二十一世纪高等院校保险系列规划教材
ERSHIYI SHIJI GAODENG YUANXIAO BAOXIAN XILIE GUIHUA JIAOCAI

新编保险英语

Insurance English
(New Edition)

袁建华◎编著

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前　言

自从党的十八大以来，中国经济发展令世人瞩目，优化了的市场经济环境给中国梦的实现以及中华民族的伟大复兴带来了前所未有的机遇。历经三十多年飞速发展，我国在2010年第二季度超越日本成为仅次于美国的世界第二大经济体。中国的经济已逐步融入世界经济的大潮流之中。我国的保险业为我国经济的发展承担风险保障作用，为经济的健康发展发挥了巨大的作用，2013年全国保费收入达到1.72万亿元。为了使我国的保险业在全球保险市场竞争中处于不败之地，因此培养一批有竞争能力的涉外保险人才就显得尤为重要。

本教材在编写过程中，参考了2005年由西南财经大学出版社出版的《保险英语》、2007年由西南财经大学出版社出版的*General Insurance*。还特别参考了英国特许保险学会针对海外保险公司学员编写的CII资格考试学习教材*Risk and Insurance* 510、*Contract Law and Insurance* 520以及本人在英国学习期间收集的保险资料。在此基础上对篇幅进行了压缩，修改了书中的一些错误，更新了最新数据，包括2009年修订的《中华人民共和国保险法》、我国保险市场主体最新数据以及英国保险市场主体最新数据。全书共8章，内容更加精炼，层次更加分明，结构更加合理。

值得一提的是，经过10多年的保险教学，本人对保险理论和实务的理解得到了巨大的提升。因此，无论是课后的专业术语翻译还是句子难点的翻译，都比以前翻译得更加准确、更加到位。本书最大的亮点是每章配备了几幅与课文内容相结合的简笔画，由广东金融学院保险系毕业生鲍汀元和劳动经济与人力资源管理系毕业生杜斯帆同学根据本人提出的构思共同创作而成，增加了内容的趣味性和幽默感。

本教材共8章，内容包括风险与保险、保险与保险的职能、保险的四大原则、英国保险市场、保险公司的组织形式。为了让学生更容易理解，每章课后编排了专业术语翻译、难句翻译、课后练习等内容。学生通过对本课程的学习，能提高阅读金融与保险英文原著的能力，为未来的学习与工作打下坚实的基础。

本教材是金融保险专业学生的必读教材，可作为涉外保险业务工作者的培训教材、各保险公司高层次专业人员出国前进行培训的教材和进行专业英语选拔考试的参考教材，同时也适合各高等院校英语专业的学生和热爱保险的学生自学之用。

本教材在编写过程中，得到了广东金融学院领导、保险系主任罗向明教授以及保险系老师的关心和支持，在此表示真心的感谢。本教材的出版还得到了西南财经大学出版社的大力支持，在此也一并表示感谢。

由于编者水平有限，书中难免有不妥之处，希望使用本书的教师和学生以及广大读者提出宝贵意见，以便以后再版时修订。

袁建华

2015年1月于广州

目　　录

Chapter 1 Risk and Insurance

LEARNING OBJECTIVES:

☞Understanding the meaning of risk

☞Telling the difference between peril and hazard

☞Understanding the concept of insurance

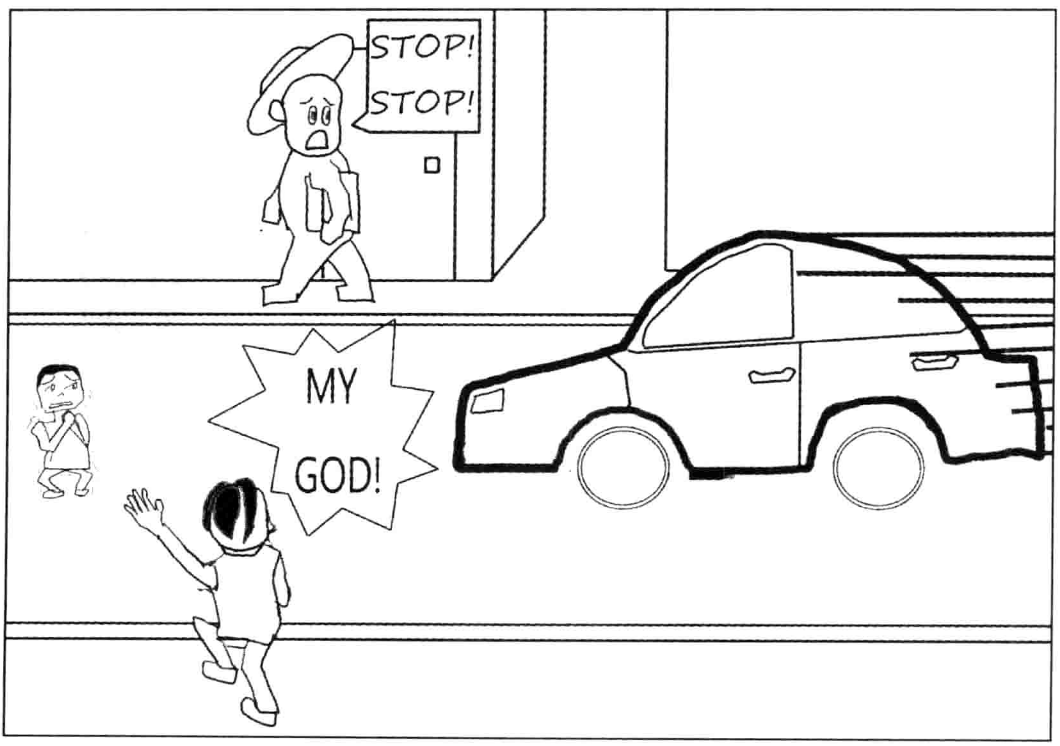
☞Learning about the types of insurance

CONTENTS OF THIS CHAPTER:

☞Section 1: The concept of risk

☞Section 2: The concept of insurance

☞Section 3: The classification of insurance



Where there is risk, there is insurance. In other words, without risk, there is no insurance. Only when we know what risk really is, can we know what insurance is. When we are aware of the existence of risk, we want to know what insurance can do to help us prevent, control and reduce the risk.

Section 1 The concept of risk

1.1 The definition of risk

When we use the word "risk", we mean it will possibly cause losses or damages to someone when it happens. The outcome may be serious. In this way, we can say fire is a risk, theft is a risk, and personal injury is a risk and so on. What is the meaning of risk?

Risk can be defined as the possibility or uncertainty of damage and loss, but not the damage and loss that have occurred on a certain property.[1]

Risk is the possibility of an unfortunate occurrence.

Risk is a combination of hazards. Risk is unpredictable, which refers that the actual results may differ from predicted results.[2]

After studying the definitions, we know that there does seem to emerge some kind of common thread running through each of them. First of all, it has an underlying idea of uncertainty that we refer to as doubt about the future.[3] Secondly, it implicates that there are different levels or degrees of risk. Thirdly, it underlies the idea of a result which has been brought by a cause or causes.

1.1.1 The cases of uncertainty of risk

Suppose a child is playing basketball in the middle of a busy street; what will happen to him? If a worker is using a machine while he does not know that it is faulty and dangerous, what will happen to him? And if a pedestrian does not know the wall running alongside a pavement is dangerous and is about to collapse because of continuous rain, what will happen to him? There is an element of risk and uncertainty in the three examples. The child may escape free of injury, but he can be hit by a car. The machine may suddenly collapse and hit the worker. If he is lucky, the machine may hold out and does not explode until he has finished using it. And if the wall suddenly collapses, it can hit the pedestrian. If he is quick enough, he may escape from the falling wall.

In a word, it all depends on luckiness and fortune in above cases. We can conclude that uncertainty is not dependent on whether you recognize it or not. It always exists around us.[4]

1.1.2 Relations between Peril and hazard

Peril means the possibility that something is likely to cause injury, pain, harm, or loss and damage.[5] It is a risk accident. Hazard means something that increases the possibility of a loss. It is a factor that influences the outcome.

When a house is located on the riverbank, it will face the risk of flood. The risk of flood does not really make sense; what we mean is the risk of flood damage. Flood is the cause of the loss and the fact that one of the houses was right on the bank of the river influences the outcome.

Hazards are not themselves the cause of the loss, but they can increase or decrease the effect if a peril operates. The consideration of hazard is important when an insurance company is deciding whether or not it should insure some risk and what premium to charge.

We can conclude that flood is the peril and the proximity of the house to the river is the hazard. The peril is the prime cause. Often it is beyond the control of anyone who may be involved. In this way, we can say that the storm, fire, theft, motor accident and explosion are all perils.

Hazard can be physical or moral. Physical hazard relates to the physical characteristics of the risk, such as the nature of construction of a building, security protection at a shop or factory, or the proximity of houses to a riverbank. Moral hazard is a situation in which a party is more likely to take risks because the costs that could result will not be borne by the party taking the risk. In other words, it is a tendency to be more willing to take a risk, knowing that the potential costs or burdens of taking such risk will be borne by others. Therefore moral hazard concerns the human aspects which may influence the outcome. This usually refers to the attitude of the insured person.

1.2 The Classification of Risk

1.2.1 Financial and non-financial risk

A financial risk is one where the result or the outcome can be measured by money. For example, material damage to property, theft of property, house being damaged because of a fire, etc. All of them belong to financial risks. In case of the risk of personal injury, it can also be possible to measure the financial loss in the court by the judge awarding damages to the insured or make the settlement of the financial loss by negotiating between lawyers and insurers.

Non-financial risk would refer to anything that is not monetary or that which cannot be associated or viewed in terms of money.[6] For example, if you choose a new car from a car dealer, or select an item from a restaurant menu, we cannot say that they belong to financial risks. Other examples are the selection of your career, the choice of your marriage partner or spouse. All of these are non-financial risks because they cannot be measured by money.

1.2.2 Pure and speculative risk

1.2.2.1 Pure risk

Pure risk refers loss or a break-even situation. There is no chance of gaining profits.[7] The outcome is unfavorable to us or leaves us in the same position as we enjoy before the event occurs. For example, machinery may break down and take some time to be repaired. More examples are the risk of a motor accident, fire at a company, theft of goods from the factory, or injury at work. They are all pure risks.

1.2.2.2 Speculative risk

Speculative risk refers to a loss, a break-even or the chance of gaining profits.[8] For example, when you invest money in stock and security market, you may result in a loss, or a beak-even, if you are lucky, you may have the chance of gaining profits in the investment. Another example is that the manufacturer who provides credit to customers can be a risky venture, the goods have been sold by him in the hope of gaining profits, but the client or the customer may not be able to pay for them and the result is a loss.

1.2.3 Fundamental and particular risks

1.2.3.1 Fundamental risks

Fundamental risks are those which arise from causes outside the control of any individual or even a group of individuals.[9] In addition, the effect of fundamental risk affects large number of people. This kind of classification includes earthquakes, floods, famine, volcanoes and other natural disasters. Besides, social changes, political interventions and war can be explained as fundamental risks.

1.2.3.2 Particular risks

Particular risks refer to personal risks. They are much more personal both in the cause and effect. This includes many of the risks we have already mentioned above such as fire, theft, injury and motor accidents. All of these risks arise from individual causes and affect individuals in their outcomes.

In the early part of 17^{th} century, unemployment was regarded as a particular risk in USA; it was believed or implicated that being unemployed was the fault of individual himself. However, technological unemployment of eighties and nineties has changed that viewpoint because of the changes in industrial and commercial world. People no longer emphasized the fault of individual himself, but focused on the society as the reason for unemployment.

Section 2 The concept of insurance

2.1 The meaning of insurance

Insurance can be defined as the "term used to refer to a commercial insurance transaction whereby an insurance applicant, as contracted, pays insurance premiums to the insurer, and the insurer bears an obligation to indemnify for property loss or damage caused by an occurrence of a possible event that is agreed upon in the contract, or to pay the insurance benefits when the insured person dies, is injured or disabled, suffers diseases or reaches the age or term agreed upon in the contract.①" [10] In simple words, an applicant or an insured pays the premiums to the insurance company; the insurer bears the liability to pay the claims or give the benefit under the terms of the insurance policy.

① Insurance Law of the People's Republic of China. http://www.npc.gov.cn/npc/xinwen/2009-02/28.

2. 2 The function of insurance

2. 2. 1 Primary functions

2. 2. 1. 1 Risk transfer

The primary function of insurance is to act as risk transfer mechanism. Think of a car owner. He has a car valued at $ 200 000. The car could be stolen, damaged in an accident or catch a fire. There could be an accident, resulting in serious injury to passengers or other people. How will the owner of the car cope with all of these potential risks and their financial loss? We know that the owner of the car can transfer the financial loss to the insurer, in return for paying a premium.

2. 2. 1. 2 Financial indemnity and insurance benefit

The basic function of insurance is to provide financial indemnity and insurance benefit.[11] In property insurance, when a subject-matter of insurance is damaged and the loss occurs, the insurer will give indemnity to the insured under the insurance contract. In life insurance, when an insured person dies, suffer diseases, is disabled or reaches the age under the life contract, then the insurer will give insurance benefit to insured person or his beneficiary.

2. 2. 1. 3 Creation of the common pool

In order to demonstrate the common pool, let us concentrate on the risk of the owner of a house being totally destroyed and say that there is a one in a thousand chance that will happen during the year. It has no great value that one house will be destroyed in every thousand houses. But if a large number of houses would be destroyed, it does begin to mean something. For example, if there were one thousand similar houses, then we could say that one of them will probably be destroyed during a year. On average, therefore, the expected total loss would amount to $ 60 000. Knowing this, the owners of one thousand houses could all contribute at least $ 60 into a common pool, and there would be enough to pay the one loss.

The insured's premium is received by the insurer into the pool or fund for the type of risk. By collecting premiums from all individuals and enterprises, insurers can spread the cost of the few losses among all the insureds.[12] The insurer takes the insurance premiums from many people and pays the losses of the few out of the pool. The premiums have to be enough to meet the total losses in any one-year and cover the other costs of operating the pool including the profit of the insurer. Even after taking all these costs into account, insurance is still an attractive business in the world.[13]

2.2.1.4 Equitable premiums

It is clear that there can be several of these pools, one for each type of risk. The people who have a house to insure would not contribute to the same pool as those insuring a car. Operating in this way allows an insurer to identify which types of insurance are profitable and which are not profitable.

Even when risks of a similar type are brought together in a common pool, they do not all represent the same degree of risk to the pool itself. So the insurer has to ensure that a fair premium is charged, which reflects the hazard and the value which the person or company brings to the pool. Besides, the premium must also be competitive. There is not just one insurer in the market place and hence competition enters into the calculation. If an insurer charges a premium that exceeds the one quoted by other insurers, then he may lose the business. If he charges too little, the contribution to the pool would be less than required and loss would be made.

The three functions are all interest-dependent. Insurance can provide risk transfer mechanism by means of a common pool and each insured pays an equitable premium.

2.2.2 Subsidiary functions

2.2.2.1 Loss prevention

When risks are proposed to an insurance company, they will carry out a survey in order to assess the degree of risk. They make recommendations as to reduce the possibility of the occurrence of loss. Preventing disasters and losses is the important aspect in the risk management. The insurance itself is also the important aspect of risk management. Insurer plays an active role in participating in the work of preventing disasters and losses with other related departments.

2.2.2.2 Investment of funds

When an insurance premium is received and put into the fund, claims will arise from a few weeks or months until several years. The insurer can make full use of the idle fund to invest in order to gain the best overall return. The insurer can use the fund to buy government security, stock, money market fund or invest it in the real estate.

2.3 The Role of Insurance

First of all, insurance can ensure the society to carry out the reproduction. By insurance, the risk can be transferred and the social reproduction can be ensured. Secondary, insurance can guarantee the insured to enjoy his financial interest. As long as the insured has taken out insurance, he can get financial indemnity or insurance benefits from insurance company if the damages or losses or injuries are covered by insurance policy. Thirdly, insurance can bring the stability to the society. When a disaster or accident happens, perhaps it will cause damages or losses to property and injuries or death to people. Insurer tries his best to pay claims to individuals or business units and protects their normal life. Therefore insurance stabilizes the society.

Section 3 The classification of insurance

As insurance has developed, the various types of cover have been grouped into several classes which have come about by practice within the insurance company offices. Insurance offices are generally split up into departments or sections, each of which will deal with types of risk which have an affiliation with each other. There is a very wide variety in the way in which companies organize their business, but the following divisions are very common.

3.1 Ordinary life assurance

Ordinary life insurance includes many kinds of assurances. Here are some of them in the following.

3.1.1 Term insurance

In United Kingdom of Great Britain, term life assurance is the oldest form of insurance and provides for payment of the sum insured on death.[14] If the life insured dies, the face amount of the policy money will be given to the beneficiary. If the life insured survives to the end of the term, then the cover ceases and no money is payable. Depending on the age of the life insured, this is a very cheap form of cover and would be suitable in the case of a young married man with medium income to low income who wants to provide a reasonable sum for his wife in the event of death. Such policies can be issued for a period as short as one year or can provide protection up to five, ten fifteen, or twenty years.

3.1.2 Personal accident insurance

The intention of the basic policy is to provide compensation in the event of an accident causing death or injury. Capital sums are paid in the event of death or certain specified injuries, such as the loss of limbs or sight.[15] The policy is usually extended to include a weekly benefit for up to 104 weeks, or compensation if the insured is temporarily totally disabled due to an accident and reduced weekly benefit if he is only partly disabled from carrying out his normal duties.

In addition to the purchase of personal accident insurance by individuals, it is also possible for companies to arrange cover on behalf of their employees. These arrangements made by employers on behalf of the employees are also called employer's liability and many organizations arrange group life insurance for their employees.

3.1.3 Group life insurance

Employers sometimes arrange special terms for life assurance for their employ-