

**CPIC ( SH601601, HK02601, LSE CPIC )**
**Stock Data (ending May 31, 2020)**

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	232,207
A-share	177,788
H-share (in HKD million)	59,114
6-month highest/lowest	
A-share (in RMB)	26.37/39.62
H-share (in HKD)	18.16/31.70

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

	January-May	Changes	May	Changes
<b>P&amp;C</b>	63,042	12.12%	12,262	16.38%
<b>Life</b>	116,469	0.04%	13,712	0.32%

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## Regulatory Updates

### ● CBIRC promulgates new rules on credit and guarantee insurance

CBIRC recently promulgated Provisions on the Regulation of Credit and Guarantee Insurance, at a time when the current provisional rules issued by the former CIRC are about to expire.

The amendments are risk-oriented, upholding the principle of “differentiated supervision and high-quality development”. In particular, the regulator classifies the credit and guarantee insurance into financing business and non-financing business, tightening the supervision of the former with higher requirements in business qualifications, risk limits and infrastructural building. While controlling the risk exposure of financing business via more stringent restrictions on sum assured and expansion of risk coverage, the new regulation encourages insurers to support financing of small and micro-businesses and explore new business areas to the extent that risks are under control. The new document also contains requirements for the building of internal control systems, as well as management of business partners in entry & exit, evaluation, consumer complaints handling.

The new rules raised the thresholds for business operation of credit and guarantee insurance, and in particular, that for financing purposes, and will help with the control of the business risk, laying the foundation for long-term and sustainable development of the business line.

### ● CBIRC tightens management of insurance sales personnel and insurance agency personnel

Recently, CBIRC issued The Circular on Enhancing Accountability of Insurance Companies and Strengthening Management of Insurance Sales Personnel and The Circular on Enhancing Management of Insurance Agency Personnel.

The two documents seek to increase the primary responsibility of insurance companies and insurance agencies in the management of their personnel. In particular, they are required to enhance recruitment, with clear definitions of the 6 types of people who cannot be considered. The documents also provide for the establishment of a differentiated system of sales personnel, with different levels of authorization in product sales depending on their years of service, insurance knowledge, educational background, and track record in ethics, and a full life-cycle training system covering recruitment and continuing education, with specific requirements for training hours and content.

The documents also indicate that CBIRC will step up supervision, conduct assessment on a regular basis, and support insurance industry associations in their effort to help establish the system for differentiation of sales personnel

capabilities.

The promulgation of the new rules will strengthen the regulatory system of insurance personnel, and help to address some of the industry's structural issues such as disparity in sales people quality and low retention, safeguarding high quality development of insurance personnel.

### ● **CBIRC issues new rules on business qualifications of agricultural insurance**

CBIRC recently promulgated The Circular on further Defining Requirements for Business Qualifications of Agricultural Insurance, seeking to establish more specific rules for market access based on the principle of “ full compliance, higher standards, differentiated approach and dynamic supervision ” in a bid to establish a well-rounded business qualification management system for agricultural insurance, and to promote the steady and healthy development of the business.

The document puts forward the principle of “ rational competition ”, and sets out specific requirements for governance, internal control, organizational structure, solvency margin ratios. Provincial-level branch offices not qualified shall not conduct agricultural insurance business via co-insurance. The regulations also contain stipulations on administrative penalties, market exit, market re-entry and mechanisms of evaluation.

The issuance of the document will improve the regulatory system of agricultural insurance, from market access to market exit, and from business operation to business evaluation. This will promote the rational competition of the market and healthy development of the business.

## **Company Updates**

### ● **CPIC lists GDRs on LSE**

On June 17th, CPIC held the listing ceremony of its GDRs on the London Stock Exchange, marking the successful completion of the first GRD issuance by a Chinese insurer under the Shanghai London Stock Connect Programme. With this, CPIC became the first A+H+G listed domestic insurance company in China.

During the process of the issuance, the company vigorously explored and pulled off a number of innovations under the stock connect programme, being the first to adopt China GAAP, the first to introduce the mechanism of cornerstone investors, the first to obtain waiver of public free float and the first to use “ cloud listing ” .

The part of the issuance which garnered most of the public attention is the investment by SwissRe as a cornerstone investor, which subscribed for 28,883,409 GDRs, representing 28.08% of the total number of GDRs (before exercise of over-allotment option), with a lock-up period of 3 years. As a

world leading reinsurer, SwissRe has maintained a good working relationship with CPIC over the years. This investment and its lock-up demonstrate the reinsurance giant's recognition of CPIC's long-term value and its commitment to China's insurance industry.

During the investor roadshows, global investors showed great interest, with the majority of the final GDRs allocated with cornerstone or long-term investors. The final offer price was USD17.6, in conformity with the guidance of regulators, which was impressive amid a high volatile and challenging market environment.