

CPIC (SH601601, HK02601)
Stock Data (ending Dec 31, 2019)

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	314,057
A-share	237,899
H-share (in HKD million)	85,202
6-month highest/lowest	
A-share (in RMB)	40.02/33.83
H-share (in HKD)	34.30/27.55

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Premium Income (Unit: in RMB million)

	Jan-Dec	Changes	Dec	Changes
P&C	133, 601	12. 65%	12, 970	10. 82%
Life	212, 364	5. 47%	5, 750	1. 09%

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Company Updates

- **CPIC Blue Passports covers 7.5mn people as part of the company’s effort to foster the “Health Insurance Eco-system”**

In a bid to foster a “Health Insurance Eco-system”, CPIC Life launched the “CPIC Blue Passports,” a service program for its customer club in April 2019, which has so far covered 7.5mn people, including 4.75mn for the Critical Illness Green Channel and 2.76mn who qualified for VIP medical services.

The program has sent over 6mn alerts through mobile apps like CPIC Life WeChat, service counters, customer service hotlines, the Lingxi Robots, and customer relations managers. It covers more than 2,800 health care providers in China, which can be accessed by 97% of the grass-root branch offices of CPIC Life, and of these, nearly 50% are officially accredited top-level hospitals.

CPIC Blue Passports seeks to provide a wide range of value-added services in health management, “green channel” appointment booking and claims handling, which may be bundled in different ways as per customers’ specific needs.

Regulatory Updates

- **CBIRC will issue The Opinion on Promoting the Development of Commercial Insurance Relating to Public Services**

CBIRC, together with several other government departments, plans to issue The Opinion on Promoting the Development of Commercial Insurance Relating to Public Services, which sets a target of achieving RMB2 trillion for health insurance premiums by 2025.

According to the document, government agencies will study the feasibility of expanding the scope of tax-advantaged health insurance products, and encourage insurance companies to provide more comprehensive coverage in medical, illness, care and maternity protection. By 2025, China’s health insurance market will exceed 2 trillion, according to the plan. Governments will support insurance companies in their effort to participate in social health insurance and control of medical expenses, and improve the regulation of critical illness insurance programs.

The Opinion also seeks to diversify the offerings of commercial pension insurance. It floats the target of accumulating RMB6 trillion in pension insurance reserves by 2025, and encourages the development of insurance products customized for the elderly population with

“reasonable prices, flexible benefits and efficient services”.

According to the program, China will step up the development of commercial insurance in education, child care, domestic help, culture, tourism and sports, through the development of more tailor-made products. It will promote the development of insurance products for rural residents, low-income urban residents and handicapped people in a step-by-step manner, and encourage the provision of insurance products and services catering for the needs of start-ups, high-tech firms and new economy businesses.

The document also calls for increased investment in health and retirement sectors by long-term insurance money so as to lower financing costs and better support the development of start-ups, private companies and small and micro firms.

The Opinion encourages insurance companies to “moderately” increase the pricing interest rate of term life insurance provided that risks are manageable.

● **CBIRC vice chairman: further automobile insurance reform will be market-based, and is scheduled to be launched in 2020**

On January 13, at a news conference on supporting the real economy and mitigating systemic risks, CBIRC vice chairman HUANG Hong indicated that the structural issues of China’s automobile insurance market remain to be solved, which calls for “deep-water” comprehensive reforms. The regulator is working on the concrete plan for the reform, which will be released later this year.

HUANG Hong admitted that the problems of over-pricing, high commission fees, irrational competition and data quality still exist, and have been the focus of many media reports. Therefore, accelerating the reform of automobile insurance is an urgent matter on the agenda of the regulator in 2020. In 2019, automobile insurance achieved RMB818.9bn yuan in premiums, accounting for 63% of the property and casualty insurance market.

“Over the years, there has been some reform in the sector, but I believe it was essentially small steps. Structural and “deep-water” reforms are yet to be launched. In 2013, the regulator introduced radical reforms of pension and health insurance and removed the caps on pricing interest rates of life and health insurance. The next round of reform of automobile insurance will persist in market orientation.” Mr. Huang said. “We are now formulating the plan for automobile insurance comprehensive reform, and are now in the process of public consultation. The finalized plan will be announced later this year.”