

UNAUDITED SUPPLEMENTARY FINANCIAL INFORMATION

未經審核補充財務資料

MANAGEMENT OF RISKS

The Group has adopted prudent strategies and techniques which aim to effectively identify, evaluate and manage risks for its reinsurance underwriting, life insurance underwriting and investments.

(i) Underwriting activities

The Group's reinsurance portfolio is made up of a mix of business spread across different geographic regions and classes, with emphasis towards Asian countries property damage, marine cargo and hull and miscellaneous non-marine classes. In addition to diversifying its underwriting portfolio, the Group does not actively seek acceptance of any liability reinsurance business from customers operating outside of the Asia Pacific region, in particular, the United States of America. In the Asia Pacific region, where there are core-markets of the Group, liability reinsurance for motor, workers' compensation and general third party liability are written on a limited scale in order to provide customers in the region with comprehensive reinsurance services.

The Group focuses its life insurance business towards the PRC's life insurance market, offering a wide range of insurance products covering different types of individual and group life insurance, health insurance, accident insurance and annuity. With regard to the control of quality of the insurance policies underwritten, the Group has formulated strict operational procedures on underwriting and claims settlement to control risks on insurance underwriting.

(ii) Reinsurance protection

The Group purchases reinsurance protections in order to increase its underwriting capacity, to diversify its risk exposure and to harmonize its net retention exposure to avoid any significant adverse impact to its financial performance which may be caused by single or multiple catastrophic losses. The reinsurance protections are chosen after careful consideration of reinsurers' reputation and credit worthiness. In assessing the credit worthiness of reinsurers, the Group takes into account, among other factors, ratings and evaluation by recognized credit rating agencies, their claims-paying and underwriting track record, as well as the Group's past transaction experience with them. The Group also spreads out the credit risk by reinsuring with a number of reinsurers who are domiciled in many different countries.

(iii) Catastrophe exposure

The Group closely monitors its aggregate exposure to natural catastrophic perils around the world, and records major catastrophic losses in a historical database. Aggregate exposure is reviewed and analyzed on a regular basis. The catastrophic exposure of the Group is protected by means of various reinsurance protection facilities which limit the Group's maximum net retained loss to a tolerable level.

管理風險

本集團採用穩健的策略與技巧，以有效界定、評估及管理再保險承保業務與投資活動的風險。

(i) 承保業務

本集團的再保險組合包含不同地區及不同類別的保險業務，主要包括亞洲國家的財產損失、貨運及船舶及其他非水險業務。除承保組合多元化外，本集團不會主動爭取亞太區以外（尤其是美國）分出保險公司任何責任險的再保險業務。在本集團核心業務的所在地（即亞太區），責任險如汽車險、勞工賠償及一般第三者責任險祇在很有限的規模內承保，以便為核心地區客戶提供全面的再保險服務。

本集團專注於在中國人壽保險市場提供人壽保險業務，提供一系列保險產品，包括各類個人及團體人壽保險、健康保險、意外保險及年金保險。在控制承保單的質量方面，本集團已制訂嚴格承保及理賠的運作程序，以控制承保保險的風險。

(ii) 轉分再保險

本集團採用再保險保障以提高承保能力、分散風險及平抑自留風險，避免個別或多次災難性損失可能嚴重打擊本集團的財務表現。選擇再保險保障時會審慎考慮再保險商的信譽及信用水平。在評估再保險商的信用水平時，本集團會考慮認可信用評級機構的評級及評估、以往索償及承保記錄及與本集團以往的交易經驗等因素。本集團亦會轉分保給在不同國家成立的再保險商，將國家風險分散。

(iii) 巨災風險

本集團密切監察在全球各地所承擔自然災難的總風險，並將重大的災害記錄在數據庫內，定期監察和分析。本集團的巨災風險通過各種轉分再保險條約，將本集團最高可承受的自留損失部分控制在可接受的範圍內。

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MANAGEMENT OF RISKS (Continued)

(iv) Reserve adequacy

The Group exercises great care and effort in setting up the reserves for its reinsurance business. The reserves are estimated by the Group, using actuarial methods such as loss development methods and/or Bornhuetter-Ferguson method. The adequacy of the reserves is regularly reviewed.

The computation of the Group's reserves for its life insurance business is in accordance with Hong Kong generally accepted accounting principles. The determination of annual reserves to be made are based on a conservative but realistic assumption on mortality and morbidity rates, return on investment, persistency rates and policy maintenance expenses after reasonable and prudent adjustments for adverse derivation to ensure adequacy of the reserves on a going concern basis.

(v) Foreign currency

The Group underwrites business originating from many parts of the world. It is potentially subject to currency fluctuation when claims are to be paid. The Group hedged the currency risk by holding deposits in a number of currencies and by premium income generated from the underwriting in the relevant foreign currency. The transfer of foreign currency exposure through appropriate reinsurance protection also provides the Group with additional hedging against such currency fluctuation risk. Members of the senior management are dedicated to monitor the book of foreign currencies held by the Group.

(vi) Investments

The Group's investment policy emphasizes asset quality and liquidity. However, its investments are subject to various exposures including market risks and credit risks, as well as interest rate risk. Prudent risk management procedures are in place with an aim to manage those risks. Market risks are the risks that changes in interest rates, foreign exchange rates or equity and commodity prices will affect the prices of monetary assets taken or held by the Group. The adoption of held to maturity approach of the fixed rate securities has provided the Group with steady income. Overall, the composition of the investment portfolio is geared towards stable recurrent income.

管理風險 (續)

(iv) 充足儲備

本集團為再保險業務建立儲備時極為審慎。本集團採用精算法如損失發展法，及／或「BORNHUETTER-FERGUSON」法估算儲備。並定期檢討儲備金是否充足。

本集團根據香港公認會計慣例來計算本集團人壽保險業務之儲備。每年的準備金是以保守而現實的死亡率、傷病率、投資回報率、續保率和維護費用假設而釐定，並為可能出現的不利偏差在假設做了合理和審慎的調整，以確保在持續經營的基礎上準備金的充足性。

(v) 外匯

本集團承保來自世界各地的風險，因此可能有來自不同國家貨幣的索償。本集團持有各種外幣存款及以相關外幣承保的保費收入，用以對沖外匯風險。通過分出再保險轉移外匯風險，可使本集團獲得額外外匯對沖保障。本集團並且指定高級管理人員負責監察本集團的外匯儲備是否適量。

(vi) 投資

本集團的投資策略著重資產素質及套現能力，但投資仍受市場風險、信貸風險及利率風險等因素所影響。本集團採取審慎的風險管理措施。市場風險是指隨利率、外幣匯率或證券及商品價格的變動從而影響到本集團取得或所持之貨幣資產價值。本集團採用將固定利率證券「持至到期」的政策，投資組合因而傾向持有經常性收入的投資工具，以爭取穩定的收入。