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CPIC（SH601601，HK02601, LSE CPIC）

Stock Data (ending June 30, 2020)

Total equity base (in million)	9, 576
A-share	6, 801
H-share	2, 775
Total Cap (in RMB million)	236, 548
A-share	171, 312
H-share (in HKD million)	57, 449
GDR(in USD million)	1, 821
6-month highest/lowest	
A-share (in RMB)	39. 62/26. 37
H-share (in HKD)	31. 70/18. 16
GDR(in USD)	18. 06/17. 60

IR Calendar

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Premium Income (Unit: in RMB million)

	January-June	**Changes**	June	**Changes**
P&C	76, 928	12. 14%	13, 886	12. 23%
Life	138, 347	-0. 06%	21, 878	-0. 59%

Industry Updates

● CBIRC Chairman emphasizes corporate governance as center-piece of financial reform

Mr. GUO Shuqing, Party Secretary of PBOC and chairman of CBIRC recently published an article entitled Improving Corporate Governance is the Top Priority of Financial Institutions Reform. The article indicates that the reform in corporate governance of banks and insurance companies has so far delivered tangible results, such as the diversification of ownership, formation of the organizational structure for governance with the SGM, the Board of Directors, the Board of Supervisors and senior management each performing its own duties, and continuous optimization of business models. Going forward, in a bid to further enhance governance, it's essential to strengthen the Board of Directors, substantiate the role of the Board of Supervisors, standardize performance of duties by senior management, improve development strategies, enhance the incentive system, and step up risk management.

● CBIRC takes over 6 financial institutions

On July 17, CBIRC decided to take over Tian An Property and Casualty Insurance Company, Hua Xia Life Insurance Company, Tian An Life Insurance and Yi An Property and Casualty Insurance Company. The announcement invoked Article 144 of the Insurance Law of the People's Republic of China, with the take-over period of one year, that is, from July 17, 2020 to July 16, 2021, which may be extended if necessary as per stipulations of the law. Apart from the establishment of a take-over team, the regulator has also commissioned SOE financial firms to set up administration taskforce for daily management of the companies mentioned above.

● CBIRC solicits public opinions on implementing automobile insurance comprehensive reform

On July 9, CBIRC released the Exposure Draft of The Guiding Opinion on Implementing Comprehensive Reform of Automobile Insurance. According to the document which consists of 9 chapter and 32 sections, the reform will raise the sum assured on both third-party compulsory and commercial automobile insurance, aggressively curb the expense loading, and adjust the range of discretionary pricing factors. In particular, the aggregate sum assured on compulsory business will be increased from 122,000 to 200,000, with the lower end of the pricing factor relaxed to -50%. As for commercial business, the insurance coverage will include 7 riders such as whole vehicle theft; the cap on expense loading will be lowered to 25% from 35%, with the expected loss ratio increasing to 75% from 65%; the discretionary channel factor and the discretionary underwriting factor will be merged into one discretionary pricing factor, with its range gradually expanded till full liberalization.

Market analysts believe that the bold reform will probably lead to a decrease in industry auto premiums, and industry underwriting losses in the short term.

At a press conference hosted by CBIRC, officials from the Property and Casualty Division indicated that, short-term pressure on industry underwriting results can be addressed in 3 ways. In respect of the domestic market, between 2015 and 2019, the combined ratio of auto insurance dropped from 99.4% to 98.6%, with that for the first 5 months of this year decreasing further to 95.8% due to the impact of COVID-19. Regarding the overseas market experience, auto insurance business is semi public service, characterized by more risk diversification effect, and overseas markets which have introduced deregulation came across temporary or chronic underwriting losses. In terms of regulation, to ensure rational market competition and a favourable environment for the reform, the regulator has already formulated supportive policies to mitigate the risk of market turbulence.

● CBIRC publishes new rules on optimization of insurance companies' equity investment allocation

On July 17, CBIRC released The Circular on Optimizing Equity Asset Allocation of Insurance Companies, which sets differentiated percentage caps on equity investments based on solvency margin ratios, asset liability management capabilities and risk profiles of insurance companies. For example, for insurers with a solvency margin ratio of 350% and above, their equity asset allocation can be up to 45% of total assets as of the last quarter.

The issuance of the circular is beneficial to the market-based reform of insurance funds investment as it grants more discretion in decision-making to insurance firms, and encourages value, long-term and prudent investing, which, in turn, would channel more long-term funds to the capital market and China's real economy.

●CBIRC releases industry information for the first 5 months of 2020

On June 24, CBIRC released industry statistics for the first 5 months of the year. Industry total primary premiums amounted to RMB2306.4bn, up 5.54%. Of this, property and casualty insurance premiums RMB501.3bn, a growth of 4.33%; agricultural insurance premiums RMB33.7bn, up 22.10%; life insurance RMB1363.5bn, an increase of 2.89%; health insurance 392.7bn, up 20.28%; accident insurance 48.9bn, down by 8.08%. Both health and agricultural insurance saw over 20% growth.

● Sigma forecasts a 6% decline of global life insurance premiums for 2020, with non-life staying flat

The latest issue of Sigma indicates that COVID-19 has led to the most severe global economic recession since the Depression in the 1920s, which, in turn, will dampen demand for insurance in 2020. In particular, life insurance will be disproportionately impacted, with global life insurance premiums projected to shrink by 6% in 2020, while non-life may only fall by 0.1%. As global economy gets back on track, global insurance premiums will recover to the pre-pandemic level by 2021.

Company Updates

● CPIC Board of Directors approves proposals on director candidates and establishment of a fin-tech subsidiary

On July 21, CPIC announced that the 4th session of its 9th Board of Directors reviewed and passed resolutions on election of Mr. John Robert Dacey, Ms. LIANG Hong and Mr. CHEN Ran as candidates for directors of the board, subject to approval of the SGM and the permission of CBIRC regarding their appointment qualifications.

Mr. John Robert Dacey currently serves as CFO and a member of the Executive Committee of Swiss Re Group; Ms. LIANG Hong is now President of the Institute of Industry Studies and Innovation which is owned by Hillhouse Capital; Mr. CHEN Ran is currently director and general manager of Shanghai Ouyeel Financial Information Service Co., Ltd., a subsidiary of Baowu Group Corporation.

The Board also passed The Resolution on Establishing CPIC Fintech Company Limited, subject to approval of the SGM. According to the proposal, the company will have a registered capital of RMB700mn, wholly owned by CPIC.