



XL INSURANCE (CHINA) COMPANY LIMITED
DISCLOSURE OF MATERIAL AFFILIATED TRANSACTION
2017-1

Being approved by the Board of Directors of XL Insurance (China) Company Limited (hereinafter “XLICCL” or the “Company”) on 13th February 2017, the Company entered into the 2017 All Lines Quota Share Reinsurance Treaty Agreement and the 2017 All Lines Excess of Loss Reinsurance Treaty Agreement with XL Bermuda Ltd (hereinafter “XLB”) on 20th February 2016. 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:

2017 All Lines Quota Share Reinsurance Treaty Agreement

- Basic information of the counterparty: XL Bermuda Ltd is an insurance company, with a registered capital of USD 15.9 billion. It writes both insurance and reinsurance business and its main line of business includes casualty, catastrophe, and property. XL Bermuda Ltd and XLICCL are affiliated companies under XL Group.



- Main terms and conditions: Treaty period from 1st January 2017 to 31st December 2017. XL Bermuda Ltd assumes 80% share of liability of all global incoming program business written on XLICCL paper.
- 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.
- Accumulated transaction amount in 2017 YTD: None

2017 All Lines Excess of Loss Reinsurance Treaty Agreement

- Basic information of the counterparty: XL Bermuda Ltd is an insurance company, with a registered capital of USD 15.9 billion. It writes both insurance and reinsurance business and its main line of business includes casualty, catastrophe, and property. XL Bermuda Ltd and XLICCL are affiliated companies under XL Group.
- Main terms and conditions: Treaty period from 1st January 2017 to 31st December 2017. XLICCL shall retain Chinese Yuan (CNY) 20 million in respect of a loss or series of losses arising from any one event and/or occurrence while XL Bermuda Ltd should assume unlimited liability in excess of (CNY) 20 million.
- Pricing: Deposit is the best estimate of reinsurance cost based on the expected exposures ceded to the Reinsurer as anticipated in the 2017



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 (XLB).

- 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 20 million, increase leverage of XLICCL, and stabilize the future underwriting experience of XLICCL.
- Accumulated transaction amount in 2017 YTD: None

XL Insurance (China) Company Limited

28th February, 2017