This glossary of technical terms contains terms used in this prospectus as they relate to our business. As such, these terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"1/24th method and 1/365th method"	under the annual basis of accounting, the provision for unearned premiums is recognised to cover the proportion of retained premiums written in a year which relate to the period of risk from the first date in the following financial year to the subsequent date of expiry of policies. Unearned premiums can be calculated on a time apportionment basis, principally on either a daily or monthly *pro rata* basis. The 1/365th method and 1/24th method are the main time apportionment methods to calculate unearned premiums under the 1/365th method, the unearned premium reserve is the aggregate of the unearned premiums, calculated on a daily *pro rata* basis, in respect of the premiums relating to the unexpired periods of the respective insurance policies at the end of the financial period the 1/24th method is based on the general assumptions that the premiums are spread uniformly over the month and the average date of issue of all policies is the middle of that month
"accident year"	the 12-month period in which loss events occurred, regardless of when the losses are actually reported, booked or paid
"actuaries"	specialists trained in mathematics, statistics and accounting who are responsible for rate, reserve and dividend calculations and other statistical studies
"agent"	an individual who is appointed by an insurance company to sell insurance policies on behalf of, and within the scope authorised by, the insurance company, and who receives a commission from the insurance company. An agent may have an exclusive or non-exclusive relationship with an insurance company
"broker"	a brokerage firm which represents and negotiates insurance contracts on behalf of the insured party, and who receives a commission from the insurance company
"captive insurer"	an insurance company which carries on general insurance business only and such business (1) does not relate to any liabilities or risks in respect of which persons are required by law to be insured and (2) is restricted to the insurance and reinsurance of risks of the companies within the same grouping of companies to which that company belongs
"case reserves"	reserves for claims and claims handling costs established with respect to specific, individual reported claims
"catastrophe"	a severe loss, usually involving risks such as earthquake, flood, windstorm and other similar natural disasters
"cede"	when an insurer reinsures its risk with another insurer or reinsurer, it "cedes" business

"claim"	a demand made by an insured person or the beneficiary of an insurance policy in respect of a loss which may come within the cover provided on the sum insured by the policy
"claims handling costs"	the expenses of settling general claims, including legal and other fees and general expenses
"claims incurred"	the total amount of loss and claims handling costs incurred by an insurance company under a policy or policies, whether paid or unpaid
"claims reserve"	case reserves plus IBNR reserves
"combined ratio"	the sum of the loss ratio and the expense ratio for a general insurance company or a reinsurance company. A combined ratio below 100 generally indicates profitable underwriting. A combined ratio over 100 generally indicates unprofitable underwriting. An insurance company with a combined ratio over 100 may be profitable to the extent net investment results exceed underwriting losses
"commission"	a payment to an agent or broker by an insurance company for service in respect of a sale of an insurance product
"compulsory insurance"	insurance which the PRC government, by law or regulation, requires to be taken up
"credit and guarantee insurance"	insurance that covers credit risk or exposure. Such insurance can be divided into credit insurance and guarantee insurance. Credit insurance is provided by an insurer to an obligee to cover the credit of an obligor such that the insurer indemnifies the obligee against losses caused by the obligor failing to perform its obligations under its contract with the obligee. Guarantee insurance involves the provision by an insurer, at the request of an obligor, of a guarantee in favour of an obligee such that if the obligor does not perform its contractual obligations and causes economic losses to the obligee, the insurer indemnifies the obligee against the losses
"deductible"	the amount of loss that an insured retains
"direct written premiums"	the amounts before government levies and surcharges charged by an insurer to insureds in exchange for coverage provided in accordance with the terms of an insurance contract. It excludes all reinsurance premiums, either assumed or ceded
"excess of loss reinsurance treaty"	a form of non-proportional reinsurance under which the reinsurer agrees to reimburse the ceding company for all losses in excess of a predetermined amount, subject to a predetermined maximum limit. Premiums paid by the ceding company to the reinsurer for excess of loss reinsurance are generally not in the same proportion to the claims recovered by the ceding company from the reinsurer
"expense ratio"	the ratio of business operating expenses to net earned premiums
"facultative reinsurance"	the reinsurance of all or a portion of specific, individual risks to a reinsurer on a case-by-case basis

"general insurance"	also called "non-life insurance" or "property and casualty insurance" and including insurance such as motor, personal accident, goods in transit, employees' compensation, other liabilities and property insurance and medical insurance
"gross written premiums"	direct written premiums plus any reinsurance premiums assumed by the insurer
"group insurance"	life, personal accident and medical insurance taken out for groups of individuals (typically employees of a common employer)
"IBNR reserves"	reserves for estimated losses and loss adjustment expenses which have been incurred but not yet reported to the insurer or reinsurer, including future development of claims which have been reported to the insurer or reinsurer but where the established reserves may ultimately prove to be inadequate
"long-tail"	insurance business with a relatively longer period of exposure to potential claims and/or with a relatively longer period of settlement, generally more than three years
"long term business"	means any of the classes of insurance business specified in Part 2 of First Schedule of the ICO which include, among others, life and annuity, marriage and birth, permanent health, capital redemption and retirement scheme management
"long-term life insurance"	life insurance policies which are intended to be greater than twelve months in duration, are not subject to unilateral changes in the contract terms and require the performance of various functions and services (including but not limited to insurance protection) for an extended period of time
"loss"	an occurrence that is the basis for submission and/or payment of claim. Losses may be covered, limited or excluded from coverage, depending on the terms of the policy
"loss ratio"	the ratio of a general insurance or reinsurance company's incurred claims and claims expenses to net earned premiums
"net earned premiums"	net written premiums less the change in net unearned premium reserves
"net written premiums"	gross written premiums for a given period less premiums ceded to reinsurers during such period
"non-proportional reinsurance treaty"	a reinsurance contract under which the reinsurance coverage of loss is not directly proportional to the loss of the ceding company. Generally, non-proportional reinsurance is also known as "excess of loss reinsurance"
"penetration rate"	direct written premiums as a percentage of GDP
"pool"	an organisation of insurers or reinsurers through which particular types of risks are underwritten with premiums, losses and expenses being shared in agreed-upon percentages
"premium"	the amount of money which a policyholder agrees to pay to an insurer for an insurance policy

"premiums earned"	that portion of gross written premium in current and past periods which applies to the expired portion of the policy period, calculated by subtracting changes in net unearned premium reserves from gross written premiums
"property insurance"	insurance that provides coverage to a person with an insurable interest in tangible property for that person's property loss, damage or loss of use
"proportional reinsurance treaty"	a reinsurance contract under which the ceding company and the reinsurer share premiums and claims in agreed proportions
"quota share" or "quota share reinsurance"	reinsurance where the insurer cedes an agreed-upon percentage of liabilities, premiums and loss for each policy covered on a pro rata basis
"rate" or "premium rate"	consideration paid per unit of insurance as a percentage of insured value
"reinsurance"	the sharing or spreading of a risk by an insurer ceding part of an insured risk to a reinsurer
"reinsurance commission"	a commission paid to an insurance company by a reinsurer
"retention"	the risks kept and assumed by an insurer or reinsurer after ceding a part of such risks to another reinsurance company. Losses in excess of the retention level up to the outer limit of a reinsurance program, are paid by the reinsurer. In proportional treaties, the retention may be a percentage of the original policy's limit. In excess-of-loss reinsurance, the retention is a dollar amount of loss, a loss ratio or a percentage
"share premium"	paid-in capital in addition to issued and paid-up nominal share capital
"short-tail"	insurance business with a relatively shorter period of exposure to potential claims and/or with a relatively shorter period of settlement, generally less than three years
"short-term life insurance"	as used in connection with our insurance businesses, life insurance policies for a fixed period of no more than twelve months
"statutory reinsurance"	under PRC regulations, an insurance company must reinsure a certain portion of each insurance business it underwrites other than life insurance business with China Reinsurance (Group) Company, a state-owned reinsurance company. The statutory reinsurance rate in 2003 is 15% and this rate will be reduced by five percentage points each year until it is phased out completely by the end of 2005
"statutory reserves"	amounts required to be reserved under the PRC Insurance Law as well as PRC accounting standards in order for an insurance company to provide for future obligations with respect to all policies. Statutory reserves are liabilities on the balance sheet of financial statements prepared in conformity with PRC accounting standards

"surplus treaty"	a form of proportional reinsurance treaty whereby the reinsured cedes and the reinsurer accepts that share of the risk which exceeds the reinsured's retention
"term life insurance"	life insurance written for a specified period and under which no cash value is generally available on surrender
"third-party liability"	a liability owed to a claimant by the insured party
"treaty reinsurance"	reinsurance of blocks of risks, whereby all risks within a certain class or classes, and within the scope defined in the relevant reinsurance agreement known as a treaty, are accepted by the reinsurer. Typically, in treaty reinsurance, the direct insurer (that is, reinsured) has the obligation to offer, and the reinsurer is obligated to accept, a specified portion of all that type or category of risks originally written by the insurer
"turnover"	gross written premiums net of government levies and surcharges and discounts and returns
"underwriting"	the insurance function that is responsible for (1) assessing and classifying the degree of risk a proposed insured party represents and (2) making a decision concerning coverage of that risk. Also called risk selection or selection of risks
"underwriting capacity"	the amount of exposure that an insurer or reinsurer is willing or able to place at risk. Underwriting capacity may apply to a single risk, a line of business or an entire book of business. Underwriting capacity may be constrained by legal restrictions, corporate restrictions or indirect restrictions
"underwriting profit" or "underwriting loss"	the pre-tax profit-or loss experienced by an insurance company after deducting net loss incurred, amortisation of deferred acquisition costs, insurance protection expense and general and administrative expenses from net premiums earned. This pre-tax profit or loss includes reinsurance assumed and ceded but excludes investment income
"unearned premiums"	the portion of premiums that is allocable to the unexpired portion of the policy term or paid in advance for insurance or reinsurance that has not yet been provided