

CPIC (SH601601, HK02601, LSE CPIC)
Stock Data (ending May 31, 2021)

Total equity base (in million)	9,620
A-share	6,845
H-share	2,775
Total Cap (in RMB million)	301,867
A-share	235,469
H-share (in HKD million)	80,900
6-month highest/lowest	
A-share (in RMB)	46.00/32.16
H-share (in HKD)	41.45/26.95
GDR(in USD)	35.65/25.00

IR Calendar
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Premium Income (Unit: in RMB million)

	Jan.- May	Changes	May	Changes
P&C	67,609	7.24%	11,868	-3.21%
Life	121,173	4.04%	13,848	0.99%

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Regulatory Updates

● C-ROSS Phase II standards likely to be released in July

On June 3, officials with CBIRC indicated the regulatory standards of C-ROSS Phase II are likely to be issued in July 2021, effective from Jan. 1, 2022.

Starting from Q2 2021, insurance companies will be required to file solvency reports under the new regulatory regime on a trial basis. However, the regulator will not take any actions based on this until Q1 of 2022, when reporting under the new standards is officially introduced. Insurers with a steep fall of solvency margin ratios due to the switch of standards, or with their ratios falling below regulatory alerts such as 100%, 120% or 150% will be granted a grace period of maximum 3 years to ensure a smooth transition.

● Regulator steps up supervision of major shareholders

Recently, CBIRC released the Exposure Draft of Provisional Rules on Supervision of Major Shareholders of Banking and Insurance Institutions. First, the document explicitly bans misconduct of major shareholders, such as “improper intervention” in normal business operation of banking and insurance institutions, misleading advertising in the name of the licensed entities, proxy attendance of shareholders’ general assembly, and guarantee of non-related parties’ debt with equity pledge. Second, it further enhances obligations of major shareholders, such as voluntary study of regulatory rules and policies, cooperation in management of related party transactions and improvement of internal work processes, and support of insolvent or high-risk institutions in reducing or cancelling shareholder dividends. Third, it harmonizes regulatory standards of banking and insurance institutions, explicitly banning voting of major shareholders with the proportion of pledged shares exceeding 50%, purchase of privately-placed bonds issued by major shareholders or guarantee thereof by banking and insurance entities, and direct or indirect cross shareholding between banking and insurance firms and their major shareholders. Fourth, it increases the primary responsibility of banking and insurance institutions in equity management, with stipulations on detailed requirements and processes. Banks and insurance companies shall formulate lists of rights and obligations as well as misconduct of major shareholders, verify information of their major shareholders on a regular basis, conduct annual assessment of major shareholders and communicate findings to all shareholders, and hold accountable those who abuse their rights and cause banking and insurance institutions to incur financial losses

● Regulation tightened of urban customized commercial medical insurance

CBIRC recently issued a circular to enhance regulation of urban customized commercial medical insurance, or Huiminbao, to address irregularities, such

as price war and misleading advertising.

First is enhanced compliance. Insurance companies are required to follow the commercial logic and market-based mechanisms, formulate sound protection plan, conduct business while ensuring compliance and improve management & service efficiency and risk control capabilities. Second is increased responsibility. Head office is responsible for management of customized medical insurance business, which includes reviewing plans and products, stepping up unified management, standardizing business processes and enhancing accountability. Third is more articulate regulatory requirements. The regulator will enhance day-to-day supervision, focusing on irregularities of price wars and false advertising, in order to ensure market order and stable performance of the business. Fourth is enhanced industry self-discipline. The industry association is encouraged to play its due role in industry self-discipline, vigorously participate in formulation of local protection plans, explore the establishment of norms of service and set up a platform for industry exchanges.

Industry Info

● Automobile insurance comprehensive reform delivers initial results

On June 1, CBIRC indicated at a press conference that the targets of “lowering price, expanding coverage and improving quality” of comprehensive reform of automobile insurance have been met initially, delivering tangible benefits to consumers. According to the regulator, as of the end of April, average premium per vehicle fell by 19.7% from before the reform, with lower premium spending for 89% of consumers involving 120bn yuan in premiums. At the same time, the average SA on third-party liability rose sharply from 890,000 yuan to 1.41 million yuan, with loss ratio increasing by 14.5pt.

Company News

● CPIC signs agreements of strategic cooperation for Greater Bay Area

Between May 26 and 27, to promote its Greater Bay development strategy, CPIC successively signed agreements of strategic cooperation with China Southern Airlines, GD Holdings and Phoenix TV. Under the agreements, the company will join hands with China Southern Airlines to explore opportunities in retirement facilities for travelling elderly people; boost branding of service, leverage the attractiveness of the Greater Bay Area for talent and its accommodating policies, and use new technologies to provide competitive and convenient service; jointly build the customer eco-system and launch customized financial products and services in the area and the Daxing Airport. The company will also work with Phoenix TV to play an

even bigger role in the New Development Pattern via in-depth cooperation in “media + insurance” and enhanced customer experience of CPIC Service. CPIC and GD Holdings will enhance cooperation in traditional areas, step up coordination in serving national initiatives such as Green Development, Rural Invigoration, Health China, and the retirement industry.

● **CPIC signs Strategic Cooperation Agreement on Shanghai Urban Rejuvenation Fund**

On June 2, CPIC signed the Strategic Cooperation Agreement on Shanghai Urban Rejuvenation Fund with Shanghai Real Estate Group. The fund, the largest of its kind in China in operation, totaled 80bn yuan, and is earmarked for urban resettlement and rejuvenation projects so as to optimize the functioning and preserve the landscaping of the city, as well as improving the well-being and quality of life of local people. GONG Zheng, deputy party chief and mayor of Shanghai, attended the signing ceremony. He called for sensible use of urban space, and continued effort in urban resettlement, regional development and improvement of people’s well-being. China Merchants Shekou, China Communications Construction Group, Vanke Group, China Life Investment, Poly Development and PICC Investment also attended the ceremony and signed strategic cooperation agreements.