

CPIC ( SH601601, HK02601 )

**Stock Data(ending July 29, 2016**

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap ( in RMB million )	233,486
A-share	168,429
H-share ( in HKD million )	76,035
6-mth highest/lowest	
A-share (in RMB)	27.79/22.52
H-share ( in HKD )	29.55/24.15

**Investor Relations Calendar**

September 6 - 7, 2016  
Nomura China Investment Forum  
Shanghai

October 26 - 27, 2016  
Jefferies 6<sup>th</sup> Annual Greater China Summit  
Hongkong

November 2 - 4, 2016  
BofAML China Investment Summit  
Beijing

November 2 - 4, 2016  
Credit Suisse China Investment Forum  
Shenzhen

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

Indicator	Jan. to Jul.	Changes	July	Changes
P & C	56,372	1.3%	7,208	(2.4%)
Life	95,042	29.3%	12,808	15.8%

## BRIEFING

### Overview of China's Insurance Market in 1H 2016

In the first half of 2016, China's insurance industry showed strong momentum of growth, with highlights as follows.

- **Rapid premium growth.** Gross written premiums (GWPs) grew by 37% over the same period of last year, up 18 percentage points.

- **Lower yields on investment.** Insurance companies' total investment income amounted to 294.5 billion yuan, reduced by 216.0 billion over the first half of 2015, with an investment yield of 2.47%, down by 2.69 percentage points over the same period last year

- **Declining profits.** Total profits were estimated at 105.6 billion, a decrease of 124.2 billion, and down by 54.05%.

- **Expanded labour force.** There were 200 insurance companies as of the end of the first half of 2016, 6 companies more than at the beginning of the year. The industry employed 1,057,000 full-time employees, a growth of 33,000 from the beginning of the year, and 5,649,000 agents, an increase of 936,000 from the beginning of the year.

#### 1. Performance overview

In the first half of 2016, the industry recorded 1.88128 trillion yuan in GWPs, up 37.29% over the same period of 2015, with total pay-outs in claims and benefits amounting to 526.24 billion, up 25.17%. Among business lines, health and life insurance business experienced rapid growth. Health business reported GWPs of 235.9 billion, a growth of 89.4%, and the life business 1176.1 billion, up 45.0%. On the other hand, property and casualty business slowed down, with GWPs of 430.2 billion, up 7.1%.

#### 2. An overview of property and casualty market

During the reporting period, the 78 property and casualty insurers reported GWPs of 463.2 billion, up 8.5% over the same period of last year, with total claims pay-outs of 229.89 billion, up 18.6%. The top 3 business lines were automobile, agricultural and property(commercial risks), with GWPs of 329.1 billion, 24.9 billion and 24.5 billion respectively.

#### 3. An overview of life insurance market

During the first half of 2016, the 76 life insurance companies achieved 1.41807 trillion yuan in GWPs, a growth of 50.3% over the first half of 2015, with surrendered amounts of 280.45 billion, up 0.9% and a surrender ratio of 3.87%. In tern of business mix, traditional business continued to grow rapidly, with GWPs of 750.44 billion, up 79.5%, with a much bigger share of total life insurance. On the other hand, the share of participating business fell steeply, while that of unit-linked and universal life being largely flat.

#### 4. Total assets

As of the end of June, total assets of insurance companies reached 14.26608 trillion, up 15.4% from the beginning of 2016.

## 5. Insurance funds utilization

As of the end of the first half of 2016, assets under management of insurance companies totalled 1.25693 trillion yuan, up 12.37% from the beginning of 2016. What is noteworthy is that alternative investments replaced bonds as the biggest asset class for insurance funds utilization, with a share of 34.22% and AuM of 4.29862 trillion yuan, a record level. The share of bonds and bank deposits was 33.5% and 18.8% respectively.

Due to the impact of equity market volatility and declining interest rates, the industry's average investment yield fell sharply by 2.69 percentage points to 2.47%.

## COMPANY UPDATES

### ● CPIC Ranks 251 on Fortune Global 500

The Fortune magazine released its 2016 rankings of Global 500 on July 20, and CPIC, with an operating revenue of USD 39.3358 billion and a profit of 2.8209 billion, was ranked 251, up 77 places from 2015. This is the 6th consecutive year when the company has been included on the list, and also the first time among the top 300.

The Fortune magazine Global 500 ranking looks at companies' revenues and profits and is an important measure of the influence, size and strength of firms all over the world.

Since its first ranking in 2011, CPIC has been committed to sustainable value growth while focusing on the core business of insurance. The year 2011 also coincided with the company's launch of transformation initiatives. The new ranking underscores the success of the company's transformation efforts which have led to big improvement in its value-creating capabilities.

### ● Chairman GAO Guofu Wins Industry Leader Award

The 2016 Insurance Innovation and Development Forum sponsored by Daily Economic News was held in Beijing recently. During the meeting, the organizers released Rankings of China's Insurance Industry for 2016. GAO Guofu, CPIC's chairman, was awarded Industry Leader of the Year.

### ● Anxingbao 2.0 Garneres over 266 Million on its Debut Day

The product was launched on July 18, and on the same day garnered a premium of 266 million, with 128,000 policies, a record for products of its kind.

The product, called Anxingbao 2.0, offers long-term personal accident coverage and is an upgrade from an earlier version, with expanded scope of protection to cover accidents relating to elevators and during holidays. In particular, the product offers incentives for "household purchase", i.e. riders on top of the base policy specifically for the insured's family members, with a waiver of one year's premium.

### ● CPIC P/C Promotes Automatic Claims Management for Automobile Insurance

The company has been pushing forward automation of claims management from loss-adjustment, loss investigation to payment of claims

via increased use of new technologies, new tools and new business processes. Pilot programmes have been carried out in branch offices, in particular, for claims cases with a small amount, say, below 2000 yuan for car damage and below 3000 yuan for bodily injuries. In the first half of the year, automatic loss-adjustment covered 450,000 cases, and automatic claims payment 2,010,000 cases, saving manpower and enhancing customers' experience.

- **CPIC P/C Granted A1 Rating for the 6<sup>th</sup> Consecutive Year**

On July 28, the Moody's announced its 6<sup>th</sup> consecutive year of A1 rating of CPIC P/C.