

# Satisfying Demand for Health Protection to Pursue High-quality Development

---- An Overview of CPIC's Health Insurance Business

Chengdu November 15, 2018



# Steady growth of health insurance demand

01

## Social insurance only meets the basic health care demand

- ◆ Social insurance can not satisfy people's diverse needs for health protection
- ◆ Private insurance is an important **“top-up”**

02

## Deficit of social security medical fund

- ◆ Total health care spending in 2017: **RMB5.16 trillion**
- ◆ CAGR of social security medical fund between 2008 and 2017: contribution **21.8%**, pay-out **24.0%**

03

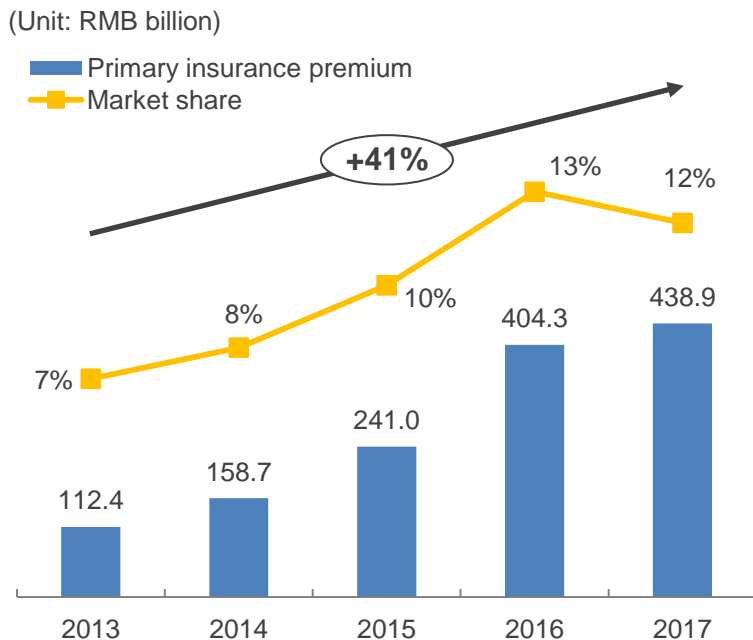
## Heavy burden on people's pockets

Personal out-of-the-pocket spending as a share of total health care expenditure in 2015

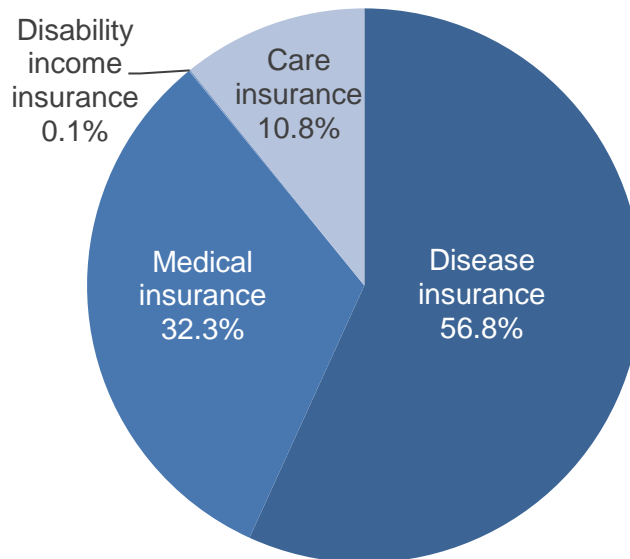
- ◆ the USA: 11.1%
- ◆ the UK: 14.8%
- ◆ Germany: 12.5%
- ◆ China: **35.0%**

# Rapid growth of health insurance market, dominated by disease and medical insurance

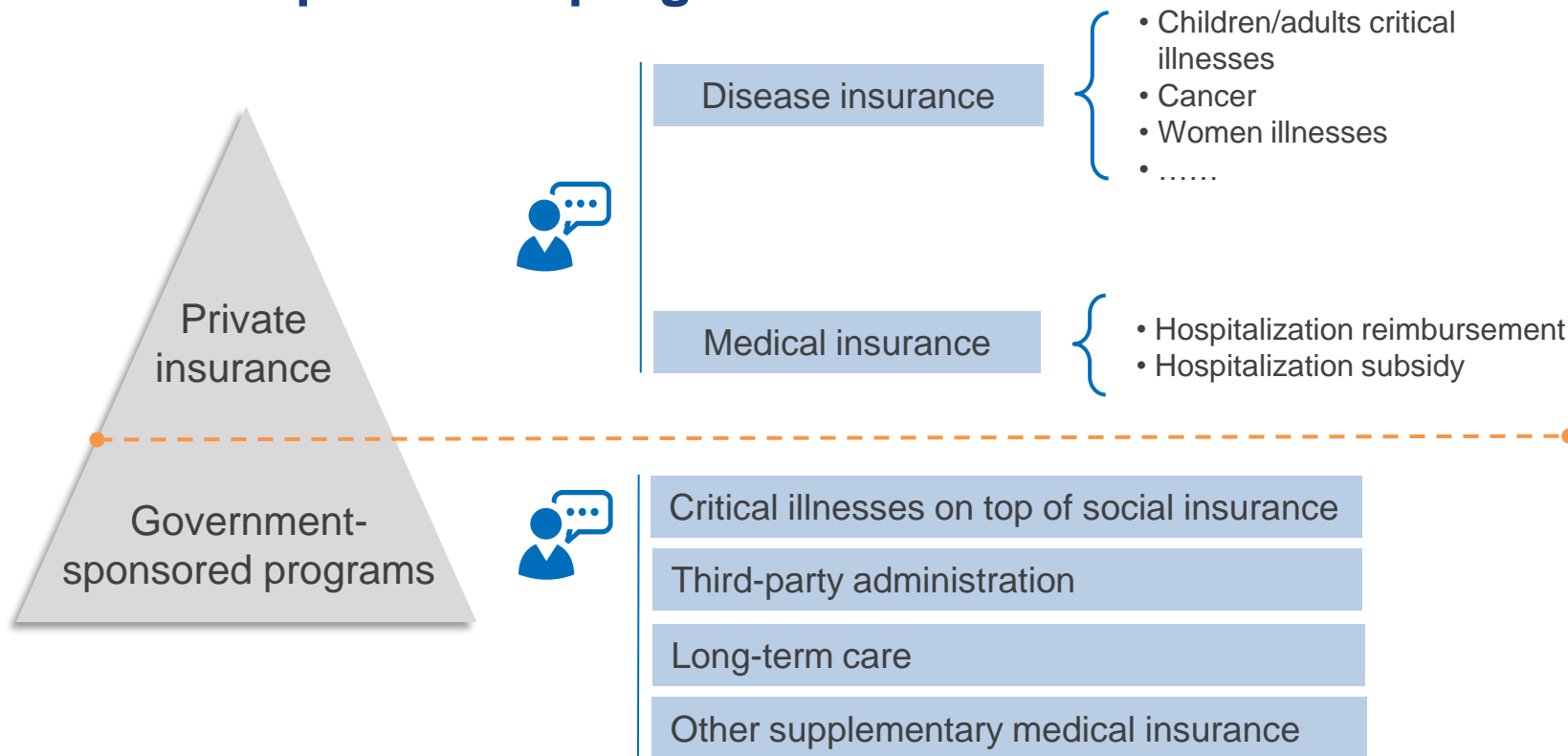
## Primary insurance premium growth and market share of health insurance



## Mix of health insurance premiums in 2017



# Satisfy customer's diverse needs through private and government-sponsored programs



# Diversification of disease insurance product line-up to meet customer's personalized needs for protection



## CI with increased sum assured

◆The “*Jinyou*” series is historically the “pillar” critical illnesses product . It offers participating of profits in the form of increased SA over the years. With product upgrading, its coverage expands, adding benefits like waiver of premiums and multiple payments for minor illnesses.



## CI with flat sum assured

◆Building on the edge of the previous CI product with increased SA, we launched “*Jinnuo Rensheng*”, a traditional CI product offering flat SA, which is also the pillar of the current CI line-up.



## Cancer product

◆ With increased cancer incidence and detection rate, people's demand for cancer protection grows rapidly. The “*Aiwuyou*” product is tailor-made for cancer protection, covering against the most prevalent cancers for lower premiums.



## Pure consumption CI

◆To meet customers' diverse demand, we launched “*Xingfu Ankang*” in February 2018, a CI product offering more value for lower premiums.

# Diversification of medical insurance product line-up to meet customer's personalized needs for protection



## *Baiwan* ( million in face amount) medical insurance

◆ The product series offers high level of protection for lower premiums, covering a wide range of illnesses and medication under social insurance, filling market niches. Main products include *“Lexiang Baiwan”*, *“Quanjiatong”* and *“Yue Jiabao”*.



## Anti-cancer medical insurance

◆ To meet demand for better treatment and experience, we launched *“Xin'an Zhizhong”*, an cancer product covering against medical expenses in public hospitals of tier-2 grade and above for both government-subsidized and “market-oriented” services, as well as the Shanghai Proton & Heavy Ion Hospital.



## Tailor-made hospitalization medical insurance

◆ To meet demand for reimbursement of hospitalization expenses not covered by social insurance, we launched *“Xin Anyi”*, which sets no deductibles, allowing for application by both individuals and families, with domestic second opinion service for critical illnesses.

# Tailor-made products based on customer segmentation



## Children

- ◆ *“Shaoer Chaonengbao”*, a tailor-made CI plan which offers wide coverage, waiver of premium for both insured and applicants, and return of premiums with a value growth of 50%.
- ◆ *“Siji Baobei”*, a customized disease plan, providing one-off payments on CI/ designated CI, medical reimbursement for out-patient and first-aid, as well as health counselling for families.



## Youth

- ◆ *“Jinxiu Qiancheng”*, a tailor-made CI product, with an insurance period of 30 years. Offers high value for reasonable premiums, now being sold in Shenzhen on a trial basis.



## The elderly

- ◆ *“Yinfa Ankang”*, customized for those aged 50 and above, with guaranteed renewals. Cap on age of applicants raised to 65 years, in line with the product development philosophy of “offering protection for people’s entire life-cycles”.



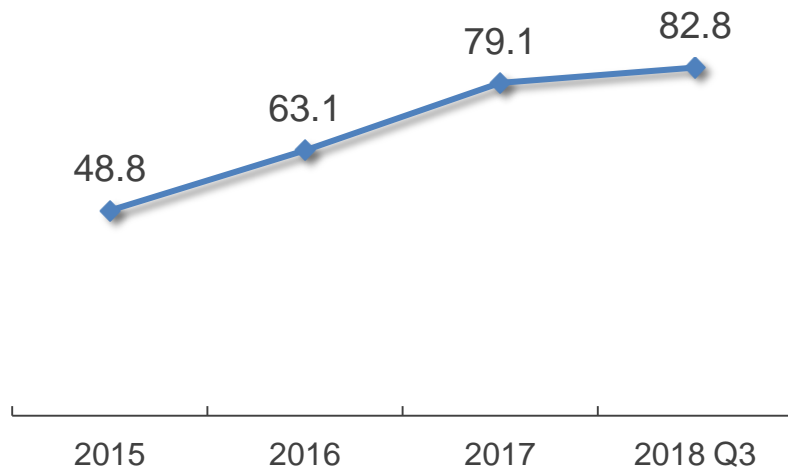
## Women

- ◆ *“Huayang Nianhua”*, offering cover against mental illnesses, the first of its kind in China, with features of low premiums, high level of protection against both mental and physical critical illnesses, and the benefit of cash subsidies.

# Share of customers taking out long-term CI increased continuously

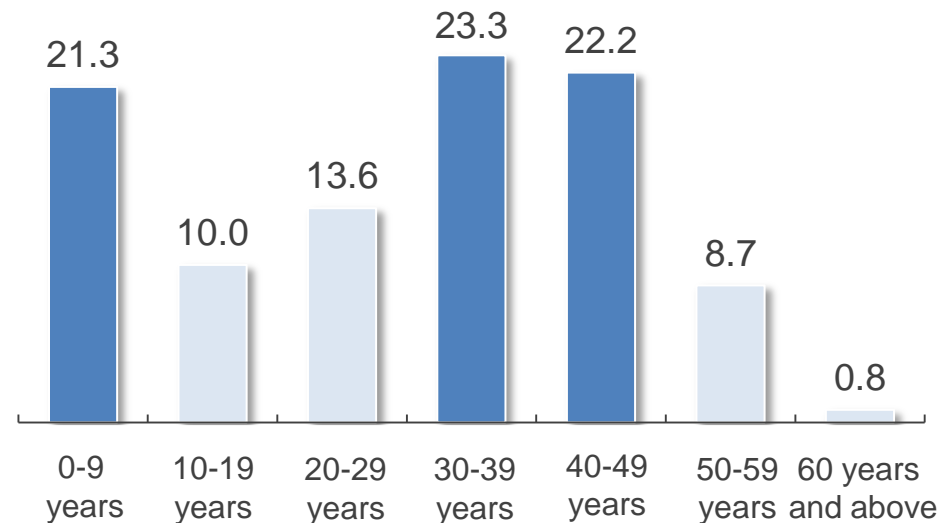
## Share of customers taking out long-term CI

(Unit: %)



## Distribution of CI customers

(Unit: %)



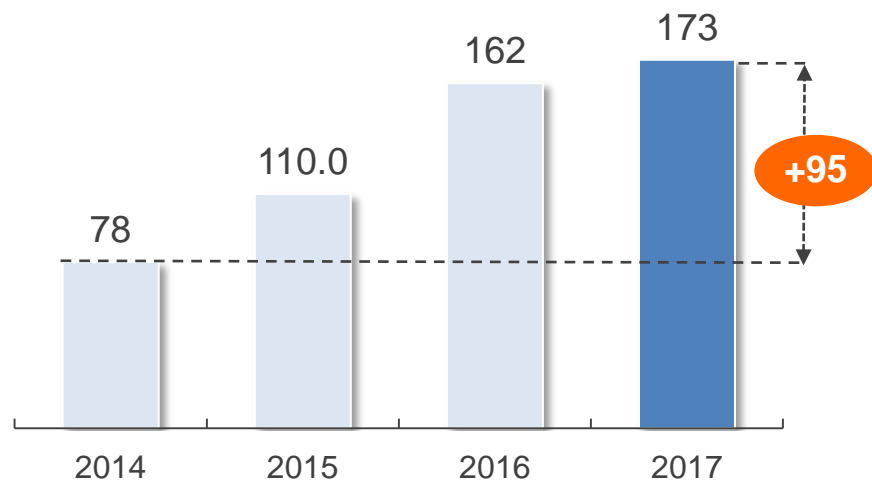
Note: The chart on the left is based on applicants, and that on the right the insured.



## Average sum assured on CI per customer increased continuously, with that over 300,000 seeing the fastest growth

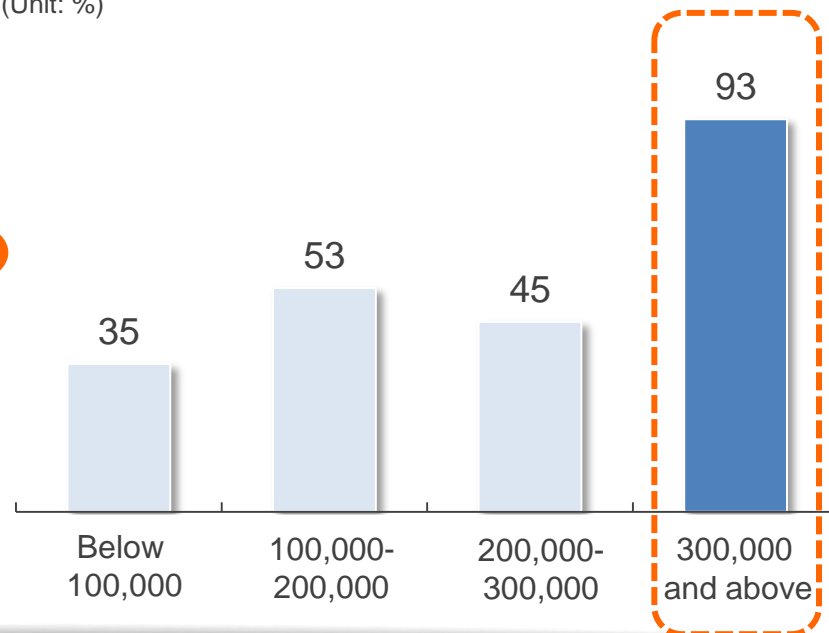
Growth of average SA  
on CI new sales customers

(Unit: RMB thousand)



Growth of CI new sales customers  
by cohorts of SA in 2017

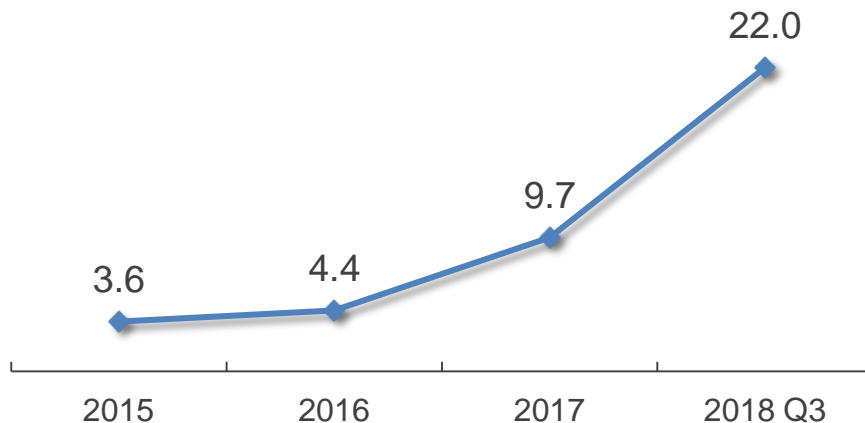
(Unit: %)



# The number of customers with both CI and medical grew rapidly

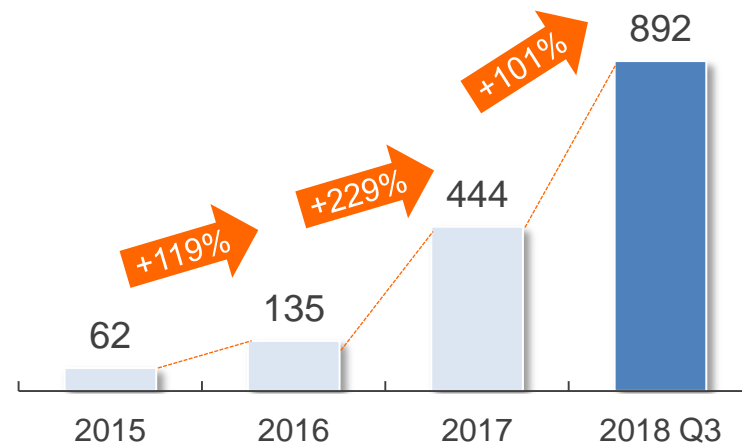
## Share of CI new sales customers who purchase short-term medical

(Unit: %)



## Number of customers with both CI and short-term medical

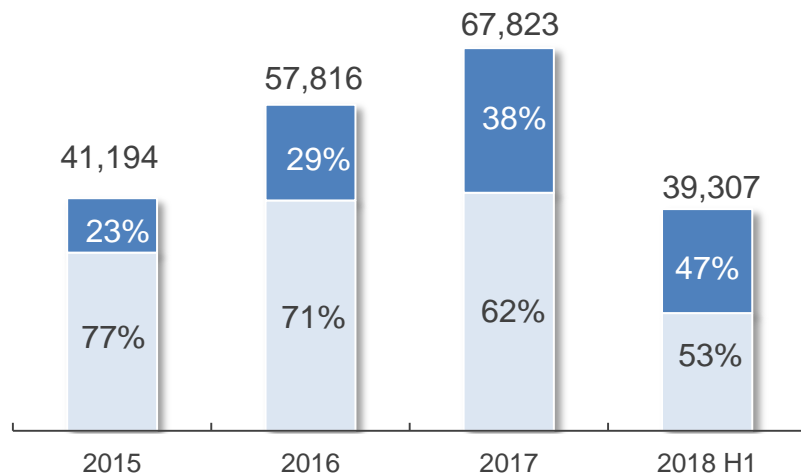
(Unit: thousand)



# Long-term health insurance promotes business mix improvement

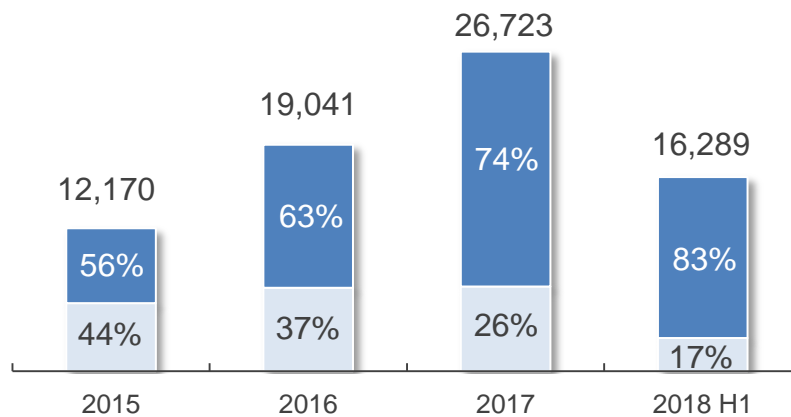
## Annualized new premiums of CPIC Life

(Unit: RMB million)



## New business value of CPIC Life

(Unit: RMB million)



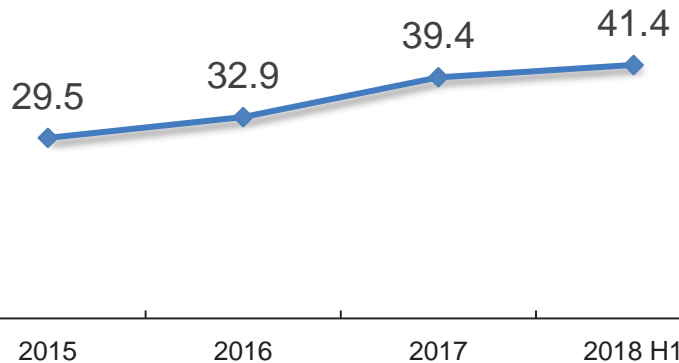
■ Long-term health insurance    ■ Others

Note: Long-term health insurance includes whole life/endowment products that are bundled with long-term health products.

# Long-term health insurance helps with NBV margin expansion and residual margin growth

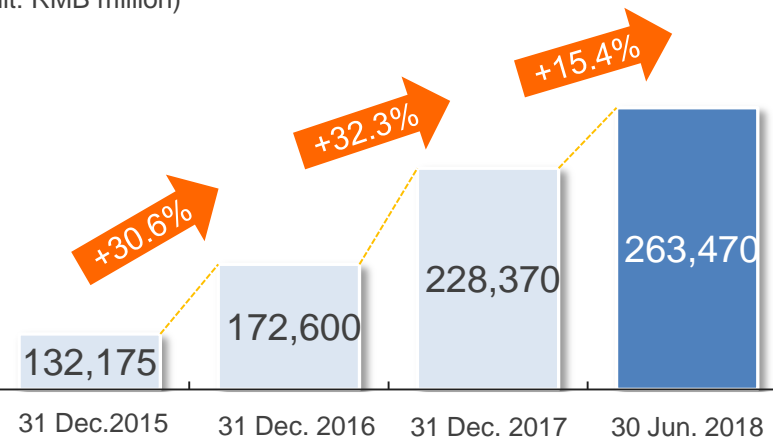
## NBV margin of CPIC Life

(Unit: %)



## Residual margin of CPIC Life

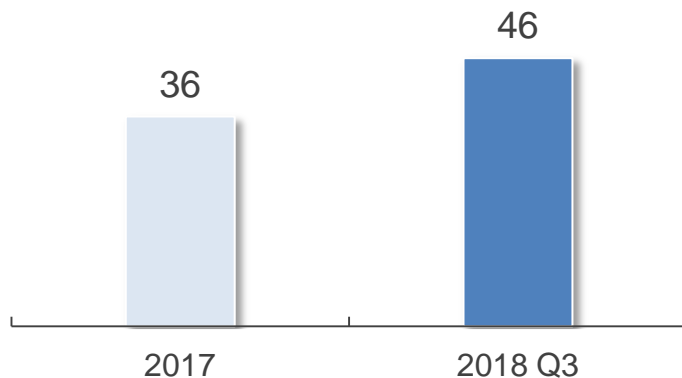
(Unit: RMB million)



## Short-term medical helps with customer acquisition

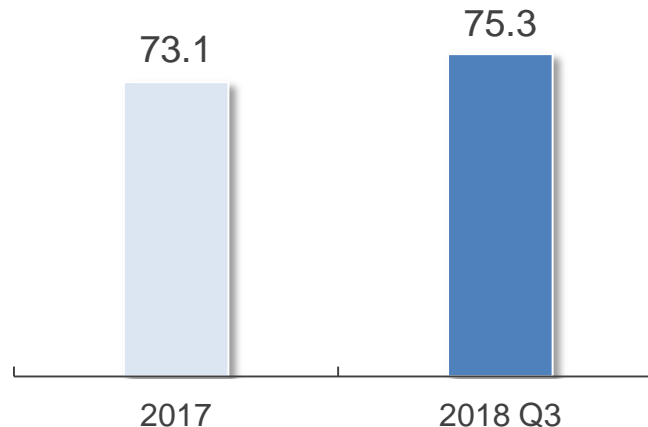
### New customers for life agents acquired by short-term medical

(Unit: ten thousand)



### Renewal ratio of short-term medical

(Unit: %)



# Contributed to establishment of multi-tiered health care system

## Early starter

- **The first** insurance company to participate in the establishment of a multi-tiered health care system.

## Good experience

- **20** years of exploration and practice,
- Accumulation of advanced health care management and services
- Influential cases and wide recognition

## Wide coverage

- **161** government-sponsored programs
- Covering **459** districts and counties in **22** provinces
- Benefiting **91 million** people

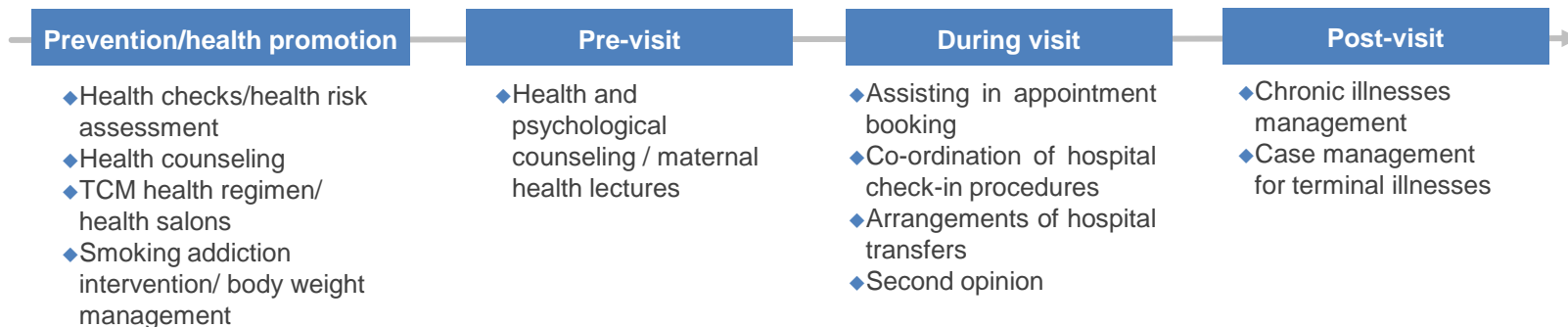
## Extensive Recognition

- Total claims pay-out exceeded **8.3 billion**
- Benefiting **5.7 million** people
- Level of protection of people under coverage increased by **10-15%**
- All programs win recognition in government evaluation



- 61** Critical illness programs
- 18** Third-party administration programs
- 17** Long-term care programs
- 65** Other supplementary programs

# Establishing health care management system to meet customer's diverse needs



## Health management network



Global direct payment medical outfits

600,000+



In-house direct payment medical outfits in Greater China region

400+



Health check-ups and dentist network

1000+



Contracted senior experts

300+

Note: All data is based on period as at the end of September 2018.

# Outlook



## Health insurance big data

Initiate health insurance big data transformation project, establishing Group-level big data platform for health insurance, exploring big data application scenarios to improve decision-making capabilities for overall health insurance strategies.



## Improving supply of products and services

Leveraging Group's hundred million customers and focusing on "insurance products + health management" to improve supply, increase penetration, and enhance customer loyalty.



## Synergy and collaboration

Promote synergy across business segments and subsidiaries to foster an integrated model for health insurance development.



THANKS

平时注入一滴水



难时拥有太平洋