



XL INSURANCE (CHINA) COMPANY LIMITED

DISCLOSURE OF MATERIAL AFFILIATED TRANSACTION

2014-1

Being approved by the Board of Directors of XL Insurance (China) Company Limited (hereinafter “XLICCL” or the “Company”) on 6th December 2013, the Company entered into the 2014 All Lines Quota Share Reinsurance Treaty Agreement and the 2014 All Lines Excess of Loss Reinsurance Treaty Agreement with XL Insurance (Bermuda) Ltd (hereinafter “XLIB”) on 31st December 2013. As the estimation of the transaction amount under such two agreements meets the criteria of material affiliated transaction respectively, in adherence to the applicable laws and regulations and internal rules of the Company, the relevant information of the two transactions is so disclosed as below:

2014 All Lines Quota Share Reinsurance Treaty Agreement

- Pricing: Market terms.
- Purpose: To reduce the exposure of the Company and to meet the data needs of the clients.
- Impact: Limit the size of a loss, increase the leverage of XLICCL, and help stabilize the future underwriting experience of XLICCL.



2014 All Lines Excess of Loss Reinsurance Treaty Agreement

- Pricing: Deposit is the best estimate of reinsurance cost based on the expected exposures ceded to the Reinsurer as anticipated in the 2014 business plan of XLICCL. The final premium of the Treaty shall be calculated in accordance with input provided by an independent expert mutually agreed upon by the Ceding Company (XLICCL) and the Reinsurer (XLIB).
- Purpose: To ensure the net retained limit of XLICCL on any one loss is below 10% of the Company's registered capital.
- Impact: Limit the size of any individual loss to CNY 20m, increase the leverage of XLICCL, and stabilize the future underwriting experience of XLICCL.

XL Insurance (China) Company Limited

10th January, 2014