

**CPIC (SH601601, HK02601)**
**Stock Data ( ending July 31, 2015)**

Total equity base(in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	227,839
A-share	156,672
H-share (in HK dollar million)	90,188
6 month highest/lowest (in RMB)	
A-share	36.96/24.92
H-share (HK dollar)	44.1/30.85

**Investor Relation Calendar**

Aug 31,2015  
 2015 Interim Analyst Briefing  
 Shanghai and Hong Kong

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**Premium Income (Unit: in RMB million)**

Indicator	Jan. to July	Changes	July	Changes
<b>Premium Income</b>				
-P&C	55,637	0.2%	7,384	(0.03%)
-Life	73,521	11.9%	11,056	100.5%

## Regulatory Updates

### ●CIRC issues rules on internet insurance

CIRC recently promulgated The Provisional Rules on Regulation of Internet Insurance. The regulation seeks to boost innovation, prevent risks and protect consumers' interests, with regulatory standards governing business licensing, product geographical access, information disclosure and regulatory supervision.

The regulation highlights the importance of data security, which is clearly specified as the key pre-condition for granting the business license.

Under the regulation, insurance companies assume the primary responsibility for the internet business, and third-party platforms may provide technical support.

The rules also relaxed restrictions on the geographical access of certain life products and personal lines products of the P/C business.

The regulation also tightens requirement for information disclosure to ensure transparency and informed decision-making on the part of consumers, and steps up regulation of third-party partners to ensure compliance in business operation.

### ●CIRC releases updates on commercial auto pilot

Since the launch of the pilot programme on June 1 in 6 provinces and municipalities of China, the market has been operating stably, marking a good beginning of the reform.

One month into the trial, average premium per policy of the 6 pilot areas fell by 9%, with 77% renewal customers seeing lower premiums, and 23% higher premiums.

In June, insurance companies in the 6 regions issued in total 1.3 million commercial auto policies, up 17.2%, with premiums reaching RMB 4.89 billion, up 6.6%. As of the end of June, the combined ratio of the pilot areas stood at 94.36%, up by 1.04 percentage points.

### ●CIRC releases report on C-ROSS Q1 text runs

The report shows that under the new solvency system, the sector has an overall strong solvency ratio of 264%, with P/C companies standing at 282%, life companies at 256%, and reinsurers at 383%. The numbers indicate strong capital positions, and it is believed that the risk indicators are well aligned with the industry's actual risk exposures. The new system has begun to help with the improvement of insurance companies' business philosophies, market strategies and risk management.

The 17 regulatory standards were released by CIRC in February this year, marking the establishment of a new solvency system for China's insurance sector, and the beginning of the transitional period when insurance companies are required to report on their solvency positions under both the

current and the new systems. The new solvency regime is believed to be more sensitive to risks. About one third of insurers saw improved solvency positions under C-ROSS, which seems to be more favourable to P/C insurers with a high share of car business and life insurers with more long-term regular premiums. 13 companies fell short of the minimum standard under C-ROSS. Of them, there were 3 P/C companies, mainly due to a larger proportion of business ceded overseas, 7 life companies, mainly because of a higher share of cash value products with aggressive asset allocation, and 3 reinsurance companies.

## Company Updates

### ● CPIC awarded Insurance Company of the Year for Comprehensive Strength

The award was granted by The 21<sup>st</sup> Century Economic Daily to outstanding players in China's asset management industry. CPIC was the only insurer among the winners. The organizer, when explaining the reasons for choosing CPIC, said that it was impressed by CPIC's investment results in 2014, with total assets under management amounting to RMB 910.542 billion, and an accounting investment yield of 6.1%, the highest among listed insurers.

The ranking has been held for 8 years on end, and the method includes both qualitative and quantitative analysis, such as the candidates' investment performance, innovations, risk management, people quality and corporate social responsibility.

### ● CPIC Fortune 500 ranking rising to 328

On July 22, Fortune released its latest ranking of Global 500, and CPIC, at 328<sup>th</sup> place, was up by 56 notches. It is the 5<sup>th</sup> consecutive year that the company has been on the list on the back of USD 35.7 billion in operating revenue and USD 1.8 billion in net profits.

In 2014, the company vigorously expanded its insurance-based portfolio, adding 4 subsidiaries in health insurance, pension business, agricultural insurance and old-age care investment management. At the same time, it made big progress in its transformation. Innovations in products and service prompted a fundamental shift in the value growth mode of the company, with better input and output ratios and enhanced customers' experience. As of the end of 2014, the company's embedded value stood at RMB 171.3 billion, with value of in-force business reaching 74.1 billion, up 18.6% from end of 2013.

### ● CPIC P/C branch office writes commercial agricultural insurance of China's top 500 company

Hailiang Agricultural Group, a Chinese top 500 company, recently took out an insurance policy with CPIC P/C's Zhejiang Branch for coverage of its

vegetables both in greenhouses and in the open air. More policies are to be issued, with an estimated sum assured reaching a hundred million. Hailiang Group ranks 133<sup>rd</sup> on the list of China's 500, and is a strategic partner of CPIC P/C. CPIC P/C developed tailor-made products covering businesses of its client across the country such as cash crops, vegetables and livestock.

● **CPIC Life joins hands with Changjiang Pension to boost occupational annuity business**

The two subsidiaries of CPIC are working on closer collaboration to seize the opportunity of occupational annuity business in China. The co-operation, for a start, will cover 15 provinces and municipalities, where CPIC Life's branches will set up a dedicated coordination office to facilitate Changjiang Pension's marketing efforts and client services. The 2 companies also worked out mechanisms for profit-sharing and incentives.

● **CPIC's health subsidiary forges strategic partnerships with Alibaba Health Information Technology**

The two companies signed an agreement of strategic cooperation on July 20, and pledged to carry out comprehensive cooperation in response to increasing demand for health care services and health insurance, centering on the building of an integrated O2O health services ecosystem. The cooperation seeks to boost resources-sharing. Under the agreement, the 2 companies will step up product development and innovations, focusing on medical cost control, community health service and health management projects to work out a viable business model for health insurance in China.

Alibaba Health is the on-line platform for health services of Alibaba Group, and operates China's electronic drug regulatory platform, e-hospitals platform and APPs.