

# Functional Equivalence in the Translation of English Insurance Contracts: Linguistic Challenges and Strategic Approaches

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**Abstract:** This paper explores the linguistic complexities and strategic approaches involved in translating English insurance contracts from the theoretical perspective of Functional Equivalence. By conducting a systematic analysis of the linguistic characteristics and translation challenges inherent in insurance contracts, complemented by case studies, this research explores strategies for achieving functional equivalence at both lexical and syntactic levels. The findings underscore the necessity for translators to not only ensure the precise transmission of legal information but also to account for the cultural context and reading habits of the target audience. The study further accentuates the critical role of strategically employing diverse translation techniques to optimize functional equivalence in legal and professional discourses.

**Keywords:** Functional Equivalence Theory, English Insurance Contracts, Translation Challenges, Translation Strategies, Legal Translation.

## 1. Introduction

With the rapid expansion of cross-border insurance transactions, the demand for high-quality translations of English insurance contracts has increased significantly. While numerous scholars have explored legal text translation from the perspective of Functional Equivalence Theory, research specifically addressing insurance contracts as a unique subcategory of legal texts remains relatively underdeveloped. Existing studies have predominantly focused on the translation of legal terminology, yet there is a noticeable lack of systematic inquiry into the complexities of syntactic structures, the diverse nature of contractual provisions, and the practical strategies necessary to achieve functional equivalence in insurance contract translation.

This study seeks to bridge this research gap by conducting an in-depth analysis of the linguistic characteristics and translation challenges associated with English insurance contracts. Grounded in Functional Equivalence Theory, the paper not only explores the difficulties inherent in translating such contracts but also proposes targeted translation strategies aimed at ensuring accuracy, legal coherence, and cross-cultural intelligibility. By doing so, this research contributes to a more comprehensive understanding of translation practices within the specialized domain of insurance law.

## 2. Overview of Functional Equivalence Theory

### 2.1. Core Concepts

Functional Equivalence Theory, first initially put forward by American linguist and translator Eugene Nida in 1969. This concept emphasizes the achievement of an equivalent communicative effect between the source text and the target text. Nida defined it as “the closest natural equivalent in the target language, both in terms of meaning and style” (Nida, 1997), positing that translation should give priority to the overall effect on the target audience rather than adhering

rigidly to a word-for-word correspondence. To clarify potential misunderstandings regarding content and form equivalence, Nida later refined this concept as functional equivalence, which, while closely aligned with dynamic equivalence, places greater emphasis on the communicative function of translation (Mao & Wang, 2024). Functional Equivalence Theory comprises four key aspects: lexical equivalence, syntactic equivalence, textual equivalence, and stylistic equivalence, all of which are essential to achieving a functionally effective translation.

Since its inception, Functional Equivalence Theory has had a profound impact on translation studies, spurring extensive academic exploration across various disciplines. Among these contributions, Susan Šarčević’s (1997) work stands out prominently for extending the application of functional equivalence to legal translation. She contended that legal translation differs substantially from general translation, as the former is not merely a communicative act but also a process of legal interpretation and adaptation. In her view, achieving functional equivalence in legal translation requires identifying concepts and terminologies within the target legal system that serve equivalent functions to those in the source legal system. This necessitates not only linguistic conversion but also adaptation to the legal frameworks and norms of the target jurisdiction. To this end, legal translation must be approached at the textual level, ensuring both linguistic and legal equivalence (Šarčević, 1997).

### 2.2. Applicability in Professional Text Translation.

Insurance contracts, as a unique genre of legal text, serve the primary function of explicitly delineating the rights and obligations of contracting parties, specifying the scope of insurance coverage, and establishing the conditions for claim settlement. Ensuring the legal validity of the contract while safeguarding the interests of all parties necessitates a highly precise and contextually appropriate translation. From the perspective of Functional Equivalence Theory, legal

translation must first guarantee content accuracy, ensuring that the translated text faithfully conveys the legal and contractual stipulations of the source text. Secondly, translators must take into account linguistic and structural differences between English and Chinese legal discourse. Furthermore, the translation should preserve the formal, professional, and solemn characteristics inherent in legal texts, ensuring that the target text remains functionally equivalent in both meaning and stylistic tone.

A fundamental principle of Functional Equivalence Theory is the concept of *equivalent reader response*, which holds that the target audience's comprehension and interpretation of the translated text should closely mirror that of the original audience. This principle is highly congruent with the requirements of legal translation, where precision and consistency are paramount. By employing Functional Equivalence Theory as a guiding framework, translators can balance faithfulness to the source text with adaptation to the target legal and linguistic context, effectively tackle challenges posed by specialized legal terminology, complex syntactic structures, and cross-cultural legal differences. This ensures that the translated insurance contract fulfills the same legal and communicative functions in the target language environment, thereby meeting the practical needs of the insurance industry.

### 3. Linguistic Features and Translation Challenges of English Insurance Contracts

#### 3.1. Lexical Features.

##### 3.1.1. Legal Terminology

Legal terminology in insurance contracts is composed of highly specialized vocabulary that conveys precise legal obligations and rights, such as *insurer*, *insured*, and *termination of contract*. The translation of these terms poses significant challenges, primarily due to terminological asymmetry between English and Chinese legal systems (Hu & Wu, 2021). For instance, the English term *consideration*, a fundamental concept in common law contract theory, has no direct equivalent in the Chinese legal system. Similarly, *warranty* in English insurance contracts refers to specific guarantee clauses, yet its legal effect in Chinese law may require further clarification. Given these discrepancies, translators must not only ensure semantic accuracy but also consider the functional equivalence of legal terms within the target legal framework. The translation of legal terms cannot be simply understood as replacing source language terms with target language terms. Instead, it involves a complex process of dual transfers, namely legal transfer and language transfer. (Zhang, Jia & Tang, 2024)

##### 3.1.2. Insurance Terminology

Insurance-specific terminology includes industry-standard vocabulary such as *subject matter of insurance*, *premium*, and *claim settlement*. The translation of such terms must be in line with international insurance standards and maintain terminological consistency across legal and regulatory contexts. For example, *deductible* in the U.S. insurance industry refers to the out-of-pocket amount the insured must pay before the insurance coverage takes effect. However, different jurisdictions may define or apply this concept differently, necessitating careful adaptation in translation. In cases where a direct equivalent does not exist, supplementary

explanations may be required to ensure the clarity and comprehensibility of the translated text.

#### 3.1.3. Culture-Specific Terms

Culture-specific terms in insurance contracts frequently reflect the legal and regulatory frameworks exclusive to the source legal system. Contract translation, as a form of written translation, confronts challenges stemming from cultural differences between countries and varying interpretations of legal language and expressions. However, the cultural context and legal implications of these terms may demand further elucidation (Jiang, 2021). For instance, the English legal principle of *good faith* is customarily translated into Chinese as *honesty and credibility*. However, the legal connotations and applications of this principle may diverge between common law and civil law jurisdictions, rendering additional contextual clarification. A functionally equivalent translation must ensure that such terms retain their intended legal effect while remaining understandable to the target audience.

### 3.2. Syntactic Features.

#### 3.2.1. Complex Sentences

English insurance contracts are characterized by long and syntactically complex sentences, designed to provide comprehensive and precise descriptions of contractual clauses and legal obligations. These sentences typically present the following structural features:

- 1) Multiple layers of clauses, such as conditional, relative, and adverbial clauses.
- 2) Intricate modifier structures, such as prepositional phrases, participial constructions, and parenthetical elements.
- 3) Implicit logical relationships, in which cause-effect, conditionality, and exceptions are embedded within the text rather than explicitly stated.

For example: The Insurer shall not be liable for any loss or damage caused by or arising from willful misconduct of the Insured, or any loss or damage resulting from normal wear and tear, inherent vice, or nature of the insured property, unless otherwise provided in this Policy.

This sentence contains multiple parallel clauses, connected by *or*, as well as several post-modifiers and conditional expressions introduced by *caused by*, *arising from*, and *resulting from*. The translation of such complex structures requires precise syntactic parsing to accurately delineate the logical relationships among different components, ensuring clarity and coherence in the target language.

#### 3.2.2. Passive Voice

A defining syntactic characteristic of English legal texts, insurance contracts included, is the frequent use of passive constructions. The passive voice functions to boost objectivity, remove ambiguity regarding agency, and emphasize legal obligations and procedural requirements. This feature is in line with the insurance industry's emphasis on factual accuracy and liability definition. (Seracini, 2021)

For instance: The premium shall be paid in full before the commencement of the insurance coverage.

In this sentence, the passive structure prior to *the premium*, emphasizing its obligatory payment rather than the actor responsible for the action. When translating such structures into Chinese, where active voice is more commonly preferred in formal legal texts, a careful balance must be maintained between faithfulness to the source text and readability in the target language. In some certain cases, passive constructions may need to be restructured into active voice to align with

Chinese legal linguistic conventions, while still preserving their intended legal efficacy.

## 4. Translation Strategies and Methodological Approaches Under Functional Equivalence Theory

### 4.1. Lexical Equivalence.

#### 4.1.1. Contextual Determination of Meaning

Insurance contracts frequently contain polysemous terms whose precise meanings are contingent upon contextual factors. To ensure semantic accuracy, translators must conduct a thorough analysis of the term within the sentence, paragraph, and the broader textual framework. This process necessitates an evaluation of the term's functional role within the insurance domain, as well as its logical and practical implications in contractual contexts. By adopting a context-driven approach, translators can select the most appropriate equivalent, thereby enhancing the precision and coherence of the translation (Li, 2020).

**Example 1:** The policy provides coverage for fire and theft.

**Translation:** The policy covers fire and theft.

**Analysis:** The term *coverage* in insurance texts can mean “insurance scope,” “insurance amount,” or “covered items.” In this context, *coverage* refers to “insurance scope.” By determining the meaning based on context, the translation of the term becomes more precise, effectively achieving semantic functional equivalence between the translation and the original text.

#### 4.1.2. Annotation Method

When cultural substitution proves inadequate in accurately convey specialized legal and financial concepts, annotation emerges as an effective strategy to preserve the integrity of the original meaning. This method entails supplementing the translation with explanatory notes to clarify culturally specific terminology, thereby facilitating the target audience's comprehension of the underlying legal and contractual frameworks. (Jiang, 2023)

**Example 2:** The insurance claim process may be influenced by the principle of utmost good faith, which is deeply rooted in common law traditions.

**Translation:** The insurance claim process may be influenced by the principle of utmost good faith, which is deeply rooted in common law traditions (Note: Common law constitutes the foundational legal framework of the Anglo-American legal system, characterized by adjudication based on precedents. Within this system, the principle of utmost good faith carries distinct legal implications).

**Analysis:** The phrase *common law traditions* embodies legal and cultural knowledge that may not be readily accessible to Chinese readers. By incorporating an annotation, the translation provides essential background information, enabling readers to grasp the legal and contractual underpinnings of the original text. This approach effectively overcomes cultural and legal disparities, ensuring that the translated content retains both semantic and functional equivalence.

### 4.2. Syntactic Translation.

#### 4.2.1. Sentence Segmentation (Splitting Method)

English insurance contracts frequently employ complex, multi-clause sentences to enhance precision and enforceability. However, such syntactic structures may pose

comprehension challenges for Chinese readers, as Chinese legal discourse tends to favor clarity through shorter, segmented sentences. The splitting method involves deconstructing intricate sentence structures into smaller, semantically coherent units, which are then restructured in accordance with the syntactic conventions of the target language (Chen & Lei, 2024).

**Example 3:** The Insurer shall, subject to the terms and conditions of this Policy, indemnify the Insured for any loss or damage to the insured property caused by any peril insured against during the period of insurance, provided that the Insured shall have complied with all the terms and conditions of this Policy.

**Translation:** Provided that the Insured has complied with all the terms and conditions of this Policy, and subject to the terms and conditions of this Policy, the Insurer shall indemnify the Insured for any loss or damage to the insured property caused by any peril insured against during the period of insurance.

**Analysis:** The original sentence can be deconstructed into the following constituent clauses:

- 1) The Insurer shall indemnify the Insured for any loss or damage to the insured property.
- 2) The loss or damage is caused by any peril insured against during the period of insurance.
- 3) Subject to the terms and conditions of this Policy.
- 4) Provided that the Insured shall have complied with all the terms and conditions of this Policy.

By segmenting these clauses and restructuring them in accordance with the logical order preferred in Chinese, the translation enhances readability while preserving the legal precision of the original text. This approach ensures that the translated content remains both comprehensible and legally sound, achieving functional equivalence.

#### 4.2.2. Transformation from Passive to Active Voice

Although both English and Chinese make use of passive constructions, their frequency and syntactic realizations vary considerably. English legal and insurance texts frequently employ the passive voice to emphasize procedural obligations and contractual neutrality. In contrast, Chinese legal discourse generally prefers active constructions to enhance clarity and brevity. Consequently, in translating insurance contracts, passive structures should be adapted into active voice where appropriate, ensuring that the translation aligns with the stylistic norms of the target language while preserving the original text's legal intent. (Yang, 2020)

**Example 4:** The claim form must be filled out by the policyholder and submitted within 30 days.

**Translation:** The policyholder must fill out and submit the claim form within 30 days.

**Analysis:** The passive construction in the original sentence underscores procedural compliance. However, in Chinese, active constructions are generally preferred to maintain clarity and conciseness. The revised translation explicitly identifies the *policyholder* as the responsible party, ensuring that the core information remains unchanged. Moreover, *fill out and submit the claim form* precisely corresponds to *must be filled out and submitted*, while *within 30 days* accurately conveys the required timeframe. This syntactic adjustment enhances readability and ensures semantic equivalence between the source and target texts.

## 5. Conclusion

Functional Equivalence Theory provides a comprehensive theoretical foundation for the translation of English insurance contracts, ensuring the precise and contextually appropriate conveyance of legal and financial information. In practice, translators must navigate both linguistic complexities and cultural nuances, strategically employing translation techniques to achieve optimal equivalence. Lexical strategies, such as contextual analysis and annotation, facilitate the accurate rendering of specialized terminology, while syntactic strategies, including sentence segmentation and voice transformation, enhance textual clarity and coherence. Future research should further explore translation strategies tailored to different categories of insurance clauses, particularly within the framework of cross-jurisdictional legal systems. Moreover, the integration of artificial intelligence in insurance contract translation represents a promising direction for enhancing both accuracy and efficiency. By continuously refining translation methodologies and harnessing technological advancements, scholars and practitioners can contribute to the development of high-quality, functionally equivalent translations that adhere to both linguistic precision and legal rigor.

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