

**CPIC (SH601601, HK02601)**
**Stock Data (By December31, 2014)**

Total Equity (in million shares)	9,062
A-share	6,287
H-share	2,775
Total Market Value (in RMB million)	289,324
A-share	203,070
H-share (in HK dollar million)	109,335
12 month highest/lowest (in RMB)	
A-share	32.3/15.08
H-share (HK dollar)	39.4/23.80

**Investor Relation Calendar**

Jan.29,2015  
 Macquire A share corporate Day of insurance industry Shenzhen

Mar. 30,2015  
 CPIC 2014 Annual results analyst briefing Shanghai and Hong Kong

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**• Premium (Unit: in Rmb million)**

CPIC Life	Agency	Bancassurance	Direct sales	Total
<b>New Policies</b>	15,571	10,068	6,611	32,250
<b>Renewed policies</b>	52,484	12,736	1,222	66,442
<b>Total</b>	68,055	22,804	7,833	98,692

CPIC Property	Auto insurance	Non-auto insurance	Total
	73,175	19,662	92,837

## Briefing:

### **A Good Start for 2015's Year Beginning Campaign**

As of Jan.7 2015, the first year premium from agency channel reached Rmb3.85 billion, increasing 102.4% year-on-year, higher than the original target and marking a good beginning of the campaign.

China's life insurance has seen much seasonality, and generally speaking, the year-beginning campaign contributes the bulk of the whole year's business. CPIC Life planned early for the sales campaign and made good preparations in terms of agents, products and clients.

The number of agents kept increasing in recent years through more selective recruitment, enhanced training and infrastructure. By the end of November 2014, the monthly average of agents had reached 316,000, increasing 11% year-on-year. Meanwhile, the mix of the sales force improved, with the growth of active agents and productive agents higher than that of total agents. In terms of products and clients, the company focuses on the sale of long-term saving products for the campaign. In particular, the company offers flexible product packages to tap the potential of existing clients.

## Regulatory Updates

- **The CIRC approved the establishment of PE funds by insurance money to support the development of small-and micro-sized enterprises. (20141230)**

According to the scheme, the PE fund will be in the form of limited partnership and is expected to raise Rmb 2 billion. The PE fund will invest in the equity of small-and micro-sized enterprises

- **The CIRC approved C-Ross rules.(20150113)**

On January13, the main technical norms of C-Ross including 17 specific and detailed regulation rules were approved by CIRC. The detailed rules will be officially released before long, which marks the beginning of the preparation period for the implementation of new regime in 2015.

- **Insurance indemnified 1/3 of global catastrophe losses of 2014.(20150110)**

On Jan.7, Munich Reinsurance released data for global catastrophe losses 2014. There were 980 catastrophes in 2014, resulting in 7,700 deaths and the loss of USD 110 billion. Of this, insurance loss amounted to USD 31 billion, accounting for 1/3 of total losses.

## Company Updates

- **CPIC was included in the market value management cases by**

### **Shanghai Stock Exchange.(20150120)**

CPIC was selected and included in the market value management cases by Shanghai Stock Exchange. On Jan.20 2015, *Shanghai Securities News* published an article named “CPIC market value management case—Continuously improving the IR level through market value management orientation.”

Since the A share IPO in 2007 and H share IPO in 2009, CPIC has made the market value management a vital part of the company’s value growth and was recognized by the market.

In order to improve its market value management, the company strikes to build a multilayered communication platform for investors, while drawing on international best practice. In particular, it went great lengths to change the content and form of its annual and interim reports, which significantly improved the effectiveness and timeliness of investor communication.

#### ● **CPIC-Allianz Health Insurance Co Ltd Launched. (20141218)**

On December 18, 2014, CPIC-Allianz Insurance Co, Ltd, the first health insurance company registered in Shanghai Free-Trade Zone, held the opening ceremony.

#### ● **CPIC P&C launched a PA insurance product. (20150112)**

CPIC launched a PA product package, which marks an important step in the innovations of non-auto insurance.

This package is made up of the main coverage of group personal accident and eight riders.

#### ● **CPIC Life issued the first electronic invoice in Shanghai’s financial services industry.(20141231)**

On Dec.31 2014, one client of CPIC Life finished the application through “ Shen Xing Taobao” mobile system and downloaded and validated the electronic invoice from the website of CPIC Life. This invoice was the first electronic invoice issued in Shanghai local tax system and also in Shanghai’s financial services industry.

#### ● **Three products of CPIC Life won 2014 annual insurance product award.(20150109)**

Three products of CPIC Life were rewarded 2014 annual insurance product award. “Dong Fang Hong Insurance financial plan” won “2014 Annual investment type insurance product” award. “An Xing Bao endowment insurance product” won “2014 annual accidental insurance product” award. “Yin Fa An Kang Elderly people cancer prevention plan Term A “ won annual health insurance product” award.

## **Investor Q&A**

### ➢ **Life business**

#### **1. How is your 2015 year-beginning business campaign going and what about the growth rates of first year premium from agency channel and bancassurance channel?**

We started off quite well. As of the end of Jan.7, the FYP from agency channel reached Rmb 3.85 billion, a year-on-year increase of 102.4%.And the FYP from

bancassurance channel decreased, as we have no plan to sell high-cash-value product through this channel for the campaign.

## **2. What are the key drivers for the year-beginning campaign?**

China's life insurance has seen much seasonality, and generally speaking, the year-beginning campaign contributes the bulk of the whole year's business. CPIC Life planned early for the sales campaign and made good preparations in terms of agents, products and clients.

The number of agents kept increasing in recent years through more selective recruitment, enhanced training and infrastructure. By the end of November 2014, the monthly average of agents had reached 316,000, increasing 11% year-on-year. Meanwhile, the mix of the sales force improved, with the growth of active agents and productive agents higher than that of total agents. In terms of products and clients, the company focuses on the sale of long-term saving products for the campaign. In particular, the company offers flexible product packages to tap the potential of existing clients.

## **3. What was the growth of your agents like?**

We believe that the improvement of mix of sales force matters more. The growth rates of active agents and productive agents have been above 15%, higher than that of total agents. This ensured the sustainable development of the sales force.

## **4. There have been three rounds of test for C-Ross in life insurance industry. How will the new regime impact the company?**

The solvency ratio under the current system will not be very much different from that under C-Ross.

### **➤ P&C business**

## **5. The outlook for 2015 P&C industry and when will we see the turnaround of combined ratio?**

Tailwind: for auto insurance, new car sales will be better in 2015, on the back of falling oil prices and government incentives for renewable energy vehicles. Headwind: the pilot program of commercial auto insurance reform will be launched in April and rolled out nationwide later, which will intensify competitions.

In the non-auto sector, while traditional insurance lines like property and engineering are facing strong headwinds due to economic slowdown, emerging lines like agriculture and credit are enjoying enormous opportunities of development.

It is hard to say when the turnaround will come. But for us, the target for 2015 is to realize underwriting profitability.

## **6. What's the development strategy of credit insurance and agricultural insurance for CPIC P&C?**

In credit insurance, there are circumstances in our favor. First, we have been working with Euler Hermes, the biggest credit insurance company in the world, so that we can benefit from its global network and database. Second, we have established a branch office in Shanghai

Free-Trade Zone, which placed us in a better position to capture the opportunity of fast development.

In terms of the agricultural insurance, we are pushing forward the strategic cooperation with AnXin agricultural insurance. On the basis of better understanding, we will achieve synergy..

➤ **Asset Management**

**6. What's the strategy for the asset allocation in 2015? Will the proportion of equity increase sharply?**

Currently, 86% of our asset under management is fix income and roughly 11% is equity.

Asset allocation for 2015 is unlikely to change dramatically, because our long-term strategy for investment is to reduce volatility.

## Company Stock Price and Valuation

(Unit: A-share RMB; H-share HK dollar)

	Stock Price (Dec 31)	Changes	PB(Dec 31)
<b>CPIC A-share</b>	32.3	33.91%	2.63
<b>China Life A-share</b>	34.15	51.11%	4.01
<b>Ping An A-share</b>	74.71	50.53%	2.70
<b>New China Life A-share</b>	49.56	18.31%	3.30
<b>CPIC H-share</b>	39.4	21.23%	2.69
<b>China Life H-share</b>	30.45	12.99%	2.86
<b>Ping An H-share</b>	79.1	21.6%	2.43
<b>New China Life H-share</b>	39.15	11.38%	2.59
<b>PICC P&amp;C H-share</b>	15.08	-3.46%	2.67
<b>PICC H-share</b>	3.63	-3.46%	1.54
<b>China Taiping</b>	22.2	11%	2.40
<b>AIA</b>	43.15	-3.68%	2.39

Resource: Bloomberg