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CPIC（SH601601，HK02601）

Stock Data (ending Nov 30, 2019)

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	284,381
A-share	215,319
H-share (in HKD million)	76,876
6-month highest/lowest	
A-share (in RMB)	40.02/33.83
H-share (in HKD)	34.30/27.70

IR Calendar

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Premium Income (Unit: in RMB million)

	Jan-Nov	Changes	Nov	Changes
P&C	120, 631	12. 85%	11, 010	13. 12%
Life	206, 614	5. 60%	9, 312	6. 47%

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Company Updates

- **CPIC Life participates in private placement of Shanghai Lingang**

Recently, CPIC Life participated in the private placement of Shanghai Lingang, a company listed on Shanghai Stock Exchange. The company spent RMB2.686bn on the deal. As a result, CPIC Life holds 112mn shares, exceeding the mark of 5%. Shanghai Lingang issued 199mn shares to 9 private investors, and raised RMB4.767bn. After the issuance, CPIC Life owns 5.33% of the company, and became its 4th largest shareholder.

Regulatory Updates

- **CBIRC amends rules on health insurance**

The newly amended Provisions on Administration of Health Insurance puts more emphasis on the protection nature of health insurance, contains comprehensive amendments in areas of health insurance definitions, product supervision and distribution, in a bid to enhance regulation of product design, product distribution and claims settlement. First, the document defines medical accident as health insurance, which previously only included disease insurance, medical insurance, care insurance and disability income loss insurance. Second, it allows for adjustment of rates of long-term medical insurance, provided that the trigger for the adjustment is clearly defined. Third, it raised the upper limit on the cost of health management services to 20% of net premiums, and the portion in excess of the cap shall be priced separately. Fourth, the amendment seeks to harmonize health insurance rules between property and casualty insurance and life and health insurance. Insurance companies shall strictly abide by terms & clauses and rates previously filed with the regulator for record or approval, and shall not impose bundling of health insurance with other products on its customers. Insurers are encouraged to share, where necessary, data with heath care providers and social security medical insurance service.

- **CBIRC amends implementations rules on foreign insurance companies**

CBIRC recently amended and promulgated Implementation Rules of Provisions on Administration of Foreign-funded Insurance Companies. The new document relaxed the cap on foreign shareholding in life and health insurance companies to 51%, in the run-up to an outright removal of caps on foreign shareholding in 2020. It also eased restrictions on market access by foreign investors, and abolished, for example, requirements for a minimum of 30 years of business operation and the establishment of representative offices. It requires foreign-funded insurance companies to have at least one insurance company in "normal business operation" as a major shareholder, and further defines the duties and obligations of the major shareholder. In a bid to harmonize regulations between domestic and foreign insurance companies, the amendments abolished provisions on administration of branch offices of foreign insurance companies and unified the qualification requirements for Chinese applicants in JV establishment under Regulations on Equity Administration of Insurance Companies.

- **CBIRC issues new rules on endowment products**

CBIRC recently issued a circular on regulation of endowment products. The circular stipulates that the insurance period of endowment products shall be the same as their actual duration. It bans maneuvers to change the actual product duration through policy loans or partial withdrawals, or adjustment of pricing assumptions such as surrender costs and persistency bonus, or increase /decrease in cash value of products via adjustment of interest rates. Besides, according to the document, endowment products shall mostly be of an insurance period of 5 years and above. Of course, to meet needs of liquidity or asset liability management, insurance companies may also design products of less than 5 years, but not less than 3 years. The annual premiums from endowment products shorter than 5 years shall not exceed 200% of either an insurer's invested capital, or net assets as of the end of the previous year, whichever is lower, and shall not surpass 20% of their annual total premiums. The circular also steps up regulation of sales of such products, specifying regulatory measures in cases of violations.