

**CPIC (SH601601, HK02601, LSE CPIC)**
**Stock Data (ending Nov. 30, 2022)**

Total equity base (in million)	9,620
A-share	6,845
H-share	2,775
Total Cap (in RMB million)	211,033
A-share (in RMB million)	166,608
H-share (in HKD million)	48,901
6-month highest/lowest	
A-share (in RMB)	24.44/18.01
H-share (in HKD)	19.34/12.20
GDR (in USD)	16.40/12.50

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**Premium Income (Unit: in RMB million)**

	Jan.-Nov.	Changes	Nov.	Changes
<b>P&amp;C</b>	156,379	11.65%	12,275	6.52%
<b>Life</b>	214,492	6.56%	11,666	23.33%

## Regulatory Updates

### ● Private pension scheme up and running in 36 cities on trial basis

On November 4, CBIRC and 4 other government agencies jointly issued Rules on Implementation of Personal Pension Scheme. Participants shall first of all open a personal pension fund account, and then open or designate a sole and exclusive bank account with qualified commercial banks. On the same day, the Ministry of Finance and General Administration of Taxation announced introduction of tax incentives starting from January 1, 2022. Personal fund contribution up to 12,000 yuan per annum can be tax deductible. On November 22, CBIRC specified qualification requirements for insurance companies to conduct such business: owner's equity as of the end of the preceding year shall not be lower than 5bn yuan or 75% of the share capital (paid-in capital); comprehensive and core solvency margin ratio as of the end of the preceding year shall not be lower than 150% and 75% respectively; insurance contract reserve coverage ratio shall not be lower than 100%; IRR for the last 4 consecutive quarters shall not be lower than B. On November 25, the Ministry of Human Resources and Social Security announced 36 cities, including Beijing, Shanghai, Guangzhou, Shenzhen, and Chengdu as the "pioneer" for the personal pension fund scheme.

### ● CBIRC launches pilot programme of commercial pension business by pension firms

On December 1, 2022, CBIRC issued The Notice on Launch of Pilot Programmes of Commercial Pension Business by Pension Insurance Companies. According to the document, the pilot programme will commence on January 1, 2023 and last for one year. Commercial pension business covers account management, retirement planning, fund management and risk management, which can meet customers' diverse needs for retirement provision across their life cycles. Four firms, namely, the pension insurance arms of PICC, China Life, Taiping, and Guomin Pension, have been chosen for the pilot programme which will be conducted in 10 provinces/municipalities such as Beijing, Shanghai, Jiangsu, Zhejiang, Fujian, Shandong, Henan, Guangdong, Sichuan and Shaanxi.

### ● CBIRC promulgates rules on information disclosure for life/health insurance products

The document, released on November 11, covers all life/health insurance products with an insurance period of either below one year or above, such as life insurance, annuity, health insurance, and accident insurance, as defined by insurance types; or traditional insurance, participating insurance, universal and unit-linked, as defined by types of product design. In terms of contents of information disclosure, it covers product catalogs, terms & clauses, and premium rates; and for life/health insurance products with an insurance period of more than one year, insurers shall disclose cash value and Product

Overviews. Cash value and premium rates have become mandatory requirements for information disclosure for the first time. The document will enter into force on June 30, 2023. Industry experts point out that the disclosure of premium rates will offer consumers a clearer picture of premium structures for different ages and pay period, help them make comparisons across similar products and choose those that offer the best value, and make long-term plans for insurance. Cash value will help consumers make more rational decisions and prevent unnecessary losses, as they can better understand the penalties involved for policy surrenders.

### ● **CBIRC conducts auditing of whole life insurance with increasing sum assured**

On November 18, CBIRC issued The Circular on Recent Problems with Life/health Insurance Products, which highlighted 4 types of problems as indicated by an audit of 24 life and health insurance companies. The findings mainly concern product design, wording of product terms and clauses, product pricing and others. The regulator requires insurance firms to conduct a risk screening of whole life insurance with increasing sum assured without delay, focusing on potential issues such as SA increasing at a rate faster than pricing interest rates, the investment return assumption for profit testing higher than the average investment return in the past 5 years, and expense loading for product pricing considerably lower than actual sales expenses. Insurance companies shall withdraw problematic products from the market immediately, and shall file report with the regulator by December 5.

## Industry Info

### ● **Bancassurance premiums for first 3 quarters exceed 1,000bn**

According to media reports in early December, for the first 3 quarters of 2022, industry bancassurance primary premiums exceeded the mark of 1,000bn yuan. By the end of Q3, bancassurance primary premiums amounted to 1070.471bn yuan, up by 10.47% year-on-year, much higher than the industry average growth of 3.51%. Among life/health insurance companies, its share was 37.1%, up by 2.34pt from 2021. By contrast, the premiums from agency channel shrank by 0.89% with its share among life/health insurance companies falling by 2.28pt. In 1H, new business sales from bancassurance reached nearly 600bn yuan, up by 5.5%; of this, regular-pay premiums almost 200bn yuan, a growth of 15%. Both are much faster than industry average.

### ● **CBIRC releases information on solvency of insurance companies**

On December 7, CBIRC released information on solvency of 181 insurance companies under its review. As of the end of Q3, the average comprehensive and core solvency margin ratios was 212% and 139.7%; total available

capital amounted to 4.71 trillion yuan, and minimum capital 2.22 trillion yuan. The average comprehensive solvency margin ratio of P/C insurance companies, life/health insurance companies and reinsurance companies stood at 238.9%, 204% and 309.1% respectively, with their core solvency margin ratio being 205.3%, 123.8% and 278.5% respectively. Of the 181 firms, 43 received an IRR rating of A, 114 a rating of B, 15 C and 9 D.

● **Half of buyers of Huiminbao are first-time buyers of commercial insurance**

On November 29, Waterdrop released a report which indicated that 54.4% insurance customers took out Huiminbao as their first commercial insurance policy. The share is even bigger among mass market consumers, which rose to 64.8% for users of 5-tier cities and below. In addition to Huiminbao, CI and accident insurance ranked high on the list of “most-needed” insurance products, being the first commercial insurance policy for 63% and 61% of users respectively. What comes next is million-yuan medical insurance, with a share of 43%, and medical insurance with outpatient/hospitalisation reimbursement had the lowest share of 32%. Only 11% of users believe Huiminbao alone is enough, and the share of people with such views is higher among those in 5-tier cities and below, or aged above 50, at 17% and 21%, respectively. 81% of users who took out other insurance than Huiminbao aim for “complementarity”, and the rest chose other insurance mainly because of Huiminbao’s limited coverage, high deductible and limited protection level.