



XL INSURANCE (CHINA) COMPANY LIMITED

DISCLOSURE OF MATERIAL AFFILIATED TRANSACTION

2019-1

Being approved by the Board of Directors of XL Insurance (China) Company Limited (hereinafter “XLICCL” or the “Company”) on 25th January 2019, the Company entered into the 2019 All Lines Quota Share Reinsurance Treaty Agreement and the 2019 All Lines Excess of Loss Reinsurance Treaty Agreement with XL Bermuda Ltd (hereinafter “XLB”) on 20th February, 2019. 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:

2019 All Lines Quota Share Reinsurance Treaty Agreement

- Basic information of the counterparty: XL Bermuda Ltd is an insurance company, with a paid-in capital and surplus 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 AXA Group.
- Main terms and conditions: Treaty period from 1st January 2019 to 31st December 2019. 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 2019 YTD: None

2019 All Lines Excess of Loss Reinsurance Treaty Agreement

- Basic information of the counterparty: XL Bermuda Ltd is an insurance company, with a paid-in capital and surplus 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 AXA Group.
- Main terms and conditions: Treaty period from 1st January 2019 to 31st December 2019. XLICCL shall retain 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 2019 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 2019 YTD: None

XL Insurance (China) Company Limited
26th February, 2019