

CPIC (SH601601, HK02601)
Stock Data (ending Nov. 30, 2015)

Total equity base(in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	240,358
A-share	166,354
H-share (in HK dollar million)	88,522
11 month highest/lowest (inRMB)	
A-share	36.96/19.01
H-share (in HK dollar)	44.1/25.55

Investor Relation Calendar

Jan 5-6,2016
 Nomura Hong Kong/China Financials
 Corporate Day
 Hong Kong

Jan 6-7,2016
 BNP Paribas Financial Conference
 Hong Kong

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Premium Income (Unit: in RMB million)

Indicator	Jan. to November	Changes	November	Changes
Premium Income				
-P&C	85,394	1.1%	7,674	6.4%
-Life	103,975	10.2%	6,408	8.7%

Regulatory Updates

● CIRC Issues Guidelines for Internal Control of Insurance Funds

The new regulations, consisting of an overall guidance framework and 3 implementation guidelines, are intended to boost the internal control of insurance fund investment. The framework sets forth the objectives, principles and key steps of the internal control, providing more details on the key control levers and activities in internal environment, risk assessment, control activities and communications. The implementation guidelines focus on the establishment of internal control systems specific to 3 asset classes, namely, bank deposits, fixed income investments and stocks/stock funds.

In addition to the guidance, CIRC also stepped up regulation of insurance funds investment, requiring that independent external auditors be engaged specifically for the auditing of insurance funds internal control.

● CIRC Releases Circular on Prudential Management of Insurance Asset Management

The regulation is meant to mitigate the risk of asset liability mismatch and liquidity risk and is believed to help with the establishment of an early-warning and screening mechanism for asset liability mismatch, thus promoting prudent management of insurance companies.

The regulation focused on 3 areas. First, it defines the scope of companies required to file stress test results. Second, it requires that insurance companies carry out asset management stress tests to gauge the impact on investment yields, cash flows and solvency. Third, it highlights the need for prudential evaluation and follow-up supervision.

Next, the regulator will roll out more initiatives along the lines to promote asset liability management on the part of insurers.

● CIRC Promulgates Provisional Regulations on Corporate Governance Assessment of Insurance Legal Entities

The regulator released the document in a bid to improve governance of insurance companies, with the focus on governance risks and the establishment of “scientific and systematic evaluation metrics” which enables dynamic assessment of insurance companies.

The document covers a wide range of areas from assessment standards to methodologies. As for the mechanism of assessment, the rule combined self-assessment and regulatory evaluation, classifying insurers into four categories, i.e., excellent, pass, attention and fail. The assessment basically looks at definition of responsibilities, competence, operational control, compensation and incentives, and accountability. The rule also provides for the warning system, which alerts insurance companies to gaps and ensures remedial actions.

The results of the assessment form an important part of the regulator’s

differentiated supervision.

● Tax-advantaged Health Insurance Programme Soon Up and Running

Following up on The Circular on the Launch of Pilot Tax-advantaged Commercial Health Insurance jointly promulgated by the Ministry of Finance, the State Taxation Bureau and CIRC, CIRC recently issued a product guideline framework and also released 3 exemplary products, namely, A, B and C. Insurers may develop their own products within the framework and file for approval with the regulator. Industry experts believe that the launch of the product, as a beginning, will add dozens of billions of premium income, as well as boosting innovations in China's health insurance market.

Company Updates

● CPIC Wins CSR Award for the 6th Year in a Row

The ranking was released on December 18th by CBN, a Shanghai business news channel. CPIC won the award of "The Company of the Year", and was the only insurance company listed in the league table.

● CPIC Life Provides Risk Protection for the 2nd World Internet Conference

The event, which took place on December 16th, was jointly hosted by China's National Internet Information Office and Zhejiang Provincial Government. Over 2000 delegates attended the meeting. CPIC Life's Zhejiang Branch offers a cover of 4 billion yuan to all participants, journalists and staff.

● CPIC P/C joins hands with Smart Driving Assistance System to Control Claims

In Zhejiang, 3 commercial fleets insured by CPIC P/C recently installed *Nagou*, a smart driving assistance system. The move was one of the latest initiatives taken by the branch to control claims inflation in anticipation of the roll-out of commercial motor insurance deregulation.

Statistics indicate that 90% of car accidents were caused by drivers' mistakes or negligence, and preventive measures can go a long way to lower accident incidence. The use of systems like *Nagou* has the promise of providing a win-win solution, lowering claims frequency and therefore premiums for the insured, and improve the loss ratio of insurers.

The pilot started with CPIC's corporate clients, which tend to have higher loss ratio than individual customers. Car models on the programme include trucks and company vehicles.