Investor's Newsletter（Oct.25, 2018） vol. No. 11 in 2018

CPIC（SH601601，HK02601）

Stock Data (ending Sept 30, 2018)

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	296, 811
A-share	223, 251
H-share (in HKD million)	83, 805
6-mth highest/lowest	
A-share (in RMB)	29. 77/36. 34
H-share (in HKD)	26. 85/37

IR Calendar

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CPIC releases white paper on Chinese insurance consumers

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Disclaimer:

Premium Income (Unit: in RMB million)

	Jan.-Sept.	Changes	Sept.	Changes
P&C	88, 584	13. 89%	9, 844	8. 69%
Life	175, 925	14. 72%	15, 263	14. 24%

Briefing

● **CPIC releases insurance consumer white paper**

On September 13, CPIC and PWC co-hosted the release of The White Paper on Chinese Insurance Consumers. CPIC is pushing forward its Strategic Transformation 2.0, committed to boosting the healthy and steady development of China's insurance industry.

The white paper is based on CPIC's hundred million customers, seeking to "delineate" profiles of Chinese insurance consumers from different dimensions, both structurally and in aggregate, by looking at the whole insurance protection system including medical, PA, critical illness, life, pension, education savings, wealth management, motor and homeowner's.

Below is part of its findings. More will be shared by installments in future issues.

Mix of age cohorts

Raised awareness among those born in the 1980s, which forms the most important segment of insurance consumers.

* Of insurance consumers in 2017, those aged between 31 and 40 have the highest proportion, at 29.7%; next is 41-50, at 21.8%; then 25-30, at 21.4%.

Age Distribution of Consumers in 2017
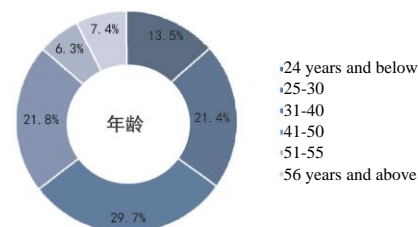
Distribution of number of insurance policies

Number of customers with multiple policies increasing.

* In 2017, the share of Chinese insurance consumers with multiple policies reached 64%, 19 percentage points higher than in 2010.

* Average number of policies increased from 1.96 in 2010 to 2.89 in 2017.

Distribution of Insurance Policies — Average Number of Policies per Consumer
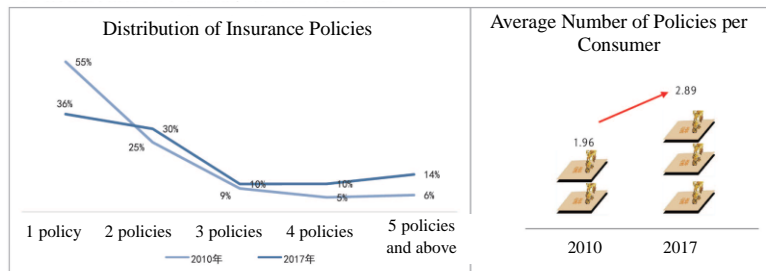
Mix of premium spending

Education savings insurance has the highest per person premium and the fastest premium growth, but relatively fewer consumers.

* Education insurance boasts the highest per person premium, with pension and wealth management coming the 2nd and 3rd place respectively.

* Education insurance also has the fastest premium growth, with medical insurance and wealth management coming next.

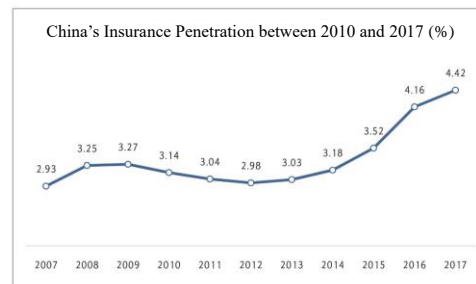Per Person Premium Spending by Insurance Types 2010 vs 2017
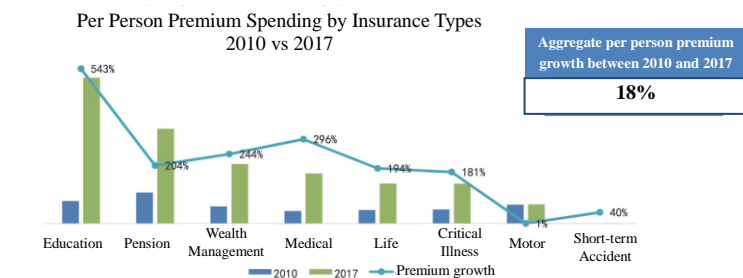
The choice for consumers' first insurance policy

PA for all age cohorts. Medical comes next for youth and the elderly, and life for the middle-aged.

* Except for PA, those aged between 18 and 24 prefer medical insurance as their first policy, and the cohort of 25-40 favours life or motor.

Ranking	Type of insurance	Share of Consumers
1	PA	69.8%
2	Medical	25.0%
3	Life	19.7%
4	Motor	12.7%
5	Critical Illness	9.5%
6	Pension	6.3%
7	Wealth Management	5.9%
8	Education	1.6%
9	Home Owners	1.6%

China's insurance demand is increasing. Yet the potential remains untapped compared with developed markets.

China's Insurance Penetration between 2010 and 2017 (%)

Insurance Penetration of Developed Market in 2014

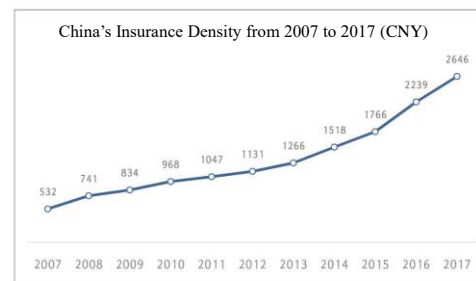Japan 10.8%

the UK 10.6%

France 9.1%

the US 7.3%

Note: Insurance penetration = premium/GDP, a measure of standing of the insurance business in the economy
Data source: the Chinese Insurance Association
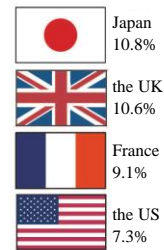
Between 2007 and 2017, China's insurance density continued to grow, and reached USD407 in 2017, well below the level in developed markets.

China's Insurance Density from 2007 to 2017 (CNY)

Insurance Density of Developed Markets in 2016 (USD)

the UK 4,359

the US 4,096

Japan 3,554

France 3,392

Note: Insurance density=premium/population, namely, average per capita spending on insurance
Data source: the Chinese Insurance Association
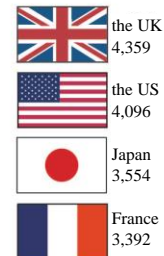
Projections of Chinese consumers in 2020

* Proportion of women customers grows continuously to 40.29%.

* Those aged 31-40 will account for 26.16% of all insurance applicants, the biggest share.

* Consumers will mainly purchase insurance for themselves, and next for their children, which would have a share of 13.8% by 2020.

* With improving living standards, per person premium will increase over the years to RMB30,380, particularly driven by increased spending on education savings

* With raised insurance awareness, the number of insurance policies per consumer will gradually increase to over 3.

* Over 70% of consumers will have 2 insurance policies or more.