by the shareholder and the beneficial owner.

Our Governance Committee may make such additional inquiries of the candidate or the proposing shareholder as our Governance Committee deems appropriate. This information is necessary to allow our Governance Committee to evaluate the shareholder's proposed candidate on the same basis as those candidates referred through directors, members of management or by consultants retained by our Governance Committee.

Shareholders wishing to propose a candidate for consideration should refer to Article I, Section 10 of our By-Laws, the information set forth under the heading "2008 Shareholder Proposals and Nominations" and the SEC rules applicable to shareholder proposal submission procedures.

### **Director Election Procedures**

Pursuant to New Jersey law and our Restated Certificate of Incorporation, our directors currently are elected by a plurality of the votes cast. To address the possibility of an uncontested election in which a director-nominee is elected, despite having received a majority of withheld votes, our Board has adopted a corporate governance guideline. This guideline provides that, in an uncontested election, any nominee who receives a greater number of votes withheld from his or her election than votes for such election is required to tender his or her resignation following certification of the shareholder vote. Our Governance Committee is required to make a recommendation to our Board as to whether or not to accept such resignation. Our Board is required to take action with respect to our Governance Committee's recommendation within 90 days following the date of the election. These procedures are described in full in our Corporate Governance Guidelines.

As part of our commitment to maintain the highest corporate governance standards, our Board is recommending that our shareholders approve an amendment to our Restated Certificate of Incorporation at the 2007 Annual Meeting that, if approved, will replace our plurality voting standard in uncontested director elections with a majority of the votes cast standard. For more information, see below under the heading Proposal 3 - Amendment to the Restated Certificate of Incorporation. If this proposal passes, then the first annual election of directors for which the new election procedures would be effective is the 2008 Annual Meeting of Shareholders.

### **Director Independence**

Our Governance Committee reviews each director's independence annually in accordance with the standards set forth in our Corporate Governance Guidelines and the requirements of the NYSE. No member of our Board will be considered independent unless our Governance Committee determines that the director has no material relationship with us that would affect the director's independence and that the director satisfies the independence requirements of all applicable laws, rules and regulations. To facilitate the analysis of whether a director has a relationship with us that could affect his or her independence, our Board has identified in our Corporate Governance Guidelines the following categories of relationships which should not affect a director's independence, are deemed immaterial and, therefore, are not considered by our Governance Committee in determining director independence:

- charitable contributions made by us to any organization;
- pursuant to our Matching Gifts Program on terms applicable to employees and directors;
- in amounts that do not exceed \$25,000 per year; or
- that have been approved by our Governance Committee;
- commercial relationships with any entity or organization where the annual sales to, or purchases from, us are less than two percent of our annual revenue and less than two percent of the annual revenue of the other entity or organization; and
- insurance, reinsurance and other risk transfer arrangements entered into in the ordinary course of business on an arm's length basis.

Our Board reviewed director independence in 2006 based on the assessment of our Governance Committee. As a result of this review, our Board determined that each of our directors, other than Mr. Finnegan, who is our Chairman, President and Chief Executive Officer, was independent as defined in the listing standards of the NYSE and, in the case of the members of our Audit Committee, Section 10A(m)(3) of the Exchange Act.

### **Related Person Transactions**

Our Governance Committee has adopted a written policy governing the review and approval of transactions in which Chubb is a participant and in which any of our officers, our directors, holders of five

percent or more of our common stock, or any of their respective immediate family members (as defined by the SEC) has a material direct or indirect interest. These individuals collectively are referred to as related persons. This policy prohibits Chubb from participating in any transaction in which a related person has a direct or indirect material interest unless:

- the transaction is a permitted transaction (as defined below);
- in the case of our executive officers and holders of five percent or more of our common stock, the transaction is reported to and approved by our Board, our Governance Committee or another Board committee comprised of independent directors; or
- in the case of our directors and nominees for director, the transaction is reported to and approved by a majority of the disinterested members of our Governance Committee or, if less than a majority of our Governance Committee is disinterested, a majority of the disinterested members of our Board.

In the event that a related person inadvertently fails to obtain the appropriate approvals prior to engaging in a transaction in which the related person has a material direct or indirect interest and in which we are a participant, the related person is required to seek ratification of the transaction by the appropriate decision maker referenced above as soon as reasonably practicable after discovery of such failure.

Our Governance Committee has identified categories of transactions that are appropriate and generally do not give rise to conflicts of interest or the appearance of impropriety, which, accordingly, do not require approval or ratification. These categories of transactions, referred to as permitted transactions under the policy, are:

- the purchase of insurance products or services from us on an arms length basis in the ordinary course of business and on terms and conditions generally available to other insureds;
- claims activity relating to insurance policies administered on an arms length basis in the ordinary course of business and consistent with the administration of the claims of other insureds;
- any transaction or series of transactions with an aggregate dollar amount involved of \$100,000 or less;
- transactions within the scope of a related person's ordinary business duties to us, where the benefits inuring to the related person relate solely to our performance review process (and resulting compensation and advancement decisions);
- our payment or reimbursement of a related person's expenses incurred in performing his or her Chubb-related responsibilities;
- the receipt of compensation and benefits from us, provided that such arrangements are approved in accordance with the policies and procedures established by our Board or a committee thereof;
- the purchase or sale of our securities in the open market or pursuant to any equity compensation plan approved by our Compensation Committee, our Governance Committee, or our Board and our shareholders;
- any transaction with an entity or organization with whom the related person is serving or affiliated solely at our request;
- any transaction in which the related person's interest arises only: (i) from the related person's position as a director of another corporation or organization that is a party to the transaction; (ii) from the direct or indirect ownership by the related person and all other related persons, in the aggregate, of less than a ten percent equity interest in another person (other than a partnership) which is a party to the transaction; or (iii) from both such position and ownership;

and

- any transaction in which the related person's interest arises only from the related person's position as a limited partner in a partnership in which the related person and all other related persons have

8

---

an interest of less than ten percent, and the person is not a general partner of and does not have another position in the partnership.

Related person transactions during 2006 are discussed under the heading Certain Transactions and Other Matters.

#### **Lead Director**

Our Board annually elects an independent director to serve as Lead Director to ensure our Board's independence and proper functioning when, as is currently the case, the offices of Chief Executive Officer and Chairman of the Board are combined. The Lead Director has the following authority:

- to call special meetings of our Board;
- to call special meetings of any committee of our Board;
- with the consent of a majority of the members of our Executive Committee, to call special meetings of our shareholders;
- in the absence of the Chairman of the Board, to preside at meetings of our Board;
- to preside at all executive sessions of the non-employee directors and the independent directors;
- in the absence of the Chairman of the Board, to preside at meetings of our shareholders;
- to provide direction regarding the meeting schedule, information to be sent to our Board and the agenda for our Board meetings to assure that there is sufficient time for discussion of all agenda items;
- at the Lead Director's election, to attend meetings of any committee on which he or she is not otherwise a member;
- to hire independent legal, financial or other advisors as he or she deems desirable or appropriate, without consulting or obtaining the approval of any member of management in advance; and
- to exercise such additional powers as may be conferred upon the office of Lead Director by resolution of our Board or our Governance Committee from time to time.

The Lead Director serves on our Executive Committee and is eligible to serve on any or all other committees of our Board. The office of Lead Director is not subject to term limits. Joel J. Cohen has served as our Lead Director since December 2003 when our President and Chief Executive Officer, John D. Finnegan, succeeded Mr. Cohen as Chairman of the Board.

#### **Contacting our Board and Audit Committee**

##### *Director Communications*

Parties interested in contacting our Board, the Chairman of the Board, the Lead Director, the independent directors as a group or any individual director are invited to do so by writing to them in care of our Corporate Secretary at:

**The Chubb Corporation**  
**15 Mountain View Road**  
**P.O. Box 1615**  
**Warren, New Jersey 07061-1615**

Complaints and concerns relating to our accounting, internal controls over financial reporting or auditing matters should be communicated to our Audit Committee using the procedures described below. Communications addressed to a particular director will be referred to that director. All

other communications addressed to our Board will be referred to our Lead Director and tracked by the Corporate Secretary.

9

---

***Audit Committee Communications***

Complaints and concerns relating to our accounting, internal controls over financial reporting or auditing matters should be communicated to our Audit Committee, which consists solely of non-employee directors. Any such communication may be anonymous and may be reported to our Audit Committee through our General Counsel by writing to:

Executive Vice President and General Counsel  
The Chubb Corporation  
15 Mountain View Road  
P.O. Box 1615  
Warren, New Jersey 07061-1615  
*GeneralCounsel@chubb.com*

All such concerns will be reviewed under our Audit Committee's direction and oversight by the General Counsel, our Internal Audit department or such other persons as our Audit Committee determines to be appropriate. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review. Prompt and appropriate corrective action will be taken when and as warranted in the judgment of our Audit Committee. The General Counsel will prepare a periodic summary report of all such communications for our Audit Committee.

Our Code of Business Conduct provides that we will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints regarding accounting matters or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002.

**Required Certifications**

As of the mailing date of this proxy statement, our Chief Executive Officer and Chief Financial Officer have timely delivered the certifications required under applicable rules of the SEC and the NYSE.

**Meeting Attendance and Related Matters**

Our directors are expected to attend all Board meetings, meetings of committees on which they serve and the annual meeting of shareholders. In 2006, our Board met eight times. Nine of our directors attended the 2006 Annual Meeting of Shareholders. Directors also are expected to spend the time needed and to meet as frequently as necessary to properly discharge their responsibilities. All of our incumbent directors attended at least 75% of the meetings of our Board and the committees on which they serve, except for Dr. Klaus J. Mangold. Dr. Mangold's attendance fell below 75% as a result of two unrelated illnesses that prevented him from traveling to and, therefore, attending our Board and committee meetings in April and September 2006.

In connection with its decision to recommend that Dr. Mangold be nominated for election to our Board at the 2007 Annual Meeting, our Governance Committee fully considered the circumstances surrounding Dr. Mangold's absences in 2006 and discussed this matter with him. In the course of these discussions, Dr. Mangold expressed his commitment to dedicate the necessary time to discharge his responsibilities as a director and committee member.

**Audit Committee**

Our Audit Committee is directly responsible for the appointment, compensation and retention (or termination) of our independent auditor. Our Audit Committee also is responsible for the oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the independence and qualifications of our independent auditor, the performance of our internal audit function and independent auditor and other significant financial matters. Our Board has designated Joel J. Cohen and Daniel E. Somers as our audit committee financial experts (as defined by SEC rules). In 2006, our

Audit Committee met eight times. The Audit Committee Report for 2006 is set forth under the heading *Audit Committee Report*.

## **Compensation Committee**

### ***Scope of Authority; Composition***

Our Compensation Committee's primary responsibilities include establishing our general compensation philosophy and overseeing the development, implementation and administration of our compensation, benefit and perquisite programs. Our Compensation Committee also evaluates the performance and sets all aspects of the compensation paid to our Chief Executive Officer and reviews and approves the compensation paid to our other executive officers subject to the approval of our Board. In addition, our Compensation Committee is responsible for recommending the form and amount of compensation for the non-employee directors of our Board to our Governance Committee. The principle duties and responsibilities of our Compensation Committee are set forth in its charter, which is available on the Company's web site at [www.chubb.com/investors](http://www.chubb.com/investors).

### ***Processes and Procedures***

In 2006, our Compensation Committee met five times.

During the first quarter of each year, our Compensation Committee evaluates our prior year's performance relative to the goals established under The Chubb Corporation Annual Incentive Compensation Plan (2006) (the Annual Incentive Plan), in the case of annual incentive compensation, and The Chubb Corporation Long-Term Stock Incentive Plan (2004) (the 2004 Employee Plan), in the case of long-term incentive awards. In addition, our Compensation Committee evaluates our Chief Executive Officer's overall individual performance and contributions over the prior year. Our Chief Executive Officer presents our Compensation Committee with his evaluation of each of the other named executive officers (collectively with Mr. Finnegan, the NEOs), which includes a review of contribution and performance over the prior year, strengths, weaknesses, development plans, succession potential and compensation recommendations. Our Compensation Committee then makes a final determination of compensation amounts for each NEO with respect to each of the elements of the executive compensation program for both pay based on prior year performance and target pay for the current year.

Mid-year, typically in June, our Compensation Committee considers each NEO's total compensation as compared with that of the NEOs of a peer group of companies (see the information under the heading *Compensation Discussion and Analysis* for a discussion of this peer group). This review provides our Compensation Committee with an external basis to assess the pay and performance relationship of our overall compensation program. Following this presentation of the competitive market, our Compensation Committee formulates decisions, in consultation with our Chief Executive Officer regarding the other NEOs, assessing the need for any modifications to executive compensation opportunities and overall program design for implementation in the following year. Final approval of any program or individual changes typically occurs in the first quarter of the following fiscal year, at or around the same time that our Compensation Committee is evaluating overall performance for the prior year to determine award amounts payable under our incentive-based plans.

### ***Role of Executive Officers***

Our Compensation Committee, and through it our Board, retains final authority with respect to our compensation, benefit and perquisite programs and all action taken thereunder. However, as noted above, our Chief Executive Officer recommends to our Compensation Committee compensation actions for each of the other NEOs. Our Vice Chairmen recommend compensation actions for other members of our senior management team to our Chief Executive Officer, who, after making any adjustments he deems appropriate, presents these recommendations to our Compensation Committee. Compensation actions for the rest of our employees are determined by various levels of management, with our Compensation Committee receiving aggregate statistics (e.g., aggregate incentive compensation and equity awards) by payband



level with respect to such actions. In addition, in consultation with management, our Compensation Committee oversees the evaluation of senior management. None of our employees has a role in determining or recommending the amount or form of non-employee director compensation.

***Delegation of Authority***

Subject to an aggregate limit of 400,000 shares of our common stock, our Compensation Committee has delegated authority to our Chief Executive Officer to make equity grants to employees below the Executive Vice President level. In accordance with the terms of this delegation of authority, our Compensation Committee reviews all such awards. If the Committee ratifies the awards, the number of shares so ratified is restored to our Chief Executive Officer's pool of awardable shares. Our Chief Executive Officer uses this authority to grant retention awards and for new hires. Our Compensation Committee has retained exclusive authority for granting equity awards to officers of the rank of Executive Vice President and above.

***Role of Executive Compensation Consultant***

In 2006, as permitted by its charter, our Compensation Committee retained the services of a compensation consulting firm, Mercer HR Consulting (Consultant), to assist our Compensation Committee in reviewing our compensation strategy and each of our NEO's total compensation packages. At the request of our Compensation Committee, the Consultant provided input on the competitive market for executive talent, evolving executive compensation market practices and regulatory compliance.

Our Compensation Committee determined that there was substantial overlap between the structuring of our compensation programs by our Compensation Committee and their implementation and administration by certain members of management pursuant to the direction and oversight of our Compensation Committee. Our Compensation Committee also determined that requiring management to utilize a separate consultant to assist in such implementation and administration would result in an inefficient use of corporate resources. Accordingly, our Compensation Committee authorized our management to consult with the Consultant, subject to the Chairman of our Compensation Committee's periodic review of the nature of the services rendered, together with the Consultant's fees for such services, to ensure that the Consultant's independence from management would not be impaired. Pursuant to its charter, our Compensation Committee has the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive compensation and to approve the Consultant's fees and retention terms.

**Executive Committee**

Our Executive Committee, which consists of the Chairman of the Board, our Lead Director and the chairmen of each of our Board committees, is responsible for overseeing our business, property and affairs during the intervals between the meetings of our Board, if necessary. Our Executive Committee did not meet during 2006.

**Finance Committee**

Our Finance Committee oversees and regularly reviews the purchase and sale of securities in our investment portfolio. In 2006, our Finance Committee met four times.

**Governance Committee**

Our Governance Committee assists our Board in identifying individuals qualified to become members of our Board and oversees the annual evaluation of our Board and each committee. As provided in its charter, our Governance Committee also makes recommendations to our Board on a variety of corporate governance and nominating matters, including recommending standards of independence, director nominees, appointments to committees of our Board, designees for chairmen of each of our Board committees,

non-employee director compensation and corporate governance guidelines. In 2006, our Governance Committee met four times.

### Pension & Profit Sharing Committee

Our Pension & Profit Sharing Committee oversees and regularly reviews our retirement and profit sharing plans. In 2006, our Pension & Profit Sharing Committee met three times.

### Compensation Committee Interlocks and Insider Participation

Our Compensation Committee was composed of Mses. Burke and Hastie Williams and Messrs. Somers and Small, with Mr. Somers serving as Compensation Committee Chair during 2006. Each of these directors is independent for purposes of the listing standards of the NYSE and the independence standards included within our Corporate Governance Guidelines, also available on our web site at [www.chubb.com/investors](http://www.chubb.com/investors). No member of our Compensation Committee is a current or former officer or employee of Chubb or any of our subsidiaries. There were no Compensation Committee interlocks, within the meaning of the SEC's proxy rules, during 2006.

### Director Compensation

Our Governance Committee, with the assistance of our Compensation Committee, is responsible for establishing and overseeing our non-employee director compensation. The Compensation and Governance Committees consult periodically with the Consultant to evaluate and, if appropriate, adjust non-employee director compensation. To benchmark the competitiveness of our non-employee director compensation, the Compensation and Governance Committees utilize the same peer group of companies described below under the heading Compensation Discussion and Analysis. Consistent with our compensation philosophy for our NEOs, our non-employee director compensation program is designed to target total non-employee director compensation in the second quartile of the compensation paid to non-employee directors in this peer group.

#### Director Compensation Table

The following table sets forth the compensation we paid to our non-employee directors in 2006.

Name(1)	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(2)	Option Awards (\$)(3)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(4)	All Other Compensation (\$)(5)	Total (\$)
Zoë Baird	\$ 101,000	\$ 86,176			\$ 19,838	\$ 9,603	\$ 216,617
Sheila P. Burke	108,500	86,176					194,676
James I. Cash, Jr.	90,000	86,176					176,176
Joel J. Cohen	162,500	86,176	\$ 301,927				550,603
James M. Cornelius(6)	105,500	86,176					191,676
Klaus J. Mangold	85,000	86,176					171,176
David G. Scholey	91,000	86,176			24,865		202,041
Raymond G.H. Seitz	91,000	86,176					177,176
Lawrence M. Small	83,500	86,176					169,676
Daniel E. Somers	122,000	86,176				7,395	208,176
Karen Hastie Williams	99,000	86,176				9,603	194,779
Alfred W. Zollar	114,500	86,176					200,676

(1) Compensation for Mr. Finnegan is not included in this table because he does not receive compensation for services that he renders as a member of our Board. Information regarding Mr. Finnegan's compensation is set forth below under the headings Compensation Discussion and Analysis and Executive Compensation.

## Edgar Filing: CHUBB CORP - Form PRE 14A

(2) Pursuant to The Chubb Corporation Long-Term Stock Incentive Plan for Non-Employee Directors (2004) (the 2004 Director Plan), on April 25, 2006, each non-employee director received stock units representing the right to receive 445 shares of our common stock valued at \$50.65 per share. These awards vested immediately upon grant. Accordingly, the grant date fair value of each of these awards, calculated in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004) *Share Based Payment* (FAS 123(R)), is the same as the amount of compensation expense we reflected in our financial statements with respect to each of these awards (\$22,539 per director). The fair value of each of these awards is estimated based on the fair market value of our common stock on the date of grant. In addition, on April 25, 2006, each non-employee director also received a target award of 1,333 performance shares valued at \$47.74 per share. These awards vested immediately upon grant. Accordingly, the grant date fair value of each of these awards, calculated in accordance with FAS 123(R), is the same as the amount of compensation expense we reflected in our financial statements with respect to each of these awards (\$63,637 per director). The fair value of each of these awards is estimated based on the fair market value of our common stock on the date of grant discounted to reflect that these awards do not receive dividend equivalents during the performance period.

Including the 2006 stock unit and performance share awards described in the preceding paragraph, as of December 31, 2006, each non-employee director had three outstanding stock unit awards and three outstanding performance share awards. The following table sets forth these awards for each non-employee director as of December 31, 2006:

Grant Date	Stock Units(a)	Performance Shares(a)(b)
April 27, 2004	644	1,930 (c)
April 26, 2005	574	1,722
April 25, 2006	445	1,333
<b>Total</b>	<b>1,663</b>	<b>4,985</b>

(a) Each stock unit and each performance share is the equivalent of one share of our common stock.

(b) Represents target award. Actual payout may range from 0% to 200% of target. See below under the heading *Director Compensation* *Stock Awards*.

(c) The actual payment of these awards was made on February 6, 2007, with each non-employee director receiving, or being entitled to receive, 2,760 shares of our common stock.

(3) Represents a restoration option award to purchase shares of our common stock acquired upon exercise of the original stock option grant pursuant to a predecessor plan to the 2004 Director Plan. This award vested immediately upon grant. Accordingly, the grant date fair value of this award, calculated in accordance with FAS 123(R), is the same as the amount of compensation expense we reflected in our financial statements with respect to this award (\$301,927). The fair value of this award was estimated on the grant date using the Black-Scholes option pricing model.

The following table sets forth the option awards outstanding for each non-employee director at December 31, 2006:

Name	Aggregate Number of Shares Subject to Option Awards (a)
Zoë Baird	40,000
Sheila P. Burke	56,000
James I. Cash, Jr.	32,000
Joel J. Cohen	111,371 (b)
James M. Cornelius	16,000
Klaus J. Mangold	96,000
David G. Scholey	72,000
Raymond G.H. Seitz	105,943
Lawrence M. Small	2,000
Daniel E. Somers	24,000
Karen Hastie Williams	24,000
Alfred W. Zollar	24,000

- (a) All outstanding options are fully vested.
- (b) Includes the 2006 restoration option award, the dollar value of which is reflected in the Option Awards column of the Director Compensation Table.
- (4) Represents interest on cash accounts and the increase in value of shareholders equity accounts, in each case, under The Chubb Corporation Deferred Compensation Program for Directors (1987), as amended (the Director Deferred Compensation Program), which exceed 120% of the applicable long-term federal interest rate in 2006.
- (5) Represents premiums paid in 2006 for life insurance policies through which we will fund three of our non-employee directors charitable contributions under our Director s Charitable Award Program. See below under Director Compensation All Other Compensation. At December 31, 2006, seven of our other non-employee directors also participated in this program. However, the life insurance premiums relating to their participation in our Director s Charitable Award Program were fully funded prior to 2006.
- (6) Mr. Cornelius retired from our Board as of December 31, 2006.

**Fees Earned or Paid in Cash**

The following table summarizes the cash components of our non-employee director compensation program:

Annual Director Retainer	\$ 50,000
Lead Director Annual Supplemental Retainer	50,000
Audit Committee Chairman Retainer	20,000
Audit Committee Member Retainer	7,500
Compensation Committee Chairman Retainer	15,000
Compensation Committee Member Retainer	7,500
Executive Committee Retainer	7,500
Finance Committee Member Retainer	7,500
Governance Committee Chairman Retainer	12,500
Governance Committee Member Retainer	7,500
Pension & Profit Sharing Committee Member Retainer	7,500
Board Meeting Fee	2,000
Committee Meeting Fee	2,000

**Stock Awards**

*Background.* The 2004 Director Plan is administered by our Governance Committee with the assistance of our Compensation Committee. Subject to adjustment upon the occurrence of certain events described below, a maximum of 500,000 shares of our common stock may be issued under the 2004 Director Plan.

Pursuant to the 2004 Director Plan, each non-employee director receives an annual equity grant valued at approximately \$90,000 (or such higher amount as our Governance Committee may determine, not to exceed the value of 3,000 shares of our common stock). Each annual award consists of performance shares and stock units, with performance shares comprising 75% of the award and stock units comprising the remaining 25% of the award.

The 2004 Director Plan also authorizes our Governance Committee to make grants to non-employee directors in addition to the annual grants described in the preceding paragraph. We anticipate that discretionary grants will be made only to address special circumstances, such as when one or more non-employee directors are called upon to provide services to us above and beyond those services required of non-employee directors generally. No such discretion was exercised during 2006. Our Governance Committee also may exercise discretionary authority to make awards to any non-employee director who is first elected to our Board other than at the time of an annual meeting of shareholders.

*2006 Stock Awards.* Following our 2006 Annual Meeting of Shareholders on April 25, 2006, each of our 12 non-employee directors received an equity grant of 1,333 performance shares and stock units representing the right to receive 445 shares of our common stock. As with performance shares awarded to NEOs under the 2004 Employee Plan described below, the actual number of shares payable to each of our non-employee directors can vary from 0% to 200% of the original target award based on our total shareholder return relative to total shareholder returns over a three-year performance cycle for the companies in the S&P 500 Index. For information regarding the actual number of performance shares that a non-employee director can earn over the performance cycle, see the chart under the heading Compensation Discussion and Analysis Long-Term Equity Incentive Awards Performance Shares. The performance cycle commenced on December 1, 2006 and ends on December 31, 2008. The ultimate value of the performance share awards also will depend on the value of our common stock at the end of the performance cycle.

Unlike the performance shares awarded to our NEOs, non-employee directors vested immediately in their performance share awards. Accordingly, a non-employee director whose service as a member of our Board terminates during a performance cycle will be entitled to receive the same payment in respect of performance shares without proration that would have been payable had his or her service continued until the end of the applicable performance cycle. Any amount payable to a departed non-employee director generally will be paid at the same time as amounts in respect of similar awards are paid to other participants in the 2004 Director Plan (or at such earlier time as our Governance Committee may permit). However, if a non-employee director is removed from our Board for cause (or resigns in anticipation of such removal), the non-employee director will forfeit all rights to receive any payment in respect of his or her outstanding performance shares.

The stock units vested immediately upon grant. However, if a non-employee director is removed from our Board for cause (or resigns in anticipation of such removal), the non-employee director will forfeit all rights to receive any payment in respect of his or her outstanding stock units.

#### ***Option Awards***

Since the adoption of the 2004 Director Plan, the practice of our Governance Committee has been to refrain from granting stock options to non-employee directors. The stock options granted to Mr. Cohen in 2006 were not granted on a discretionary basis, but rather pursuant to a restoration feature that was included in the terms of stock options granted under predecessor plans to the 2004 Director Plan. The restoration option feature provides for an automatic grant of a new stock option if, upon exercise of the original stock option, shares are exchanged in a stock-for-stock exercise. The restoration feature only applies if the option is exercised within seven years of the grant date and if the fair value market of our common stock on the date the stock option is exercised is at least 25% higher than the exercise price of the stock option. The grant date of the restoration option is the date of exercise of the original option and the exercise price is the average of the high and low prices of our common stock on the date that the original option is exercised.

#### ***Change in Pension Value and Nonqualified Deferred Compensation Earnings***

*Cash Compensation.* Under the Director Deferred Compensation Program, our non-employee directors may defer receipt of all or a portion of their cash compensation. Amounts of deferred compensation are payable at the option of the non-employee director either upon the non-employee director's termination of service or at a specified date chosen by the non-employee director at the time the deferral election is made. The Director Deferred Compensation Program provides that amounts deferred may be invested in:

- an interest bearing account;
- a market value account; or

- a shareholders' equity account.

A non-employee director participating in the Director Deferred Compensation Program may elect to receive the compensation deferred in either a lump sum or in annual installments. All amounts are paid in cash, except for the market value accounts which we pay in shares of our common stock. Deferred compensation represents an unsecured obligation payable out of our general corporate assets.

*Cash Accounts.* Interest bearing accounts (cash accounts) bear interest at the prime rate of Citibank, N.A. in effect on the first day of each January, April, July and October during the deferral period. At December 31, 2006, we maintained cash accounts for two non-employee directors, one of whom deferred 2006 compensation into a cash account pursuant to the Director Deferred Compensation Program. During 2006, Citibank's prime rate exceeded 120% of the applicable long-term federal interest rate. We have reported interest accruing on cash accounts in excess of 120% of the applicable long-term federal interest rate in the "Change in Pension Value and Nonqualified Deferred Compensation Earnings" column of the Director Compensation Table.

In December 2006, our Board amended the Director Deferred Compensation Program to limit the interest rate earned on compensation deferred into cash accounts to the lesser of 120% of the applicable long-term federal interest rate and Citibank's prime rate. Accordingly, non-employee directors with compensation deferred into cash accounts will not receive interest on such amounts in future years in excess of 120% of the applicable long-term federal interest rate.

*Market Value Accounts.* Market value accounts, which are denominated in units with one unit being the equivalent of one share of our common stock, track the value of shares of our common stock. On each date compensation otherwise would have been paid in accordance with our normal practice (the credit date), non-employee directors deferring cash compensation into market value accounts are credited with the number of market value units equal to the quotient of:

- the amount of compensation deferred by the non-employee director, divided by
- the closing share price of our common stock on the NYSE on the credit date or on the trading day preceding the credit date if the credit date is not a trading day.

When we pay cash dividends on our common stock, the market value account of each participating non-employee director is credited with the number of market value units equal to:

- the product of (i) the amount of the dividend per share, multiplied by (ii) the number of units in the non-employee director's market value account on the dividend payment date, divided by
- the closing share price of our common stock on the NYSE on the dividend payment date or on the trading day preceding the dividend payment date if the dividend payment date is not a trading day.

At December 31, 2006, we maintained market value accounts for nine non-employee directors, six of whom deferred 2006 compensation into a market value account pursuant to the Director Deferred Compensation Program.

*Shareholders' Equity Accounts.* Shareholders' equity accounts, which are denominated in units, track the book value per share of our common stock. On each date compensation otherwise would have been paid in accordance with our normal practice (the credit date), non-employee directors deferring cash compensation into shareholders' equity accounts are credited with the number of shareholders' equity units equal to the quotient of:

- the amount of compensation deferred by the non-employee director, divided by
- the shareholders' equity per share as reported in our annual report to shareholders for the immediately preceding year.



When we pay cash dividends on our common stock, the shareholders' equity account of each participating non-employee director is credited with the number of shareholders' equity units equal to:

- the product of (i) the amount of the dividend per share, multiplied by (ii) the number of units in the non-employee director's shareholders' equity account on the dividend payment date, divided by
- the closing share price of our common stock on the NYSE on the dividend payment date or on the trading day preceding the dividend payment date if the dividend payment date is not a trading day.

At December 31, 2006, we maintained shareholders' equity accounts for two non-employee directors. However, no non-employee directors deferred 2006 compensation into a shareholders' equity account pursuant to the Director Deferred Compensation Program. In 2006, the incremental increase in the value of shareholders' equity unit accounts exceeded 120% of the applicable long-term federal interest rate. Accordingly, we reported this excess amount in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Director Compensation Table.

In December 2006, our Board amended the Director Deferred Compensation Program to allow non-employee directors with deferred compensation in the shareholders' equity accounts to transfer such amounts into cash accounts. Both non-employee directors for whom we had maintained shareholders' equity accounts elected to make this transfer. Accordingly, as discussed above under the description of cash accounts, non-employee directors will not receive earnings on such amounts in future years that exceed 120% of the applicable long-term federal interest rate. Moreover, we do not expect any of our non-employee directors to defer future compensation into shareholders' equity accounts.

*Equity Compensation.* We offer non-employee directors the option of deferring receipt of all or a portion of their equity compensation. Amounts of voluntarily deferred equity are payable at the option of the non-employee director either upon the non-employee director's termination of service or at a specified date chosen by the non-employee director at the time the deferral election is made. Non-employee directors receive current payment of dividend equivalents on their deferred equity. We declare and pay dividend equivalents on equity held in director deferral accounts at the same rate and at the same time as we declare and pay dividends on our common stock generally. At December 31, 2006, we maintained deferred equity accounts for seven non-employee directors, each of whom deferred 2006 equity compensation.

#### *All Other Compensation*

*Director's Charitable Award Program.* Effective January 1, 1992, we established the Director's Charitable Award Program. Under this program, each non-employee director, following his or her first election to our Board by our shareholders, may request that we direct one or more charitable contributions totaling up to \$500,000 to eligible tax exempt organizations. We have elected to fund this program through the proceeds of second-to-die life insurance policies we have purchased on the lives of the participating non-employee directors. We are the owner and beneficiary of these policies. Non-employee directors have no rights in these policies or the benefits thereunder.



Edgar Filing: CHUBB CORP - Form PRE 14A

Under the terms of these policies, participating non-employee directors are paired and, upon the death of the second paired non-employee director, we use the proceeds of these policies to fund the contributions to the organizations selected by the non-employee directors. At December 31, 2006, 10 non-employee directors were participating in the program. For seven of these non-employee directors, we have paid the full premium on the life insurance policies through which we fund the program prior to 2006. For the remaining three non-employee directors who participate in this program, the premiums paid in 2006, which also are reflected in the All Other Compensation column of the Director Compensation Table, are as follows:

<b>Name</b>	<b>Amount</b>
Zoë Baird	\$ 9,603
Daniel E. Somers	7,395
Karen Hastie Williams	9,603

We may amend or terminate the Director's Charitable Award Program at our election at any time. In addition, the non-employee director is entitled to change his or her designated charities at any time.

**OUR BOARD OF DIRECTORS**

Our Board oversees our business operations, assets, affairs and performance. In accordance with our long-standing practice, each of our directors other than our Chief Executive Officer is independent. Our Corporate Governance Guidelines provide that no director may be nominated to a new term if the director would be age 72 or older at the time of election.

The name, age, length of service on our Board and principal occupation of each incumbent director, together with certain other biographical information, are set forth below. Our shareholders elected each of this year's nominees to serve as directors during 2006. Unless otherwise indicated, each nominee has served for at least five years in the business position currently or most recently held. The age of each director is as of April 24, 2007, the date of the 2007 Annual Meeting.

**ZOË BAIRD (Age 54)**

*Director since 1998*

Zoë Baird is President of the Markle Foundation, a private philanthropy that focuses on using information and communications technologies to address critical public needs, particularly in the areas of health care and national security.

Ms. Baird's career spans business, government and academia. She has been Senior Vice President and General Counsel of Aetna, Inc., a senior visiting scholar at Yale Law School, counselor and staff executive at General Electric Co., and a partner in the law firm of O Melveny and Myers. She was Associate General Counsel to President Jimmy Carter and an attorney in the Office of Legal Counsel of the Department of Justice. She served on President Clinton's Foreign Intelligence Advisory Board from 1993 - 2001 and on the International Competition Policy Advisory Committee to the Attorney General. Ms. Baird served on the Technology & Privacy Advisory Committee to the Secretary of Defense in 2003 - 2004, which advised on the use of technology to counter terrorism. She is on a number of non-profit and corporate boards, including the Convergys Corporation, Boston Properties, Brookings Institution and IBM's World Community Grid Advisory Board, among others.

**SHEILA P. BURKE (Age 56)**

*Director since 1997*

Deputy Secretary and Chief Operating Officer, Smithsonian Institution, since January 2004. Ms. Burke previously was Under Secretary for American Museums and National Programs, Smithsonian Institution, from June 2000 to December 2003 and Executive Dean and Lecturer in Public Policy of the John F. Kennedy School of Government, Harvard University, from November 1996 until June 2000. Ms. Burke is also a member of the Medicare Payment Advisory Commission. Ms. Burke also serves on the boards of Wellpoint Inc., the Kaiser Commission on the Future of Medicaid and Uninsured and the Georgetown University School of Nursing. Ms. Burke also serves as Chair of the Kaiser Family Foundation.

**JAMES I. CASH, JR. (Age 59)**

*Director since 1996*

Retired from The James E. Robison Professor of Business Administration, Harvard University. Dr. Cash was a member of the Harvard Business School faculty from July 1976 to October 2003. He also serves on the boards of General Electric Company, Microsoft Corporation, Wal-Mart and Phase Forward Inc. Dr. Cash also serves on the boards of the National Association of Basketball Coaches Foundation, the Bert King Foundation, Massachusetts General Hospital and Partners Healthcare.

**JOEL J. COHEN (Age 69)**

*Director since 1984*

Chairman and Co-Chief Executive Officer of Sagent Advisors Inc., a financial advisory firm, since September 2003. Mr. Cohen has been Lead Director of Chubb's Board since December 2003 and was Chairman of the Board (non-executive) from December 2002 to December 2003. Mr. Cohen previously was Managing Director and co-head of Global Mergers and Acquisitions at Donaldson, Lufkin & Jenrette Securities Corporation (DLJ), a leading investment and merchant bank, until his retirement in November 2000. He had been associated with DLJ since October 1989. He had previously served as General Counsel to the Presidential Task Force on Market Mechanisms and as a partner of the law firm Davis Polk & Wardwell. Mr. Cohen also serves on the boards of Borders Group, Inc. and Maersk, Inc.

**JOHN D. FINNEGAN (Age 58)**

*Director since 2002*

President and Chief Executive Officer of The Chubb Corporation since December 2002 and Chairman since December 2003. Mr. Finnegan previously had been Executive Vice President of General Motors Corporation, which is primarily engaged in the development, manufacture and sale of automotive vehicles, and Chairman and President of General Motors Acceptance Corporation, a finance company and subsidiary of General Motors Corporation, from May 1999 to December 2002. He was Vice President and Group Executive of General Motors and also President of General Motors Acceptance Corporation from November 1997 to April 1999. Mr. Finnegan was associated with General Motors Corporation from 1976 to December 2002. Mr. Finnegan also serves on the Board of Directors of Merrill Lynch & Co., Inc.

**KLAUS J. MANGOLD (Age 63)**

*Director since 2001*

Executive Advisor to the Chairman of DaimlerChrysler AG since December 2003. Dr. Mangold previously served as a member of the Board of Management of DaimlerChrysler AG and as Chairman of the Board of Management of DaimlerChrysler Services AG, a provider of financial services and a subsidiary of DaimlerChrysler AG, until December 2003. DaimlerChrysler AG is primarily engaged in the development, manufacture, distribution, sale and financing of a wide range of automotive products. Dr. Mangold also serves on the boards of Metro AG, Magna International Inc. and Jenoptik AG. He is also a Vice Chairman of Rothschild and Cie, London-Paris and Chairman of the Advisory Board of Rothschild and Cie, Germany.

**SIR DAVID G. SCHOLEY, CBE (Age 71)**

*Director since 1991*

Senior Advisor, UBS Investment Bank, a global, integrated investment services firm and bank, since 1995. Sir David was formerly Chairman of Close Brothers Group plc, Executive Chairman of S.G. Warburg & Co. Ltd., and a Director of Vodafone Group plc, Anglo American plc, General Electric Companies plc, British Telecom plc, J. Sainsbury plc, Bank of England and British Broadcasting Corporation. He also was Chairman of the Trustees of the National Portrait Gallery, London and a Trustee of the Glyndebourne Arts Trust.

**LAWRENCE M. SMALL (Age 65)**

*Director since 1989*

Secretary of the Smithsonian Institution since January 2000. The Smithsonian Institution is the world's largest museum and research complex, with 18 museums and galleries, the National Zoo, and several research facilities around the world. Mr. Small previously had been President and Chief Operating Officer of Fannie Mae, a shareholder-owned, New York Stock Exchange listed company and the nation's largest source of financing for home mortgages, from 1991 to 2000. Mr. Small also serves on the boards of Marriott International, Inc., New York City's Spanish Repertory Theatre, the National Gallery of Art, the John F. Kennedy Center for the Performing Arts and the Woodrow Wilson International Center for Scholars.

**DANIEL E. SOMERS (Age 59)**

*Director since 2003*

Vice Chairman of Blaylock and Partners LP, an investment banking firm, since January 2002. Mr. Somers previously had been President and Chief Executive Officer of AT&T Broadband, a provider of cable and broadband services, from December 1999 to October 2001 and Senior Executive Vice President and Chief Financial Officer at AT&T Corp., a telecommunications company, from May 1997 to December 1999. Mr. Somers serves on the board of The Lubrizol Corporation. He is also Vice Chairman of the Board of Trustees of Stonehill College.

**KAREN HASTIE WILLIAMS (Age 62)**

*Director since 2000*

Partner, Crowell & Moring LLP, attorneys, from 1982 until her retirement in January 2005. Ms. Williams also serves on the boards of Continental Airlines Inc., Gannett Company, Inc., SunTrust Banks, Inc. and Washington Gas Light Holdings, Inc. She is also a Trustee of Amherst College, the Black Student Fund and the NAACP Legal Defense and Education Fund.

**ALFRED W. ZOLLAR (Age 52)**

*Director since 2001*

General Manager, Tivoli Software, IBM Corporation, which manufactures and sells computer services, hardware and software, since July 2004. Mr. Zollar previously had been General Manager, eServer iSeries, IBM Corporation, from January 2003 to July 2004; General Manager, Lotus Software, which designs and develops business software and was a subsidiary of IBM Corporation, from January 2000 to January 2003; General Manager, Network Computing Software Division, IBM Corporation from 1998 to 2000 and General Manager, Network Software, IBM Corporation, from 1996 to 1998. Mr. Zollar also serves on the board of the Executive Leadership Council and on the National Advisory Board of the National Society of Black Engineers.



**COMMITTEE ASSIGNMENTS**

Our Board has established the six committees described above under the headings Corporate Governance - Audit Committee, - Compensation Committee, - Executive Committee, - Finance Committee, - Governance Committee and - Pension & Profit Sharing Committee to assist our Board in fulfilling its responsibilities. The charter for each of the Audit, Compensation and Governance Committees, which are available on our website at [www.chubb.com/investors](http://www.chubb.com/investors), requires that all members satisfy the independence requirements of the NYSE. Our Governance Committee annually considers committee assignments, with appointments being effective as of the date of the annual meeting of shareholders. Current members of our committees are identified below:

**Audit Committee**

Joel J. Cohen (Chair)  
Zoë Baird

Daniel E. Somers  
Alfred W. Zollar

**Compensation Committee**

Daniel E. Somers (Chair)  
Sheila P. Burke

Lawrence M. Small  
Karen Hastie Williams

**Executive Committee**

John D. Finnegan (Chair)  
James I. Cash, Jr.

Joel J. Cohen  
Daniel E. Somers

**Finance Committee**

John D. Finnegan (Chair)  
Sheila P. Burke  
Klaus J. Mangold

David G. Scholey  
Raymond G.H. Seitz  
Alfred W. Zollar

**Governance Committee**

James I. Cash, Jr. (Chair)  
Zoë Baird

Joel J. Cohen  
Karen Hastie Williams

**Pension & Profit Sharing Committee**

Sheila P. Burke  
Klaus J. Mangold  
David G. Scholey

Raymond G.H. Seitz  
Alfred W. Zollar

## **AUDIT COMMITTEE REPORT**

### **Purpose**

Our Board has formed our Audit Committee to assist our Board in monitoring:

- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the independence and qualifications of our independent auditor;
- the performance of our internal auditors and independent auditor; and
- other significant financial matters.

### **Composition and Meetings**

During 2006, our Audit Committee was composed of five directors, each of whom our Board determined to be independent and each of whom satisfied the applicable legal and regulatory independence requirements. Mr. Cornelius served as the Chairman of our Audit Committee during 2006 and our Board designated him, together with Messrs. Cohen and Somers, as the audit committee financial experts. Information regarding the respective experience of Messrs. Cohen and Somers is set forth under the heading "Our Board of Directors." Mr. Cornelius retired from our Board on December 31, 2006 and our Board appointed Mr. Cohen to serve as the Chairman of our Audit Committee for the remainder of Mr. Cornelius' term.

Our Governance Committee and the full Board consider Audit Committee membership annually. Committee appointments are effective as of the date of the annual meeting of shareholders. In addition to Messrs. Cohen and Somers, Ms. Baird and Mr. Zollar currently serve on our Audit Committee. Our Audit Committee met eight times during 2006.

### **Charter and Self-Assessment**

Our Audit Committee operates pursuant to its written charter, which has been approved by our Audit Committee and our entire Board. The Audit Committee Charter is subject to review at least annually. It was last revised in February 2006.

Pursuant to its charter, our Audit Committee performs an annual self-assessment. For 2006, our Audit Committee concluded that, in all material respects, it had fulfilled its responsibilities and satisfied the requirements of its charter and applicable laws and regulations.

### **Appointment of Independent Auditor**

Under its charter, our Audit Committee, among other things, is directly responsible for the appointment, compensation, retention and oversight of the work of the independent auditor engaged for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for us. Our Audit Committee has appointed Ernst & Young LLP to serve as independent auditor. Our Audit Committee has recommended to our Board that Ernst & Young's appointment as independent auditor be submitted for ratification by Chubb's shareholders. This matter is described under the heading "Proposal 2 - Ratification of Appointment of Independent Auditor."

### **Review of Financial Information**

Management is responsible for our internal controls over the financial reporting process and the independent auditor is responsible for performing an independent audit of our consolidated financial

statements in accordance with generally accepted auditing standards and for issuing a report on its audit. Our Audit Committee is charged with overseeing and monitoring these activities on behalf of our Board. During 2006 and the first quarter of 2007, our Audit Committee reviewed and discussed with management and the independent auditor our quarterly financial statements, our audited consolidated financial statements for the year ended December 31, 2006 and the results of the independent auditor's review of our 2006 quarterly financial statements. In particular, our Audit Committee discussed with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as amended by Statement on Auditing Standards No. 90, *Audit Committee Communications*, and SEC Final Rule Release Nos. 33-8183 and 33-8183a.

**Critical Accounting Policies**

During its discussions with the independent auditor, our Audit Committee reviewed our critical accounting policies and practices and alternative treatments of financial information.

**Auditor Independence**

Our Audit Committee received the written disclosures and the letter from the independent auditor required by Independence Standards Board Standard No. 1 and discussed with the independent auditor the firm's independence and objectivity. Our Audit Committee reviewed and approved all fees of the independent auditor for the years ended December 31, 2006 and 2005, and determined that the provision of these services is compatible with maintaining the independence of the independent auditor.

**Inclusion of Consolidated Financial Statements in Form 10-K**

Based on the foregoing, our Audit Committee recommended to our Board that the audited consolidated financial statements be included in the 2006 Annual Report filed with the SEC.

The foregoing report has been furnished by the following members of our Board who comprise our Audit Committee:

James I. Cash, Jr. (Chair)  
Zoë Baird

Daniel E. Somers  
Alfred W. Zollar

**This Audit Committee Report shall not be deemed to be soliciting material, to be filed with the SEC, subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically request that the information be treated as soliciting material, nor shall it be incorporated by reference into any document filed under the Securities Act of 1933, as amended (Securities Act), or the Exchange Act unless we specifically incorporate it by reference.**



**COMPENSATION COMMITTEE REPORT**

Our Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis included under the heading "Compensation Discussion and Analysis" pursuant to Item 402(b) of SEC Regulation S-K.

Based upon the review and discussion described in the preceding paragraph, our Compensation Committee recommended to our full Board that the "Compensation Discussion and Analysis" be included in Chubb's proxy statement on Schedule 14A prepared in connection with the 2007 Annual Meeting and that the "Compensation Discussion and Analysis" be incorporated into the 2006 Annual Report.

The foregoing report has been furnished by the following members of our Board who comprise our Compensation Committee:

Daniel E. Somers (Chair)

Sheila P. Burke

Lawrence M. Small

Karen Hastie Williams

**This Compensation Committee Report shall not be deemed to be soliciting material, to be filed with the SEC, subject to Regulation 14A or 14C or to the liabilities of Section 18 of the Exchange Act, except to the extent that we specifically request that the information be treated as soliciting material, nor shall it be incorporated by reference into any document filed under the Securities Act or the Exchange Act unless we specifically incorporate it by reference.**

**COMPENSATION DISCUSSION AND ANALYSIS**

**[TO BE INSERTED]**

27

---

**EXECUTIVE COMPENSATION**

**[TO BE INSERTED]**

28

---

**EQUITY COMPENSATION PLAN INFORMATION**

The following table shows certain information with respect to our equity compensation plans as of December 31, 2006.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	20,034,749 (2)	\$ 34.54 (4)	26,860,143 (6)
Equity compensation plans not approved by security holders(1)	309,321 (3)	\$ 43.54 (5)	386,472 (1)
<b>Total</b>	<b>20,344,070</b>	<b>\$ 34.55 (5)</b>	<b>27,246,575</b>

(1) These plans are The Chubb Corporation Defined Contribution Excess Benefit Plan (the Excess Benefit Plan) and the Director Deferred Compensation Program, under which 157,062 shares of common stock and 229,370 shares of common stock, respectively, are available for future issuance.

The Excess Benefit Plan is a non-qualified, defined contribution plan and covers those participants in the Capital Accumulation Plan and The Chubb Corporation Employee Stock Ownership Plan (the ESOP) whose total benefits under those plans are limited by certain provisions of the Internal Revenue Code. A participant in the Excess Benefit Plan is entitled to a benefit equaling the difference between the participant's benefits under the Capital Accumulation Plan and the ESOP, without considering the applicable limitations of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), and the participant's actual benefits under such plans. A participant's excess ESOP benefit is expressed as shares of our common stock. Payments under the Excess Benefit Plan are generally made: (1) for excess benefits related to the Capital Accumulation Plan in cash annually as soon as practical after the amount of excess benefit can be determined; and (2) for excess benefits related to the ESOP, in common stock as soon as practicable after the earlier of the participant's 65th birthday or termination of employment. The ESOP expired in 2004. Accordingly, other than dividends, no new contributions are made to the ESOP or the Excess Benefit Plan with respect to excess ESOP benefits.

The material terms of the Director Deferred Compensation Program are described under the heading **Corporate Governance** **Directors** **Compensation**.

(2) Includes 4,123,969 shares, representing 200% of the aggregate target for the performance share awards for the three-year performance cycles ending December 31, 2007 and December 31, 2008, which is the maximum number of shares issuable under these awards plus 1,179,265 for the performance cycle ended December 31, 2006. The December 31, 2006 performance shares are shown at the actual payout percentage of 143% of target. Shortly after the end of each performance cycle, our Compensation Committee will determine the actual number of shares to be received by 2004 Employee Plan participants for the awards which vest on December 31, 2007 and December 31, 2008.

(3) Includes an aggregate of 19,931 shares issuable upon exercise of the special option grants awarded to two independent directors in 2002 as individual compensation for their service on our CEO search committee.

(4) Weighted average exercise price excludes shares issuable under outstanding performance share awards, restricted stock unit awards and director stock unit awards.

(5) Weighted average exercise price consists of exercise price of special option grants described in note (3) above, and excludes shares issuable in connection with the Excess Benefit Plan and the Director Deferred Compensation Program.

(6) Includes 14,139,932 shares available for issuance under the Global Employee Stock Purchase Plan (2001), 10,353,415 shares available for issuance under the 2004 Employee Plan, 366,796 shares available for issuance under the 2004 Director Plan and 2,000,000 shares available for issuance under The Chubb Corporation 2003 Producer Stock Incentive Plan.

**SECURITY OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information concerning the only persons or entities known to us to be beneficial owners of more than 5% of our outstanding common stock. The information below is as reported by that entity in statements filed with the SEC.

Name and Address	Amount and Nature of Beneficial Ownership of Common Stock		Percent of Class(3)	
Dodge & Cox	21,738,480	(1)	5.3	%
FMR Corp.	27,126,177	(2)	6.59	%

(1) Reflects ownership as of December 31, 2006 as reported on a Schedule 13G/A filed with the SEC by Dodge & Cox, located at 555 California Street, 40th Floor, San Francisco, CA 94104. Dodge & Cox reports sole voting power over 20,196,680 of the reported shares, shared voting power over 271,300 of the reported shares, and sole dispositive power over all of the reported shares. Dodge & Cox has certified that these shares of our common stock were acquired in the ordinary course of business and were not acquired for the purpose of, and do not have the effect of, changing or influencing the control of Chubb and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

(2) Reflects ownership as of December 31, 2006 as reported on a Schedule 13G filed with the SEC by FMR Corp., located at 82 Devonshire Street, Boston, Massachusetts 02109. FMR Corp. reports sole voting power over 7,106,729 of the reported shares, shared voting power over none of the reported shares, and sole dispositive power over all of the reported shares. FMR Corp. has certified that these shares of our common stock were acquired in the ordinary course of business and were not acquired for the purpose of, and do not have the effect of, changing or influencing the control of Chubb and were not acquired in connection with or as a participant in any transaction having such purpose or effect.

(3) As reported in the applicable statement filed with the SEC.

## Edgar Filing: CHUBB CORP - Form PRE 14A

The following table sets forth certain information regarding the beneficial ownership of our common stock and common stock-based holdings by each of our directors and nominees for director, by each of our executive officers named in the Summary Compensation Table and by our directors and executive officers as a group as of March 5, 2007.

Name and Address(1)	Amount and Nature of Beneficial Ownership of Common Stock(2)	Percent of Class(3)
Zoë Baird(4)(5)	52,789	*
Sheila P. Burke(4)(6)	60,953	*
James I. Cash, Jr.(4)(7)	44,285	*
Joel J. Cohen(4)(8)	186,043	*
John D. Finnegan(9)	845,965	*
Klaus J. Mangold(4)(10)	22,921	*
Sir David G. Scholey, CBE(4)(11)	112,238	*
Raymond G.H. Seitz(4)(12)	81,287	*
Lawrence M. Small(4)(13)	153,246	*
Daniel E. Somers(4)(14)	10,741	*
Karen Hastie Williams(4)(15)	28,623	*
Alfred W. Zollar(4)(16)	30,676	*
John J. Degnan(17)	300,990	*
Paul J. Krump(18)	148,433	*
Thomas F. Motamed(19)	309,742	*
Michael O. Reilly(20)	442,933	*
All directors and executive officers as a group(21)	3,078,718	*

\* Less than 1%.

(1) The business address of each director and executive officer named in this table is c/o The Chubb Corporation, 15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615.

(2) Unless otherwise indicated, share amounts are as of March 5, 2007 and each person has sole voting and investment power with respect to the shares listed.

(3) Based upon 407,355,123 shares of our common stock outstanding as of March 5, 2007.

(4) This amount includes 1,663 fully vested stock units granted under the 2004 Director Plan but does not include performance shares representing a target of 1,722 shares for the performance period ending December 31, 2007 and 1,333 shares for the performance period ending December 31, 2008 granted under the 2004 Director Plan, payment of such performance shares will range from 0% to 200% depending on actual performance measured against the stated performance goals for the applicable performance period.

(5) Includes 40,000 shares that may be purchased within 60 days pursuant to The Chubb Corporation Stock Option Plan for Non-Employee Directors (2001) (the 2001 Director Plan) and our predecessor non-employee director equity plans; and 7,366 market value units which Ms. Baird has elected to defer her receipt of until retirement pursuant to the Director Deferred Compensation Program.

(6) Includes 56,000 shares that may be purchased within 60 days pursuant to the 2001 Director Plan and our predecessor non-employee director equity plans; and 2,760 vested stock units which Ms. Burke has elected to defer her receipt of until retirement pursuant to the 2004 Director Plan.

(7) Includes 32,000 shares that may be purchased within 60 days pursuant to the 2001 Director Plan and our predecessor non-employee director equity plans; and 1,462 market value units which Dr. Cash has elected to defer his receipt of until retirement pursuant to the Director Deferred Compensation Program.



(8) Includes 98,708 shares that may be purchased within 60 days pursuant to the 2001 Director Plan and our predecessor non-employee director equity plans; 12,663 shares that may be purchased within 60 days pursuant to a restoration option awarded pursuant to exercising a special stock option grant; and 33,051 market value units which Mr. Cohen has elected to defer his receipt of until retirement pursuant to the Director Deferred Compensation Program.

(9) Includes 80,000 shares held by a limited liability company; 364,780 shares that may be purchased within 60 days pursuant to The Chubb Corporation Long-Term Stock Incentive Plan (2000) (the 2000 Employee Plan); 54,284 restricted stock units that will vest on April 27, 2007, 48,094 restricted stock units that will vest on March 3, 2008, 39,892 restricted stock units that will vest on March 2, 2009 and 37,773 restricted stock units that will vest on March 1, 2010 pursuant to the 2004 Employee Plan; 182 shares that were allocated to Mr. Finnegan pursuant to the ESOP and 61,616 restricted stock units that are fully vested which Mr. Finnegan has elected to defer receipt of until retirement. This amount does not include performance shares representing a target of 144,286 shares for the performance period ending December 31, 2007, 119,678 shares for the performance period ending December 31, 2008 and 113,320 shares for the performance period ending December 31, 2009, payment of such shares will range from 0% to 200% depending on actual performance measured against the stated performance goals for the applicable performance period.

(10) Includes 16,000 shares that may be purchased within 60 days pursuant to the 2001 Director Plan; and 1,298 market value units which Dr. Mangold has elected to defer his receipt of until retirement pursuant to the Director Deferred Compensation Program.

(11) Includes 96,000 shares that may be purchased within 60 days pursuant to the 2001 Director Plan and our predecessor non-employee director equity plans; 9,815 market value units which Sir David Scholey has elected to defer his receipt of until retirement pursuant to the Director Deferred Compensation Program; and 2,760 vested stock units which Sir David Scholey has elected to defer his receipt of until retirement pursuant to the 2004 Director Plan.

(12) Includes 72,000 shares that may be purchased within 60 days pursuant to the 2001 Director Plan and our predecessor non-employee director equity plans; 4,464 market value units which Mr. Seitz has elected to defer his receipt of until retirement pursuant to the Director Deferred Compensation Program; and 2,760 vested stock units which Mr. Seitz has elected to defer his receipt of until retirement pursuant to the 2004 Director Plan.

(13) Includes 105,943 shares that may be purchased within 60 days pursuant to the 2001 Director Plan and our predecessor non-employee director equity plans; 4,018 shares that may be purchased within 60 days pursuant to a restoration option awarded pursuant to exercising a special stock option grant; 19,245 market value units which Mr. Small has elected to defer his receipt of until retirement pursuant to the Director Deferred Compensation Program; and 2,760 vested stock units which Mr. Small has elected to defer his receipt of until retirement pursuant to the 2004 Director Plan.

(14) Includes 2,000 shares that may be purchased within 60 days pursuant to the 2001 Director Plan; 2,270 market value units which Mr. Somers has elected to defer his receipt of until retirement pursuant to the Director Deferred Compensation Program; and 2,760 vested stock units which Mr. Somers has elected to defer his receipt of until retirement pursuant to the 2004 Director Plan.

(15) Includes 24,000 shares that may be purchased within 60 days pursuant to the 2001 Director Plan and our predecessor non-employee director equity plans; and 1,380 vested stock units which Ms. Hastie Williams has elected to defer her receipt of until retirement pursuant to the 2004 Director Plan.

(16) Includes 24,000 shares that may be purchased within 60 days pursuant to the 2001 Director Plan and our predecessor non-employee director equity plans.

(17) Includes 54,468 shares which Mr. Degnan has the right to purchase within 60 days under the 2000 Employee Plan and our predecessor employee long-term stock incentive plans; 18,784 restricted stock units that will vest on April 27, 2007, 15,376 restricted stock units that will vest on March 3, 2008, 12,754 restricted stock units that will vest on March 2, 2009 and 12,077 restricted stock units that will vest on March 1, 2010 pursuant to the 2004 Employee Plan; and 6,084 shares that were allocated to Mr. Degnan



pursuant to the ESOP. This amount does not include performance shares representing a target of 46,134 shares for the performance period ending December 31, 2007, 38,266 shares for the performance period ending December 31, 2008 and 36,233 shares for the performance period ending December 31, 2009, payment of such shares will range from 0% to 200% depending on actual performance measured against the stated performance goals for the applicable performance period.

(18) Includes 85,684 shares which Mr. Krump has the right to purchase within 60 days under the 2000 Employee Plan and our predecessor employee long-term stock incentive plans; 2,856 restricted stock units that will vest on April 27, 2007, 2,530 restricted stock units that will vest on March 3, 2008, 2,204 restricted stock units that will vest on March 2, 2009 and 2,112 restricted stock units that will vest on March 1, 2010 pursuant to the 2004 Employee Plan; and 5,969 shares that were allocated to Mr. Krump pursuant to the ESOP. This amount does not include performance shares representing a target of 7,594 shares for the performance period ending December 31, 2007, 6,614 shares for the performance period ending December 31, 2008 and 6,337 shares for the performance period ending December 31, 2009, payment of such shares will range from 0% to 200% depending on actual performance measured against the stated performance goals for the applicable performance period.

(19) Includes 48,702 shares which Mr. Motamed has the right to purchase within 60 days under the 2000 Employee Plan and our predecessor employee long-term stock incentive plans; 22,320 restricted stock units that will vest on April 27, 2007, 18,826 restricted stock units that will vest on March 3, 2008, 15,614 restricted stock units that will vest on March 2, 2009 and 14,786 restricted stock units that will vest on March 1, 2010 pursuant to the 2004 Employee Plan; 5,874 shares in the Corporation Stock Fund of the Capital Accumulation Plan; and 6,660 shares that were allocated to Mr. Motamed pursuant to the ESOP. This amount does not include performance shares representing a target of 56,480 shares for the performance period ending December 31, 2007, 46,848 shares for the performance period ending December 31, 2008 and 44,359 shares for the performance period ending December 31, 2009, payment of such shares will range from 0% to 200% depending on actual performance measured against the stated performance goals for the applicable performance period.

(20) Includes 233,486 shares which Mr. O Reilly has the right to purchase within 60 days under the 2000 Employee Plan and our predecessor employee long-term stock incentive plans; 19,678 restricted stock units that will vest on April 27, 2007, 15,820 restricted stock units that will vest on March 3, 2008, 13,122 restricted stock units that will vest on March 2, 2009 and 12,425 restricted stock units that will vest on March 1, 2010 pursuant to the 2004 Employee Plan. This amount does not include performance shares representing a target of 47,462 shares for the performance period ending December 31, 2007, 39,368 shares for the performance period ending December 31, 2008 and 37,276 shares for the performance period ending December 31, 2009, payment of such shares will range from 0% to 200% depending on actual performance measured against the stated performance goals for the applicable performance period.

(21) Includes 1,162 shares which executive officers other than those listed in the table above disclaim beneficial ownership; 8,460 shares which were allocated to executive officers other than those listed in the table above pursuant to the ESOP; 164,751 shares which executive officers other than those listed in the table above have the right to purchase within 60 days under the 2000 Employee Plan and our predecessor employee long-term stock incentive plans; and 9,040 restricted stock units that will vest on April 27, 2007, 1,960 restricted stock units that will vest on October 31, 2007, 8,128 restricted stock units that will vest on March 3, 2008, 1,960 restricted stock units that will vest on October 31, 2008, 10,196 restricted stock units that will vest on March 2, 2009 and 9,964 restricted stock units that will vest on March 1, 2010 pursuant to the 2004 Employee Plan. This amount does not include performance shares awarded to executive officers other than those listed in the table above representing a target of 24,400 shares for the performance period ending December 31, 2007, 30,594 shares for the performance period ending December 31, 2008 and 29,895 shares for the performance period ending December 31, 2009, payment of such shares will range from 0% to 200% depending on actual performance measured against the stated performance goals for the applicable performance period.

**CERTAIN TRANSACTIONS AND OTHER MATTERS**

At December 31, 2006, Dodge & Cox was the beneficial owner of more than 5% of our outstanding common stock. As of December 31, 2006, Dodge & Cox managed approximately \$271 million of assets in our Pension Plan and approximately \$26 million of assets funded for other post-retirement benefits. Dodge & Cox also manages one of the funds offered to participants in the Capital Accumulation Plan. In addition, in 2006, Dodge & Cox purchased insurance policies from one of our property and casualty insurance subsidiaries with an aggregate net written premium of approximately \$300,000.

At December 31, 2006, FMR Corp. was the beneficial owner of more than 5% of our outstanding common stock. FMR Corp. manages several of the funds offered to participants in the Capital Accumulation Plan. A subsidiary of FMR Corp. acts as trustee of the Capital Accumulation Plan and provides administrative and record keeping services for several Chubb sponsored benefit plans, including the Capital Accumulation Plan.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors and executive officers and persons who beneficially own more than 10% of our common stock to file reports of securities ownership and changes in such ownership with the SEC. Based solely upon a review of copies of such reports or written representations that all such reports were timely filed, we believe that each of our directors, executive officers and greater than 10% beneficial owners complied with all Section 16(a) filing requirements applicable to them during 2006, except for Robert C. Cox, Executive Vice President of Chubb & Son, a division of Federal Insurance Company, who filed a Form 4 due on November 2, 2006 on November 6, 2006 due to an administrative oversight.

**PROPOSAL 1  
ELECTION OF DIRECTORS**

Our Board has nominated the following individuals for election to our Board this year:

Zoë Baird	Sir David G. Scholey, CBE
Sheila P. Burke	Lawrence M. Small
James I. Cash, Jr.	Daniel E. Somers
Joel J. Cohen	Karen Hastie Williams
John D. Finnegan	Alfred W. Zollar
Klaus J. Mangold	

Each nominee for director was previously elected by our shareholders at the 2006 Annual Meeting of Shareholders and has served continuously since that time. Information regarding the business experience of each nominee is provided under the heading Our Board of Directors. Each director is elected annually to serve until the next annual meeting of shareholders and until his or her successor is elected and qualified. There are no family relationships among our executive officers and directors. Each director nominee other than Mr. Finnegan satisfies the independence requirements set forth in the NYSE listing standards and, with respect to the nominees expected to serve on our Audit Committee, Section 10A(m)(3) of the Exchange Act.

Our Board expects that each of the nominees named in this proxy statement will be available for election and, if elected, will be willing to serve as a director. If any nominee is not available, then the proxies may vote for a substitute as may be designated by our Board, unless our Board reduces the number of directors. Our Board has, in accordance with our By-Laws, fixed the number of directors to be elected at 11. If elected, each director will serve until the next annual meeting of shareholders and until his or her successor is duly elected and qualified. However, any director who receives less than a majority of the votes cast will be required to tender his or her resignation pursuant to the requirements of our Corporate Governance Guidelines.

Director nominees will be elected by a plurality of the votes cast by shareholders entitled to vote at the 2007 Annual Meeting. Even if approved, the amendment to our Restated Certificate of Incorporation that provides for a majority voting in the election of directors described in Proposal 3 Amendment to the Restated Certificate of Incorporation will not apply to the election of directors at the 2007 Annual Meeting.

If you sign your proxy card but do not give instructions with respect to the voting of directors, your shares will be voted for the 11 individuals recommended by our Board. If you wish to give specific instructions with respect to the voting of directors, you may do so by indicating your instructions on your proxy card.

**Our Board unanimously recommends that you vote FOR each of the foregoing nominees for director. Proxies solicited by our Board will be voted FOR this proposal unless a shareholder has indicated otherwise on the proxy card.**

**PROPOSAL 2**  
**RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR**

Our Audit Committee, acting pursuant to the authority granted to it in its charter, has retained Ernst & Young LLP as our independent auditor. The appointment of Ernst & Young is being submitted to our shareholders for ratification. Ernst & Young has acted as our independent auditor for many years. The following summarizes the fees billed to us by Ernst & Young for professional services rendered in 2006 and 2005:

	2006	2005
Audit Fees(1)	\$ 6,330,000	\$ 5,780,000
Audit-Related Fees(2)	962,000	1,000,000
Tax Fees(3)	-	15,000
All Other Fees(4)	79,000	355,000

(1) Audit Fees primarily relate to the audit of our annual financial statements, review of our financial statements included in our quarterly reports on Form 10-Q, statutory audits for our insurance subsidiaries and review of SEC registration statements.

(2) Audit-Related Fees primarily relate to SAS 70 internal control reports, employee benefit plan audits and certain non-insurance related statutory audits.

(3) Tax Fees primarily relate to tax compliance, tax advice and tax planning.

(4) All Other Fees relate to other services not described in notes (1), (2), and (3) above, including special actuarial reports filed with regulators, technical training and an online information service.

Our Audit Committee determined that the provision of these services is compatible with maintaining Ernst & Young's independence.

In 2006, our Audit Committee pre-approved all services performed for us by Ernst & Young. Our policy on pre-approval of independent auditor services is attached to this proxy statement as Annex A.

Representatives of Ernst & Young are expected to be present at the 2007 Annual Meeting and to have the opportunity to make a statement should they desire to do so and to be available to respond to appropriate questions.

The affirmative vote of a majority of the votes cast by shareholders entitled to vote at the 2007 Annual Meeting is required to ratify the appointment of Ernst & Young as our independent auditor. If our shareholders do not ratify the appointment of Ernst & Young, our Audit Committee will reconsider the appointment.

**Our Board unanimously recommends that you vote FOR ratification of the appointment of Ernst & Young LLP as our independent auditor. Proxies solicited by our Board will be voted FOR this proposal unless a shareholder has indicated otherwise on the proxy card.**

**PROPOSAL 3**  
**AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION**

Our Governance Committee has been monitoring the debate surrounding the appropriate standard by which nominees should be elected to the boards of directors of public companies. New Jersey law, the law under which we are incorporated, provides that unless a company's certificate of incorporation provides otherwise, a plurality of the votes cast at a meeting of shareholders at which a quorum is present is sufficient to elect a director. Our Restated Certificate of Incorporation currently does not provide for an alternative standard in director elections. Therefore, our directors currently are elected by a plurality of the votes cast.

In an effort to enhance our directors' accountability to shareholders, in 2006, our Board adopted a corporate governance guideline requiring that a director who receives less than a majority of the votes cast for his or her election in an uncontested election tender his or her resignation. At our 2006 Annual Meeting of Shareholders, our shareholders voted to approve a request that our Board take the additional step of amending our organizational documents to expressly provide for a majority voting standard in uncontested elections of nominees to our Board. In light of this request, our commitment to maintaining the highest corporate governance standards and the trend in U.S. public companies towards implementing majority voting standards, our Governance Committee has recommended and our Board has determined that it is advisable to implement such a standard.

An amendment to our Restated Certificate of Incorporation is required to implement a majority voting standard. Our Board has adopted a resolution approving a proposed amendment to our Restated Certificate of Incorporation and directing that the proposed amendment be submitted to a vote of our shareholders at the 2007 Annual Meeting. The proposed amendment to our Restated Certificate of Incorporation, the full text of which is attached to this proxy statement as Annex B, provides that:

- our directors shall be elected by a majority of the votes cast in uncontested elections; and
- our directors shall be elected by a plurality of the votes cast in contested elections.

Under New Jersey law, a director's term extends until his or her successor is elected and qualified. This is referred to as the director holdover rule. Accordingly, the adoption of a majority voting standard could result in an incumbent director who receives less than a majority of the votes cast in an uncontested election remaining in office by virtue of the director holdover rule. Subject to approval of this proposal by the shareholders, our Board has adopted procedures to be included in our Corporate Governance Guidelines requiring that an incumbent director who receives less than a majority of the votes cast in an uncontested election tender his or her resignation and outlining the procedures by which our Board will consider any such resignations. The mechanics of these procedures work as follows:

- In the event that a nominee who is an incumbent director receives less than a majority of the votes cast in an uncontested election, the director is required to tender his or her resignation;
- Our Governance Committee is required to consider the resignation based upon a number of factors and make a recommendation to our Board as to whether to accept the resignation within 45 days of receipt of such resignation; and
- Our Board must determine whether to accept or reject the resignation within 90 days of the receipt of such resignation.

The affirmative vote of two-thirds of the votes cast by shareholders entitled to vote at the 2007 Annual Meeting is required for approval of the amendment to our Restated Certificate of Incorporation. If approved, the amendment to our Restated Certificate of Incorporation will become effective upon the filing of a certificate of amendment with the Secretary of State of the State of New Jersey, which we anticipate would occur promptly after the 2007 Annual Meeting.

**Our Board unanimously recommends that you vote FOR the adoption of the amendment to the Restated Certification of Incorporation. Proxies solicited by our Board will be voted FOR this proposal unless a shareholder has indicated otherwise on the proxy card.**



**PROPOSAL 4**  
**SHAREHOLDER PROPOSAL REGARDING POLITICAL CONTRIBUTIONS**

We received a request from Central Laborers Pension, Welfare & Annuity Funds, P.O. Box 1267, Jacksonville, IL 62651, the beneficial owner of approximately 22,280 shares of our common stock, to include the following shareholder proposal in this proxy statement:

**Proposal**

**Resolved:** that the shareholders of the Chubb Corporation ( Company ) hereby request that the company provide a report, updated semi-annually, disclosing our Company s:

1. Policies and procedures for political contributions and expenditures (both direct and indirect) made with corporate funds.
2. Monetary and non-monetary contributions and expenditures not deductible under section 162(e)(1)(B) of the Internal Revenue Code, including but not limited to contributions to or expenditures on behalf of political candidates, political parties, political committees and other political entities organized and operating under 26 USC Sec. 527 of the Internal Revenue Code and any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution if made by the corporation would not be deductible under section 162(e)(1)(B) of the Internal Revenue Code. The report shall include the following:
  - a. An accounting of our Company s funds that are used for political contributions or expenditures as described above;
  - b. Identification of the person or persons in our Company who participated in making the decisions to make the political contribution or expenditure; and
  - c. The internal guidelines or policies, if any, governing the Company s political contributions and expenditures.

This report shall be presented to the board of directors audit committee or other relevant oversight committee and posted on the company s website to reduce costs to shareholders.

***Supporting Statement***

As long-term shareholders of Chubb, we support policies that apply transparency and accountability to corporate spending on political activities. Such disclosure is consistent with public policy and in the best interest of the Company s shareholders.

Company executives exercise wide discretion over the use of corporate resources for political activities. They also involve payments to trade associations and related groups used for political activities that media accounts call the new soft money. Most of these expenditures are not disclosed. In 2003-04, the last fully reported election cycle, Chubb contributed at least **\$10,000** in soft money. (PoliticalMoneyLine, <http://www.fecinfo.com>). However, its payments to trade associations use for political activities are undisclosed and unknown. The proposal asks the Company to disclose its political contributions and payments to tax exempt organizations including trade associations.

The Bi-Partisan Campaign Reform Act of 2002 allows companies to contribute to independent political committees, also known as 527s, and to give to tax-exempt organizations that make political expenditures and contributions.

Absent a system of accountability, corporate executives will be free to use a company s assets for political objectives that are not shared by and may be inimical to the interests of the Company and its shareholders. Relying on publicly available data does not provide a complete picture of the Company s





political expenditures. The Company's Board and its shareholders need complete disclosure to be able to fully evaluate the political use of corporate assets. Thus, we urge your support **FOR** this critical governance reform.

**Recommendation of our Board to Vote Against this Proposal**

Our Board believes that the disclosure called for by this proposal is unnecessary and runs counter to the best interests of Chubb and our shareholders. As discussed below, the existing comprehensive legal and regulatory framework governing political contributions already provides for the corporate accountability referenced in the proponent's supporting statement. In addition, there currently is extensive publicly available information regarding our political contributions. Moreover, unilateral expanded disclosure by us could frustrate our government relations efforts and harm our interests and those of our shareholders.

It is in the best interests of Chubb and our shareholders for Chubb to be an effective participant in the political process. We achieve this goal by engaging in government relations efforts to educate and inform public officials about our positions on issues that are important to our business and to support candidates who we believe will be effective advocates for our company.

As discussed in the 2006 Annual Report, the insurance industry is subject to extensive regulation at the state level. For example, in many states, before our subsidiaries can offer new or change existing products, they must obtain approval from state regulators. Regulatory measures affecting our operations include redefinitions of risk exposure in areas such as water damage; products liability and commercial general liability; extension and protection of employee benefits, such as workers' compensation and disability benefits; and credit scoring. On the federal level, there are a number of legislative initiatives, such as those relating to tort reform, asbestos liability reform, terrorism and large-scale catastrophe management, which could have important ramifications on our business. Legislation and regulations in this broad spectrum of policy areas can have an immediate and dramatic effect on our operations. It is imperative that we effectively communicate our views on such regulations and legislation to applicable regulators, legislators and other government officials.

Corporate political activities are subject to comprehensive regulation by federal and state authorities. Federal law prohibits corporations from directly contributing to federal campaigns. Accordingly, it is important to note that all Chubb-related political contributions on the federal level, and in fact the vast majority of all of the Chubb-related political contributions, come from funds voluntarily contributed to the political action committee that we sponsor (ChubbPAC), by employees, shareholders and other eligible supporters, rather than from corporate funds. ChubbPAC contributions do not come from corporate assets. Nevertheless, they too are subject to detailed disclosure requirements. For example, pursuant to federal law, ChubbPAC is required to, and does, file reports with the Federal Election Commission reporting all of the political contributions it makes. At the state level, our political contributions also are subject to regulation. For example, recipients of political contributions generally are required to disclose the identity of donors and the amount of their contributions.

In addition to complying with these federal and state requirements, we have voluntarily provided supplemental details regarding our political activities by posting our *Policy Statement on Political Contributions and Related Activities* on our website at [www.chubb.com/investors](http://www.chubb.com/investors). This document provides information on Chubb's political contribution policies and clearly reflects our commitment to compliance with all applicable laws. Therefore, our Board has determined that ample disclosure exists regarding our political contributions which should alleviate any concerns pertaining to the transparency of the activities cited in this proposal. Accordingly, the preparation of the report requested in this proposal would result in an unnecessary and unproductive use of our resources.

The report called for by this proposal, in addition to being unnecessary, also could prove detrimental to our interests and those of our shareholders. Parties with interests adverse to ours also participate in the

political process to their business advantage. If we unilaterally expand our disclosure regarding our political contributions as required by this proposal, these adverse parties could exploit this information. This could frustrate our efforts, thereby harming the interests of Chubb and our shareholders.

For the foregoing reasons, our Board believes that our shareholders should reject this proposal. The affirmative vote of a majority of the votes cast by shareholders entitled to vote at the 2007 Annual Meeting is required for approval of this shareholder proposal.

**Our Board unanimously recommends that you vote AGAINST this proposal. Proxies solicited by our Board will be voted AGAINST this proposal unless a shareholder has indicated otherwise on the proxy card.**

40

---

## SOLICITATION OF PROXIES

We will pay the cost of this solicitation of proxies. In addition to the solicitation of proxies by use of the mail, we may use the services of one or more of our directors, officers or other regular employees (who will receive no additional compensation for their services in such solicitation) to solicit proxies personally, by telephone or by other electronic means. Arrangements will be made with brokerage firms and other custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of shares held on the record date by such persons and we will reimburse them for reasonable expenses actually incurred by them in so doing. In addition, we have entered into an agreement with Georgeson Inc., pursuant to which it will assist us in the solicitation of proxies by mail, in person and by telephone for a fee, which is estimated not to exceed \$13,500 plus out-of-pocket expenses.

## 2008 SHAREHOLDER PROPOSALS AND NOMINATIONS

Any proposal that a shareholder intends to be included in our proxy statement and form of proxy card for our 2008 Annual Meeting of Shareholders must be in writing and be received by our Corporate Secretary at The Chubb Corporation, 15 Mountain View Road, P.O. Box 1615, Warren, New Jersey 07061-1615 no later than November [ ], 2007, and must otherwise comply with the rules promulgated by the SEC in order to be eligible for inclusion in our proxy materials for the 2008 Annual Meeting of Shareholders.

Under our By-Laws, if a shareholder desires to bring a matter before the annual meeting of shareholders or if a shareholder wants to nominate a person for election to our Board, the shareholder must follow the procedures outlined in our By-Laws. A copy of Article I, Section 10, of our By-Laws, which covers those matters, is available without charge to shareholders of record upon written request to our Corporate Secretary. Our By-Laws also are available on our website at [www.chubb.com/investors](http://www.chubb.com/investors). Our By-Law procedures are separate from the SEC's requirements that a shareholder must meet in order to have a shareholder proposal included in our proxy statement.

One of the procedural requirements in our By-Laws is timely notice in writing of any business the shareholder proposes to bring before the annual meeting of shareholders and/or the nomination any shareholder proposes to make at the annual meeting of shareholders. Notice of business proposed to be brought before the 2008 Annual Meeting of Shareholders and/or director nominations proposed to be made at the 2008 Annual Meeting of Shareholders must be received by our Corporate Secretary no earlier than December 25, 2007 and no later than January 24, 2008.

The notice for business that the shareholder proposes to bring before the annual meeting of shareholders must be a proper matter for shareholder action and must describe:

- the business proposed to be brought before the annual meeting of shareholders;
- the reasons for conducting the proposed business at the annual meeting of shareholders;
- any material interest of the shareholder in the proposed business;
- the beneficial owner, if any, on whose behalf the proposal is made;
- the name and address of the shareholder giving the notice, as they appear on our books, and of the beneficial owner of those shares; and
- the class and number of shares which are owned beneficially and of record by the shareholder and the beneficial owner.

The notice for a nomination the shareholder proposes to make at the annual meeting of shareholders must describe:

- all information relating to each person whom the shareholder proposes to nominate for election as a director as would be required to be disclosed in a solicitation of proxies for the election of such person as a director pursuant to Regulation 14A under the Exchange Act, including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if so elected;
- the name and address of the shareholder giving the notice, as they appear on our books, and of the beneficial owner of those shares; and
- the class and number of shares which are owned beneficially and of record by the shareholder and the beneficial owner.

By Order of the Board of Directors,  
/s/ W. ANDREW MACAN  
W. Andrew Macan  
*Vice President and Secretary*

March [ ], 2007

42

---

**ANNEX A**  
**THE CHUBB CORPORATION**  
**POLICY ON PRE-APPROVAL OF INDEPENDENT AUDITOR SERVICES**

**I. Statement of Principles**

The Audit Committee of the Board of Directors is responsible for the appointment, compensation, retention, and oversight of the work of the independent auditor. The Chubb Corporation and the Audit Committee are committed to ensuring the independence of the auditor, both in appearance and in fact. Accordingly, significant attention is directed toward ensuring that services provided by the auditor are consistent with the SEC's rules on auditor independence.

The Audit Committee is required to pre-approve the audit and non-audit services performed by the independent auditor or its affiliates on behalf of The Chubb Corporation or any of its subsidiaries (collectively, the Corporation) in order to assure that the provision of such services does not impair the auditor's independence from the Corporation. In the case of audit services, pre-approval by the Audit Committee is required for such services provided to all consolidated subsidiaries of the Corporation, whether provided by the principal independent auditor or other firms.

**II. Delegation**

The Audit Committee has delegated to the Chairman of the Audit Committee authority to pre-approve specific services not to exceed \$25,000 per engagement. Any services pre-approved by the Chairman shall be reported to the Audit Committee at its next scheduled meeting.

The Audit Committee may consult with management but does not delegate its responsibilities to pre-approve services performed by the independent auditor to management.

**III. Audit Services**

Audit services include all services to be performed to comply with generally accepted auditing standards and those services that generally only the Corporation's independent auditor can provide, such as comfort letters, statutory audits, attest services, consents and assistance with and review of documents filed with the SEC.

**IV. Audit-Related Services**

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and that are traditionally performed by the independent auditor. The Audit Committee believes that the provision of audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence. Audit-related services include, among other services, audits of employee benefit plans; due diligence related to mergers and acquisitions; internal control reviews; attest services that are not required by statute or regulation; and consultations related to financial accounting or reporting standards.

**V. Tax Services**

The Audit Committee believes that the provision of tax services to the Corporation including tax planning, compliance, and advice does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence. Tax services include tax planning, compliance, and advice; preparation and review of original and amended tax returns; assistance with claims for refund and tax payment-planning services, tax audits and appeals before the IRS and similar state, local and foreign agencies; and advice related to mergers and acquisitions, employee benefit plans and requests for rulings or technical advice for taxing authorities. The Corporation shall not record a transaction or transactions, the primary business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations; the rendering of services to the Corporation, its executive officers and its directors by the independent auditor in connection with the auditor's recommendation of such transaction or transactions is prohibited.

## VI. All Other Services

The Audit Committee believes that certain specific non-audit services do not impair the auditor's independence. Accordingly, the Audit Committee may grant pre-approval to specific, permissible non-audit services classified as "All Other Services" that it believes are routine and recurring services that would not impair the independence of the auditor. "All Other Services" may include preparation of actuarial reports in accordance with regulatory requirements provided that the Audit Committee reasonably concludes that the results of these services will not be subject to audit procedures during an audit of the Corporation's financial statements.

## VII. Procedures

Requests for services to be rendered by the independent auditor will be provided annually to the Audit Committee for specific pre-approval. The requests will include a description of the particular services to be rendered and the expected fee range. On a periodic basis at subsequent Audit Committee meetings, an update on independent auditor services and all other audit services will be provided to the Audit Committee and any proposed new services, increases in engagement scope, and increases in engagement fees will be provided for specific pre-approval by the Audit Committee. Requests for pre-approval will be submitted to the Audit Committee by both the independent auditor and management and must include a written statement by the independent auditor as to whether, in its view, the request is consistent with the SEC's rules on auditor independence.

The Audit Committee will consider whether such service requests are consistent with the SEC rules on auditor independence. The Audit Committee will also consider whether the independent auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Corporation's business, people, culture, accounting systems, risk profile and other factors.

The term of any pre-approval is the period beginning on the date of pre-approval and ending on the last day of the first full calendar year after the date of pre-approval, unless the Corporation specifically provides for a different period.

The Audit Committee is also mindful of the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services. For each fiscal year, the Audit Committee may determine the appropriate ratio between the total amount of fees for Audit, Audit-related, Tax, and All Other Services.

## VIII. Prohibited Non-Audit Services

Provision of the following non-audit services by the independent auditor is prohibited in accordance with the SEC's rules. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

- Bookkeeping or other services related to the accounting records or financial statements of the Corporation;
- Financial information systems design and implementation;
- Appraisal or valuation services, fairness opinions or contribution-in-kind reports;
- Actuarial services;
- Internal audit outsourcing services;
- Management functions or human resources;
- Broker-dealer, investment adviser, or investment banking services;
- Legal services and expert services unrelated to the audit; and
- Any other service that the Public Company Accounting Oversight Board determines, by regulation, is impermissible.



**ANNEX B  
CERTIFICATE OF AMENDMENT  
TO THE RESTATED CERTIFICATE OF INCORPORATION**

**OF**

**THE CHUBB CORPORATION**

**Pursuant to Sections 14A:9-2(4) and 14A:9-4(3) of the  
New Jersey Business Corporation Act**

The undersigned DOES HEREBY CERTIFY:

**FIRST:** That the name of the corporation is THE CHUBB CORPORATION.

**SECOND:** That the Board of Directors of The Chubb Corporation, a New Jersey corporation (hereinafter called the Corporation ), at a meeting duly convened and held on March 2, 2007, at which a quorum was present and acting throughout, did approve and authorize this amendment to the Corporation s Restated Certificate of Incorporation.

**THIRD:** That the shareholders of the Corporation, at a meeting duly convened and held on April 24, 2007, at which a quorum was present and acting throughout (the Shareholder Meeting ), did approve and authorize this amendment to the Corporation s Restated Certificate of Incorporation.

**FOURTH:** That [ ] shares of the Corporation s common stock, par value \$1.00 per share (the Common Stock ), were entitled to vote on this Amendment at the Shareholder Meeting.

**FIFTH:** That the holders of [ ] shares of Common Stock voted for this Amendment and the holders of [ ] shares of Common Stock voted against this amendment.

**SIXTH:** That the existing paragraph of Article SEVENTH is hereby redesignated as Article SEVENTH, clause (a) and there be added to Article SEVENTH a new clause (b) to read in its entirety as follows:

(b) Except as otherwise required by law, directors shall be elected by the affirmative vote of a majority of the votes cast in person or by proxy (counting as cast for such purpose those shares in respect of which votes are withheld pursuant to Rule 14a-4(b)(2) of the proxy solicitation rules and regulations promulgated under the Securities Exchange Act of 1934, as amended), at a meeting at which a quorum is present, unless the number of nominees exceeds the number of directors to be elected, in which case, directors shall be elected by a plurality of the votes cast in person or by proxy at the meeting at which a quorum is present. In the event that a director nominee fails to receive a majority of the votes cast in an election where the number of nominees equals the number of directors to be elected, the Board of Directors may decrease the number of directors, fill the vacancy, or take other appropriate action.

**SEVENTH:** That the foregoing amendment shall be effective on and as of April 25, 2007.

B-1

---



Edgar Filing: CHUBB CORP - Form PRE 14A

IN WITNESS WHEREOF, The Chubb Corporation has caused its corporate seal to be hereunto affixed and this Amendment to be signed by its Chairman, President and Chief Executive Officer, John D. Finnegan, and attested by its Secretary, W. Andrew Macan, this 24th day of April, 2007.

/s/ JOHN D. FINNEGAN  
Chairman, President and Chief  
Executive Officer

Attest:

/s/ W. ANDREW MACAN  
Secretary

B-2

---

**Electronic Voting Instructions**

**You can vote by internet or telephone!**  
**Available 24 hours a day, 7 days a week!**

Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.

VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR.

**Proxies submitted by the internet or telephone must be received by 1:00 a.m., Central Time, on April [\_\_], 2007.**

**Vote by internet**

- Log on to the internet and go to **www.investorvote.com**
- Follow the steps outlined on the secured website.

**Vote by telephone**

- Call toll free 1-800-652-VOTE (8683) within the United States, Canada & Puerto Rico any time on a touch tone telephone. There is **NO CHARGE** to you for the call.
- Follow the instructions provided by the recorded message.

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

**Election of Directors**

1. Our Board of Directors recommends a vote **FOR** the listed nominees.

	<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>		<b>For</b>	<b>Withhold</b>
01 - Zoë Baird			02 - Sheila P. Burke			03 - James I. Cash, Jr.		

Edgar Filing: CHUBB CORP - Form PRE 14A

04 - Joel J. Cohen

05 - John D. Finnegan

06 - Klaus J. Mangold

07 - Sir David G. Scholey,  
CBE

08 - Lawrence M.  
Small

09 - Daniel E. Somers

10 - Karen Hastie Williams

11 - Alfred W. Zollar

**Issues**

Our Board of Directors recommends a vote **FOR** Proposals 2 and 3.

Our Board of Directors recommends a vote **AGAINST** Proposal 4.

		<b>For</b>	<b>Against</b>	<b>Abstain</b>			<b>For</b>	<b>Against</b>	<b>Abstain</b>
2.	To ratify the appointment of Ernst & Young LLP as independent auditor.				4.	To vote on a shareholder proposal regarding political contributions.			
3.	To approve the adoption of an amendment to The Chubb Corporation Restated Certificate of Incorporation.								

**Change of Address** Please print new address below.

**Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below.

Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box.

**IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.**

## **Proxy    The Chubb Corporation**

### **THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF THE CHUBB CORPORATION FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 24, 2007**

The undersigned shareholder of THE CHUBB CORPORATION (the Corporation) acknowledges receipt of the Notice of 2007 Annual Meeting of Shareholders and Proxy Statement each dated March [ ], 2007, and the undersigned revokes all prior proxies and appoints JOHN D. FINNEGAN, W. ANDREW MACAN and DOUGLAS A. NORDSTROM, and each of them, with full power of substitution, as proxies for the undersigned to vote all shares of Common Stock of the Corporation, which the undersigned would be entitled to vote at the Annual Meeting of Shareholders to be held at 15 Mountain View Road, Warren, New Jersey 07059 at 10:00 a.m., local time, on April 24, 2007 and any adjournment or postponement thereof, on all matters coming properly before said meeting.

This card also provides voting instructions for any shares of Common Stock of the Corporation allocated to and held on the undersigned's behalf in The Chubb Corporation Capital Accumulation Plan (the Plan).

**When properly executed, this proxy will be voted in the manner directed herein by the undersigned shareholder. If the undersigned has voting rights with respect to shares of Common Stock under the Plan, the trustees of the Plan will vote those shares as directed. If this proxy is validly executed and dated, but no direction is made, this proxy will be voted FOR proposals 1, 2 and 3 and AGAINST proposal 4.**

**In their discretion the proxies are authorized to vote upon such other business as may properly come before the Annual Meeting.**

