

Glossary

actuarial reserves	the discounted present value of future policy benefits of the Group's long term insurance policies, less future premiums which make an allowance for the expenses of acquiring and maintaining the business
agent	in an agency relationship, an individual who is authorized to perform certain acts for another party
appointed actuary	the actuary appointed by an insurance company pursuant to the Insurance Companies Ordinance, possessing prescribed qualifications
Chinese Correspondence	product leaflets and direct mailing packs which the Group sent to policyholders that is written in Chinese
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
commission	a payment to an agent or broker by an insurer for services in respect of a sale or maintenance of a product
contributions	Periodic payments made towards a retirement scheme
critical illness	Insurance that provides benefits upon contraction of a terminal illness, such as cancer
embedded value	Represents the sum of a life insurance company's net worth and the value of the expected cash-flow of its in-force business
future insurance liabilities	the present value of future liabilities relating to insurance business as certified by the appointed actuary
general insurance	also called "non-life insurance" or "property and casualty insurance": this includes insurance such as motor, fire, accident, goods in transit, employees' compensation and property insurance, together with medical insurance which is short-term in nature
group insurance	life, accident and medical insurance taken out for groups of individuals (typically employees of a common employer)

IVRS	Interactive-Voice-Response System
in-force business	Current insurance policies and retirement schemes for which premiums or contributions are being paid or have been fully paid
insurance intermediaries	Insurance intermediaries can be insurance agents or insurance brokers. A person shall not act as both as an insurance agent and as an insurance broker at the same time. Effective from January 1 2000, insurance intermediaries and their technical representatives are required to satisfy the Qualifying Examination requirement (unless otherwise exempted) under the Insurance Intermediaries Quality Assurance Scheme (IIQAS)
Insure-21	Insure-21 is our in-house developed Life Insurance Administration System which will be completed before end of 2001. The system is developed with the following main objectives to enhance system functionalities and improve operational efficiency; to improve time-to-market new products; to improve our service to customers; to improve system integrity and control
morbidity rate	the probability of becoming disabled within a specified period
mortality rate	the probability of death within a specified period
policy in force	see “in-force business” above
policy reserve	a liability defining the amount that, together with future premiums and assumed rate of investment interest, is expected to be needed to pay benefits of in-force policies. Also called policy liability, statutory reserve, and legal reserve
premium	the amount of money which a policyholder agrees to pay to the insurer for the insurance policy and/or as contributions to a retirement scheme
reinsurance	the sharing or spreading of a risk by an insurer ceding part of an insured risk to a reinsurer
UAT	User Acceptance Test
underwriting	the insurance function that is responsible for (1) assessing and classifying the degree of risk a proposed insured represents and (2) making a decision concerning coverage of that risk. Also called risk selection or selection of risks