GIRO Convention
The Insurance Industry steps forward under the flag of Deng Xiao Ping
China Non-Life Insurance Market
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Where it all began

Where it all began (again)
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.

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 Company".

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.

Market Potential – Non-life Insurance

2007 Non-life Insurance Penetration vs. GDP Per Capita


Motor, 73%
Enterprise Property, 10%
Agriculture, 1%
Cargo, 4%
Liability, 4%
Credit, 2%
Others, 6%

Market Potential – Non-life Insurance

Growth of Non-life Premium Income

Source: China Insurance Year Book

Business Mix of Non-life Insurance in China, 2006

Source: China Insurance Year Book
"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
Non-life Insurance Market Share in 2007

Company | Market Share | Stock Exchange
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PICC | 42.5% | Hong Kong H Share
Ping An | 10.3% | Hong Kong H Share, Shanghai A Share
CPIC | 8.8% | Shanghai A Share
PICC | 4.8% |
China United | 11.2% |

Other Domestic Companies, 21.3%

Foreign Companies, 1.3%

Source: China Insurance Year Book
Distribution Channels

2007 Distribution Channels for all lines in China

Source: CIRC website

Distribution Channels for Auto Insurance

Distribution Channels for Personal Lines

Source: PwC Research

CIRC Actions & Actuarial Professions

- Regulatory Drives on Reserving and Pricing
  - Obligatory rules requiring insurance companies to report profits under proper actuarial valuation, but granting a 2-year grace period.
  - Stipulate rules requiring insurance companies to submit annual actuarial reports and statistics, effective from Jan 2006.
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  - Stipulate rules requiring actuary’s sign off on quarterly solvency and year end reserve, effective from Jan 2006.
  - De-regulate Motor tariff premium, but demand actuary’s sign off on product pricing, effective from Apr 2006.
  - Issue circular on non-life business supervision, especially internal control and data quality, effective from Feb 2006.

- Continuous Effort
  - Establish Chinese actuarial education syllabus and examinations.
  - Establish Chinese actuarial association.
  - Establish insurance industry associations.
  - Establish 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.
  - Plan for Dynamic Solvency Test implementation.

Life and Non-Life Actuarial Practitioners in China

- Chinese Actuarial Association - Fellow: 111
- Chinese Actuarial Association - Associate: 640
- Internationally qualified Fellows and other practitioners: 200
Thanks to Judy Cheng and her team at PricewaterhouseCoopers China for pulling together the data.

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- The Streets of Changing Fortune: six Shanghai walks
- Patterns of the Past: six more Shanghai walks

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