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GIRO Convention

**The Insurance Industry
steps forward under
the flag of Deng Xiao
Ping**

China Non-Life Insurance Market


David Campbell
September 2008

Where it all began



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Where it all began (again)



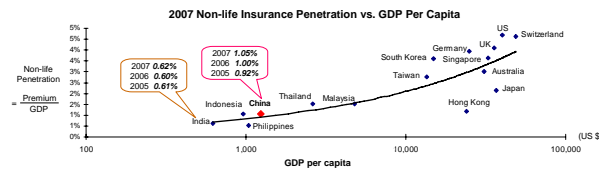
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Non-Life Insurance History In China

1949.10	People's Insurance Company of China ("PICC") was established in Beijing, marking the development of insurance industry in China.
1966 - 1977	All insurance business came to a stop due to political turmoil.
1978 - 1979	11th Central Committee of the Communist Party recognized the importance of restarting insurance business.
1979	PICC restarted business. People's Bank of China ("PBOC") was the regulatory body.
1988.05	Ping An was established and headquartered in Shenzhen.
1991.04	China Pacific Insurance Company ("CPIC") was established and headquartered in Shanghai.
1992.09	American International Group ("AIG") was granted insurance licenses to operate in both life and non-life businesses in Shanghai, the first foreign company operating in China post 1978.
1995.06	<Insurance Law of The People's Republic of China> was published.
1998.11	The China Insurance Regulatory Commission (the "CIRC") was established, replacing PBOC, to assume the responsibility of supervising insurance industry. CIRC directly reported to the State Council.
2001.12	CIRC promulgated the <Administration of Foreign-funded Insurance Companies>.
2004.12	CIRC promulgated the <Administration of Reserves for Non-life Insurance Business (Trial)>.
2005.11	CIRC promulgated the <Administration of Insurance Provision and Premium Rates of Property Insurance Companies>.

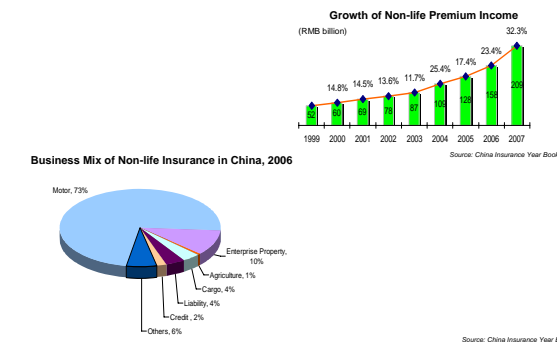
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Market Potential – Non-life Insurance



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Market Potential – Non-life Insurance



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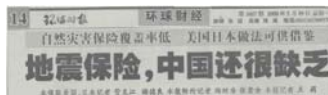


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Meeting the real insurance needs



"There is too much capacity for the foreseeable future....what we need is a major flood in Shanghai"

China CEO of a major global insurer

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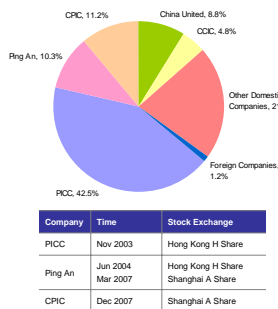


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Non-life Insurance Market Share in 2007

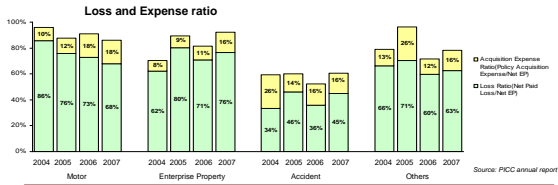
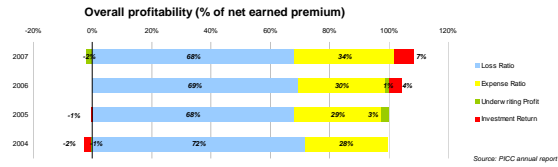


Other Domestic Companies	Market Share
Tian An	3.51%
An Bang	2.76%
Yong An	2.65%
Sunshine Property	1.99%
Tai Ping	1.64%
China Export and Credit	1.61%
Du Bang	1.28%
Hua Tai	1.23%
Allycat	0.72%
An Hua Agriculture	0.68%
Da Zhong	0.61%
Tian Ping Auto	0.59%
Hua An	0.45%
China Life P&C	0.38%
Guohua	0.36%
Sunlight Mutual	0.26%
BOC	0.24%
Min An	0.22%
An Xin	0.13%
An Cheng	0.05%
Daewoo P&C	0.01%
Chang An Liability	0.00%

Source: China Insurance Year Book

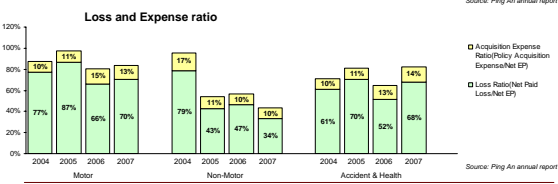
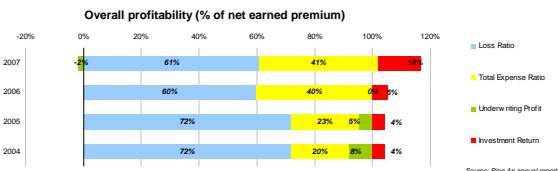
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Profitability - PICC



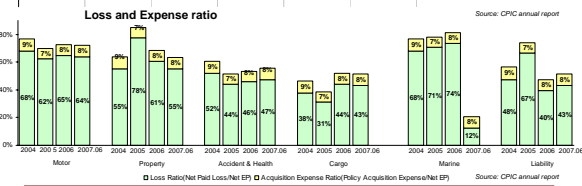
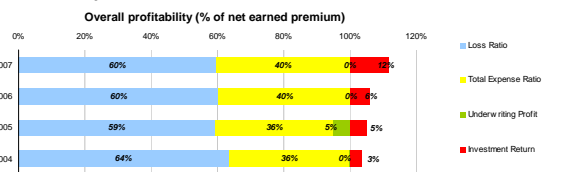
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Profitability - Ping An



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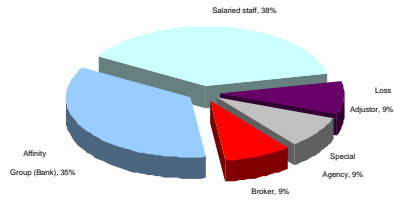
Profitability - CPIC



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Distribution Channels

2007 Distribution Channels for all lines in China

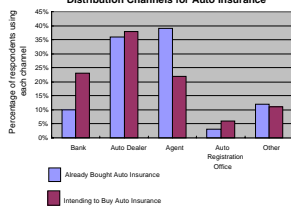


Source: CIRC website

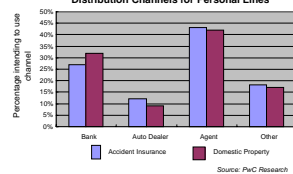
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Distribution Channels

Distribution Channels for Auto Insurance



Distribution Channels for Personal Lines



Source: PwC Research

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CIRC Actions & Actuarial Professions

□ Regulatory Drives on Reserving and Pricing

- Stipulate rules requiring insurance companies to report profits under proper actuarial valuation, but granting 2-year grace period, effective from Jan 2005;
- Stipulate rules requiring companies to submit annual actuarial reports and statistics, effective from Jan 2005;
- Stipulate rules requiring actuary's sign off on quarterly solvency and year end reserve, effective from Jan 2006;
- De-regulate Motor tariff premium, but demanding actuary's sign off on product pricing, effective from Jan 2006;
- Issue circular on non-life business supervision, especially internal control and data quality, effective from Feb 2008;
- Stipulate rules requiring all insurance companies to have its own chief actuary, but allowing learner rules for non-life insurers, effective from Apr 2008;

□ Continuous Effort

- Establish Chinese actuarial education syllabus and examinations.
- Establish Chinese actuarial association
- Establish insurance industry association.
- Organize regular industry seminars, forums and trainings
- Issue rules and guidance on actuarial reserving
- Beef up regulatory team and divide supervision responsibility
- Support IPO of State Own Enterprise insurance companies
- Subcontract external advisers and professors to conduct researches.
- Encourage discussions on solvency II
- Plan for Dynamic Solvency Test Implementation

Life and Non-Life Actuarial Practitioners in China		number
Chinese Actuarial Association - Fellow		111
Chinese Actuarial Association - Associate		640
Internationally qualified Fellow and unqualified practitioners		200

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The Streets of Changing Fortune: six Shanghai walks

Patterns of the Past: six more Shanghai walks

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