

CPIC (SH601601, HK02601, LSE CPIC)
Stock Data (ending Nov. 30, 2020)

Total equity base (in million)	9,620
A-share	6,845
H-share	2,775
Total Cap (in RMB million)	334,043
A-share	264,561
H-share (in HKD million)	81,871
6-month highest/lowest	
A-share (in RMB)	38.65/27.12
H-share (in HKD)	30.30/20.50
GDR(in USD)	28.85/17.60

IR Calendar
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Investor Relations Department

Tel: 021-58767282

Fax: 021-68870791

E-MAIL: ir@cpic.com.cn

Add: 15F, 1 Zhongshan Rd. S.
Shanghai, P.R. China, 200010

Contact: LIU Qing

Tel: 021-33963088

E-MAIL: liuqing-055@cpic.com.cn

Premium Income (Unit: in RMB million)

	Jan. - Nov.	Changes	Nov.	Changes
P&C	136,026	12.76%	11,015	0.05%
Life	202,600	-1.94%	8,982	-3.54%

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Industry Updates

● State Council plans for expanded coverage and improved quality of life/health insurance

On December 9, Premier LI Keqing presided over an executive meeting of the State Council, which announced measures to expand the coverage and improve the quality of life/health insurance, in a bid to boost its steady development. The meeting concluded that better financial services, and in particular further development of life/health insurance will be conducive to people's well-being and social and economic development. The meeting called for increased effort to prioritise and deepen the reform and opening-up of the insurance market, and optimise the supply of life/health insurance products, in a bid to meet public demand for health, retirement and safety protection. To this end, 3 measures will be rolled out: first is accelerated development of commercial health insurance; second is integration of private pension insurance into "the 3rd pillar" of China's retirement provisions to achieve faster development; third is enhancement of long-term investment capabilities of insurance funds, preventing short-term speculation and improving risk control.

In recent years, the development of life/health insurance has been on the agenda of State Council executive meetings, dating back to the wording of "faster development of commercial health insurance" in 2014, "accelerated development of private pension insurance" in 2017, and measures to promote commercial insurance relating to public services in 2019. This has created a favourable environment for high-quality development of life/health insurance, paving the way for its fast and steady development, and ensuring an important role it plays in improving people's welfare, enhancing social administration and serving the needs of China's real economy.

● CBIRC promulgated rules on insurance agents

On November 23, CBIRC officially promulgated Administrative Rules on Insurance Agents, marking the "upgrading" of all regulations for insurance intermediaries including brokers, loss adjusters and agents.

Under the new rules, agents are classified into specialised agencies, partnership agencies and individual agents. The document defines the concept of "individual agents" for the first time, which will be regulated with differentiated management systems, including the establishment of regulations for "independent individual agents". The document also clarifies the process of "licensing before certification", with a separate chapter for market exits. The rules abolishes the 3-year limit on licenses of specialised and partnership agencies. The minimum required registration capital for regional specialised agencies is raised to RMB20mn.

The agency force is an important channel of insurance distribution. The

document unifies the legal and administrative systems for insurance intermediaries, and introduces the concept of independent individual agents for the first time, which would diversify the agency force mix and help with its high-quality development.

● Regulator issued rules on Internet insurance

On December 14, CBIRC issued Administrative Rules on Internet Insurance Business.

The document clarifies the definition of Internet insurance business, which will have to meet all the 3 criteria: sales are conducted/ products are provided via the Internet or self-service terminals, consumers can access independent product information and they can complete the insurance application process in a self-service manner. The rules also enhance the principle of licensed business operation and explicitly set out the 4 types of institutions which can engage in Internet business: insurance companies, insurance agents (individual agents excluded), insurance brokers and loss adjusters. The document steps up regulation of promotion and advertisement of Internet insurance, stipulating that insurance personnel shall conduct marketing activity within the scope of authorisation of insurance institutions, and that materials for marketing purposes shall be prepared by insurance institutions. It explicitly bans the following behaviors by non-insurance institutions: advice or comparison of insurance products, premium quotes or comparison, recommendation of insurance plans or insurance application on behalf of consumers, premiums collection, etc.

The new rules will enter into force on Feb. 1 2021. Insurance companies are required to achieve full compliance in a 3-stage period.

The regulations will help enhance the supervision of on-line insurance business and consumer protection, promoting the orderly development of Internet business.

● CBIRC released industry updates for the first 11 months of the year

On December 25, CBIRC released statistics of China's insurance market for the first 11 months of 2020. Total primary insurance premium amounted to RMB4.22tn, a growth of 6.46%. Of this, property and casualty insurance recorded premiums of RMB1.09tn, up 3.89%, and life and health insurance recorded RMB3.12tn, up 7.39%. Insurance claims and benefits payouts totaled RMB1.24tn, an increase of 7.78%. Of this, property and casualty insurance reached RMB610.6bn, and life and health insurance reached RMB628.7bn. Business and management expenses amounted to RMB497bn, an increase of 6.02%. Insurance funds under management reached RMB21.21tn, accounting for 92.52% of total assets.

Company Updates

● CPIC Life released amended rules on management of agency force

On December 9, CPIC Life launched the revised version of the rules on management of its agents, at a time when CPIC Group is about to celebrate its 30th anniversary.

The “upgrading” of the Basic Law, that is, agency force management regulations, centres on professionalism, service and career development, seeking to inject sustained vitality into the agency force, boost its transformation and facilitate the high-quality development of the individual business. The amendment aims to improve the quality, productivity and income of agents, and fosters the sales force with industry-leading professionalism.

The revised rules focuses on organizational development and individual high performance. The former centres on supervisors (a level of the agency force hierarchy) and provides incentives to supervisors for direct recruitment, training and management of fellow agents, in a bid to promote transformation, optimise the agency mix and strengthen the foundation of the agency force. The latter is underpinned by the establishment of a training and coaching system, as well as career development paths for high-performing agents, with increased incentives for sustained high performance and ultra-high performance, fostering an enabling culture for high performance, establishment of a dedicated institute for ultra-high performing agents, and differentiated courses and personal branding programmes for high-performing agents.

The release of the document underlines the company’s commitment to long-term and steady business development. Going forward, the new Basic Law will serve as the bedrock of agency force management, promoting healthy, steady and sustained agency development, facilitating the provision of long-term professional insurance protection and services, and establishing a platform for agents’ long-term career development.

● CPIC launched its first exclusive CI product for Greater Bay Area

Recently, CPIC Life launched its first tailor-made critical illness product for the Greater Bay Area.

Last month, the Insurance Association of China and the Chinese Medical Professionals Association jointly released Definitions of Critical Illnesses (2020). The China Association of Actuaries issued The Critical Illness Morbidity Table (2020), which included a dedicated table for the Greater Bay Area. CBIRC also formulated corresponding regulations for CI products

exclusively for the area.

This new CI product is available for residents who are between 18 and 65 years old and reside in the Greater Bay Area or Guangdong Province. Residents of Hong Kong and Macao who work in Guangdong could also apply for the insurance, as long as they meet the underwriting criteria. This would increase the inter-connectivity of the insurance business in the area.

The CI product was developed based on extensive market research, analysis and actuarial inputs, while considering CI claims experience of Guangdong over the years. It is in compliance with regulatory rules on customised CI products for the Greater Bay Area, and marks an improvement from the previous “one-size-fits-all” products which may lack in levels of personalisation and protection, thus being able to offer more “peace of mind” to local residents and deliver tangible benefits of the development of the Greater Bay Area.

Going forward, CPIC will continue with the development of customised and exclusive health insurance products, and in particular, the supply of CI products with increased levels of protection to meet diverse needs of people in the region, underpinned by technological innovation and one-stop service. At the same time, it will promote the model of “insurance + services”, provide insurance service at earlier date, innovate risk prevention and management tools, enhance the efficiency of risk management of society at large, and explore integrated health solutions for local residents of the Greater Bay Area, contributing to coordinated and high-quality development of the region with high-level insurance services.