



# **Introduction to China Insurance/Reinsurance Market and China Re Group**

**China Re Group | September 2018**

## **Part 1 : China P&C Insurance/Reinsurance Market Information**

## **Part 2 : Introduction to China Re Group**

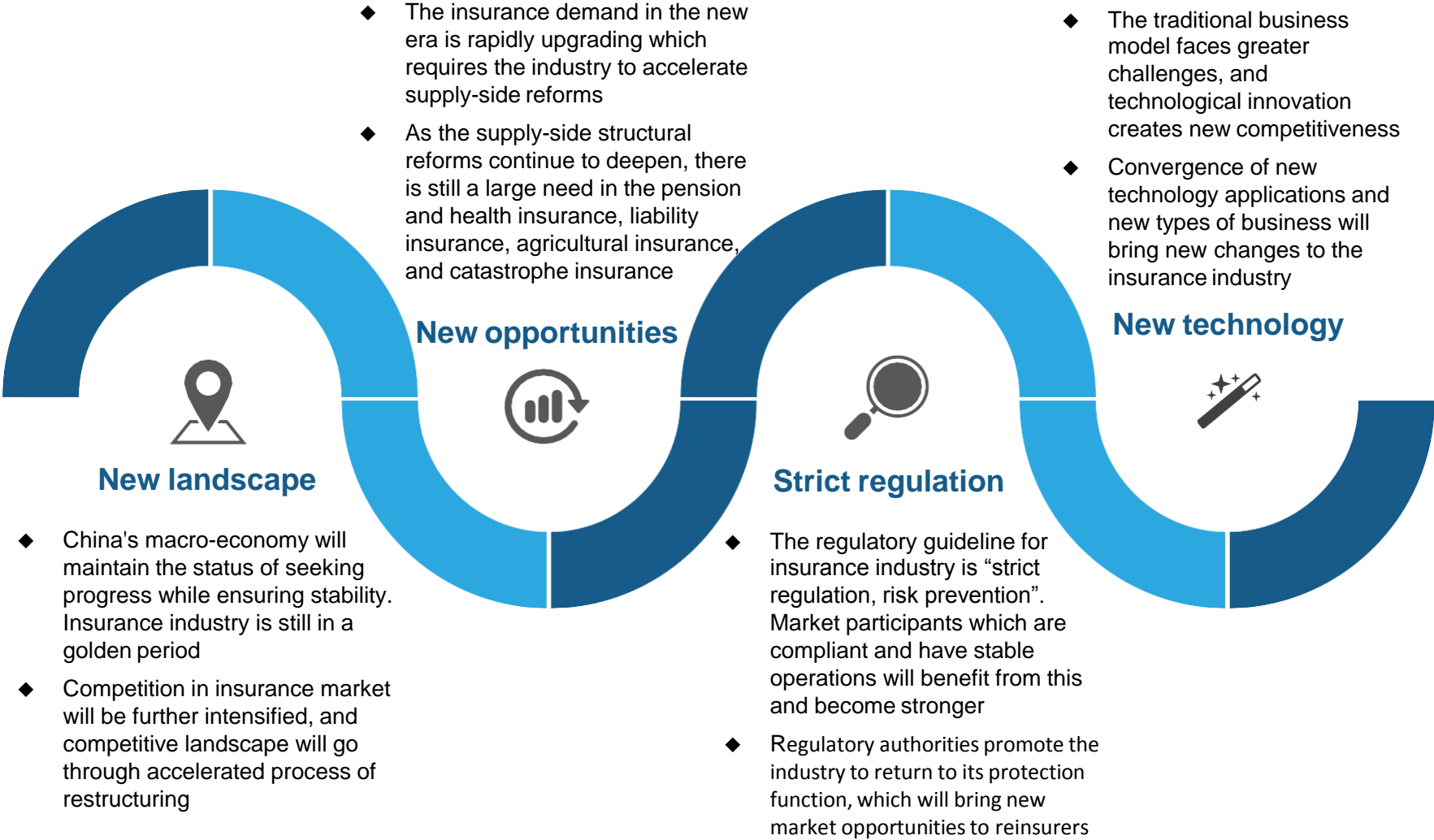
## Introduction to Domestic Insurance Regulation and P&C Insurance Companies

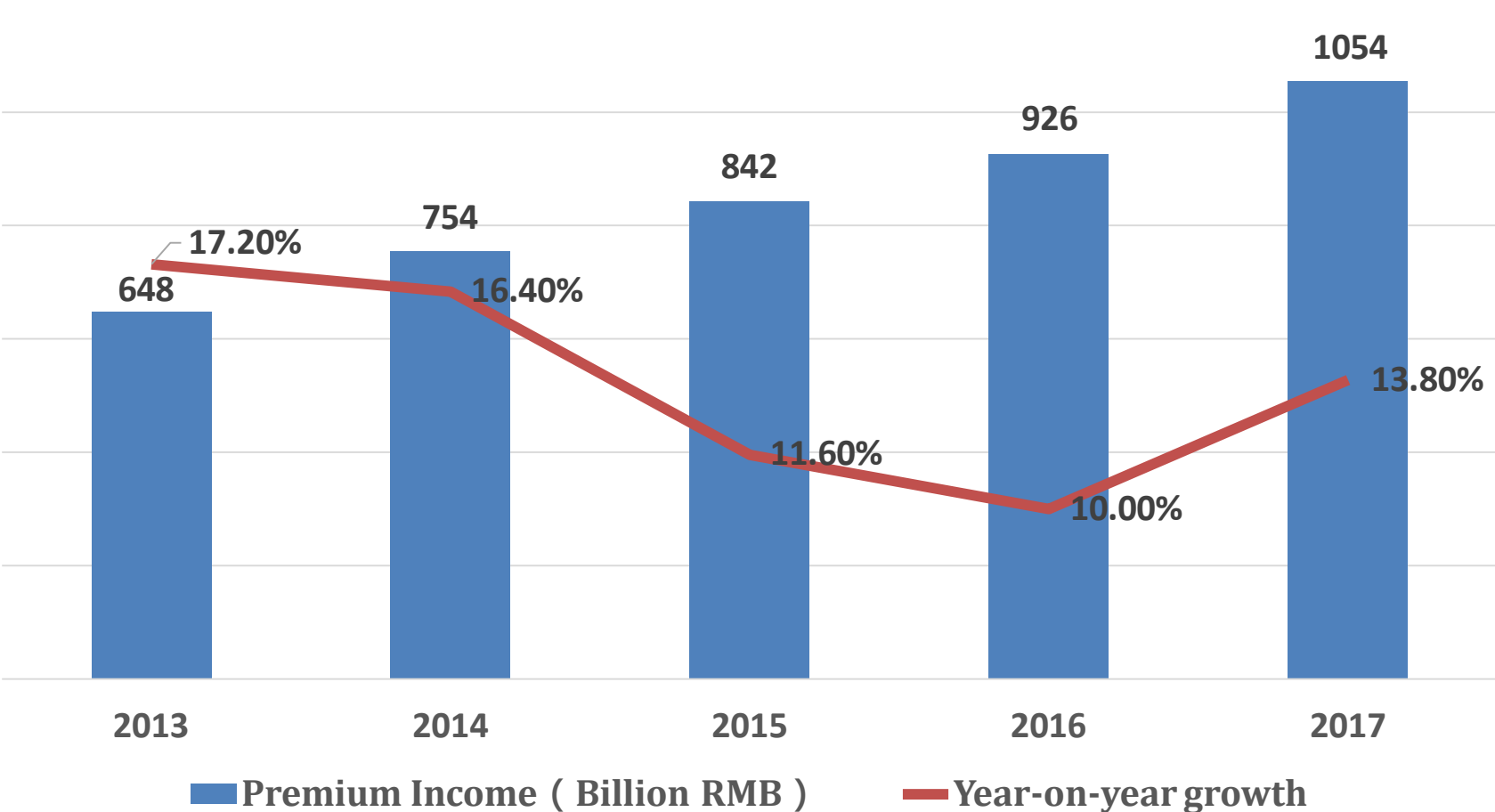
### Insurance Regulation

- China insurance market regulatory authority, China Banking and Insurance Regulatory Commission (CBIRC), supervises insurance market in accordance with laws and regulations, and safeguards the legal and steady operation of insurance industry.

### P&C Insurance Companies Information

- There were 85 P&C insurance companies in domestic market by the end of 2017, including several large comprehensive insurers (PICC, PINGAN, CPIC etc.), captive & mutual benefit insurers, internet focused insurers, and foreign insurers and so on.

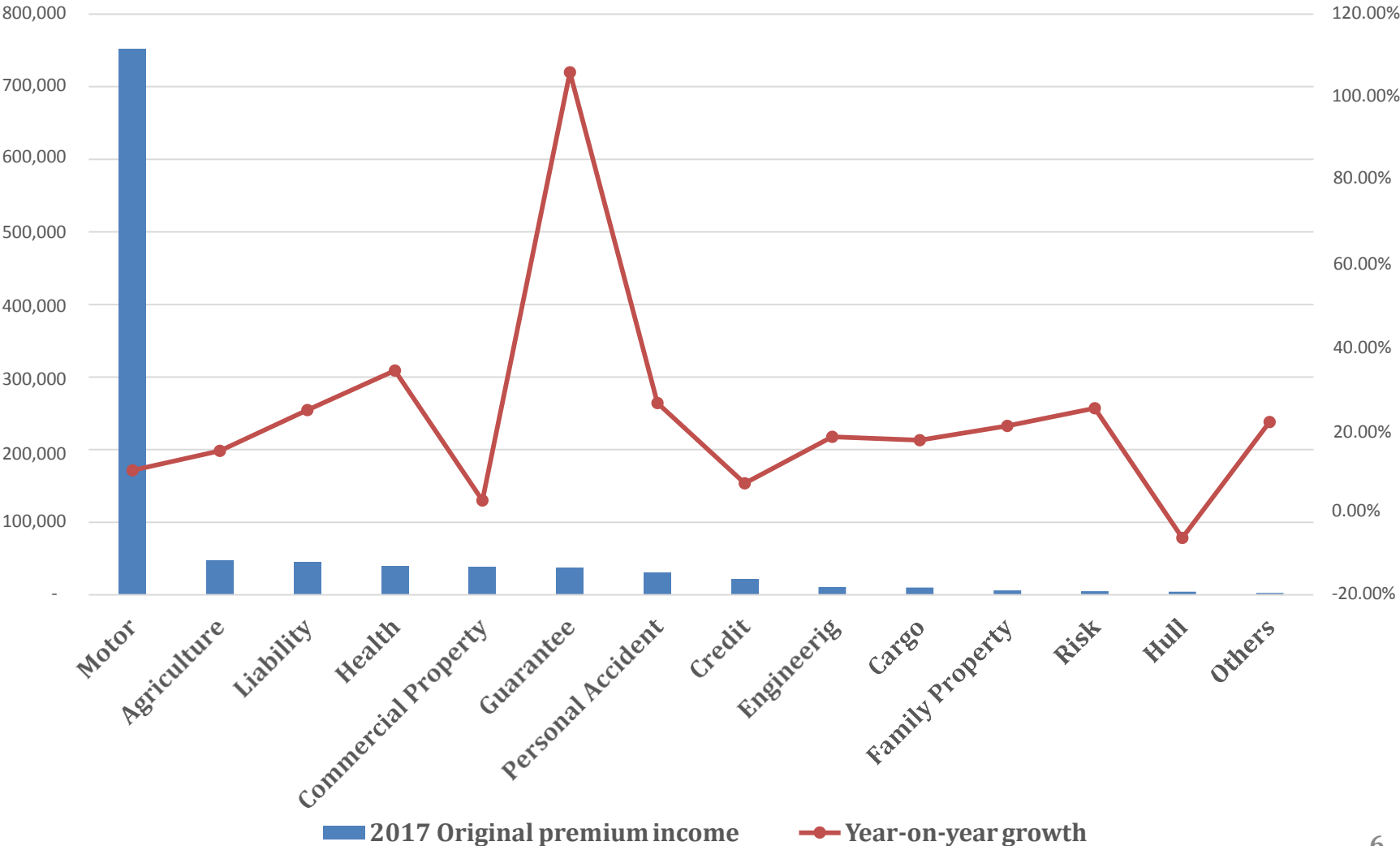




During 2013-2017, China P&C Insurance Market kept double-digit growth. Liability, agriculture, health, accident and credit insurance are the major sources of growth.

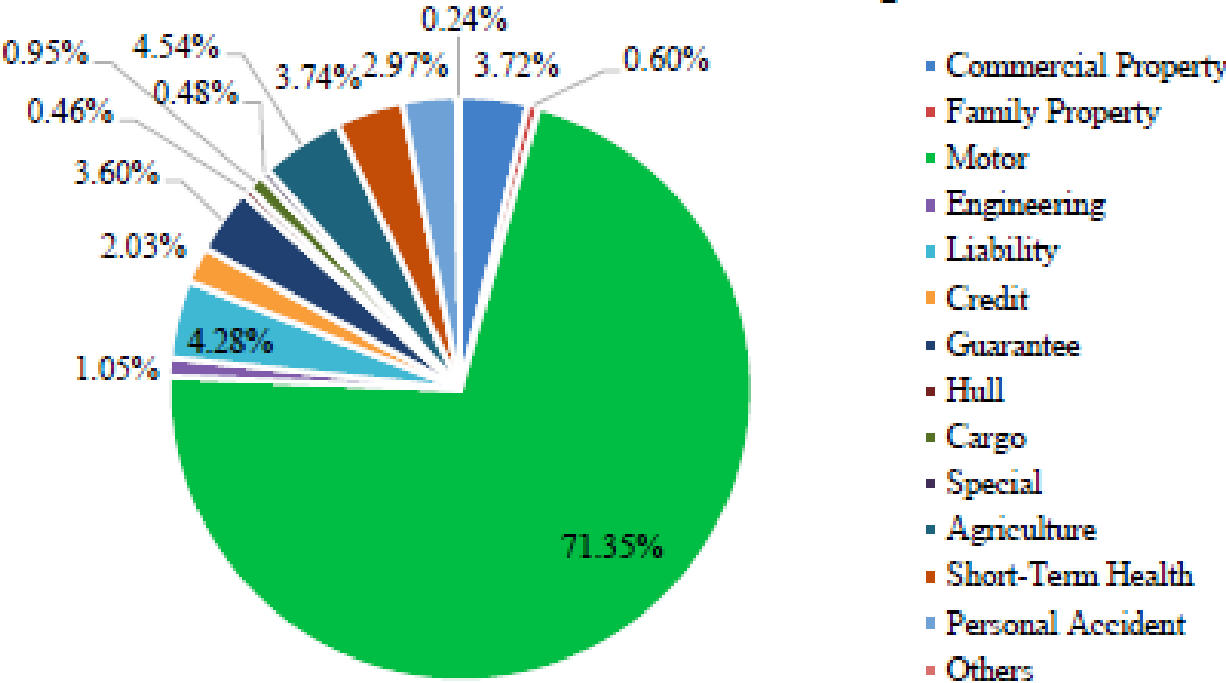
## 2017 original premium income and year-on-year growth for China P&C insurance market (Line of business)

Million RMB



## Premium Income Proportion of China P&C Insurance Market in 2017

### 2017 Premium Income Proportion

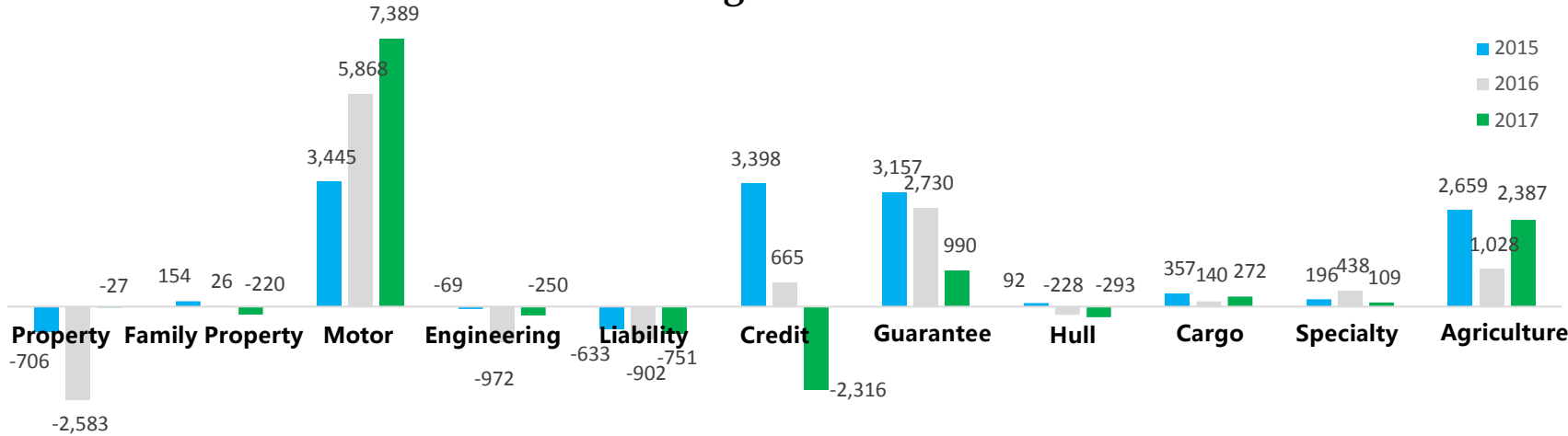


- Motor accounts for 71.3% of the market, which is the primary source of premium income.
- Agriculture and liability insurance rank 2<sup>nd</sup> and 3<sup>rd</sup> in line of business.

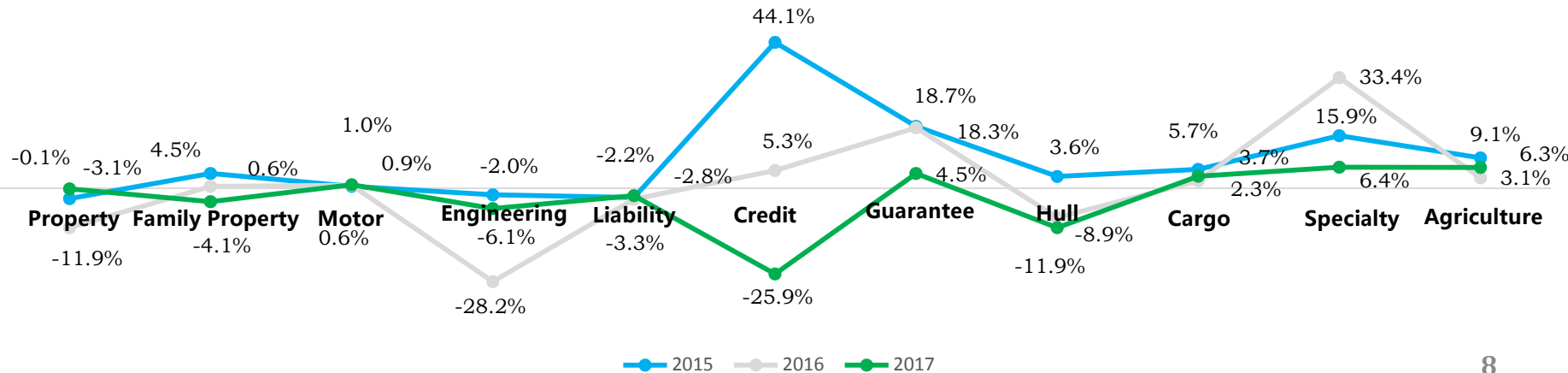
The overall profit ratio is relatively low. Credit insurance, hull insurance and short-term health insurance has a relatively high volatility in profit.

Million RMB

### Underwriting Profit in 2015-2017



### Underwriting Profit Ratio in 2015-2017





Reinsurance premium increase slightly, but the ceded ratio continues to decline.

**93.7** billion

P&C reinsurance premium in China domestic market in 2017(not include Lloyds' China)

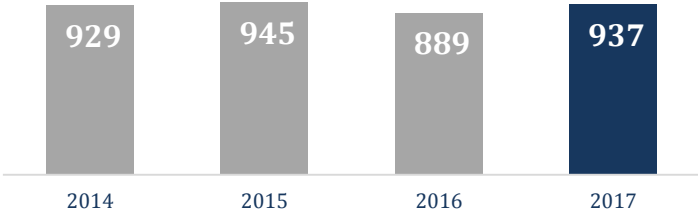
**+5.4%**

ceded premium year-on-year growth

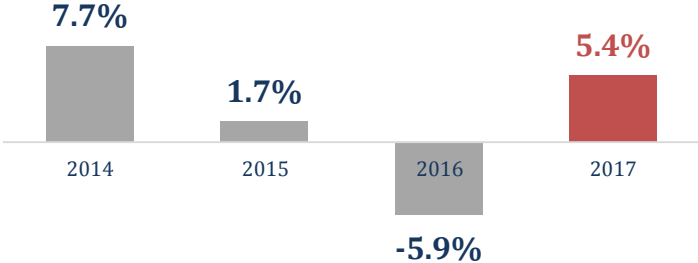
**8.9%**

ceded ratio\*  
ceded premium/direct insurance premium

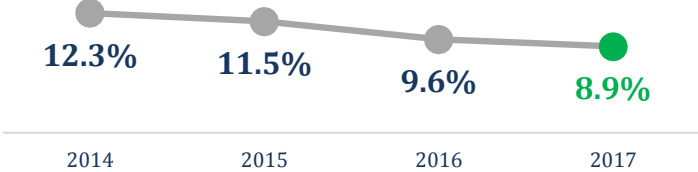
Reinsurance Premium ( 100 Million RMB )



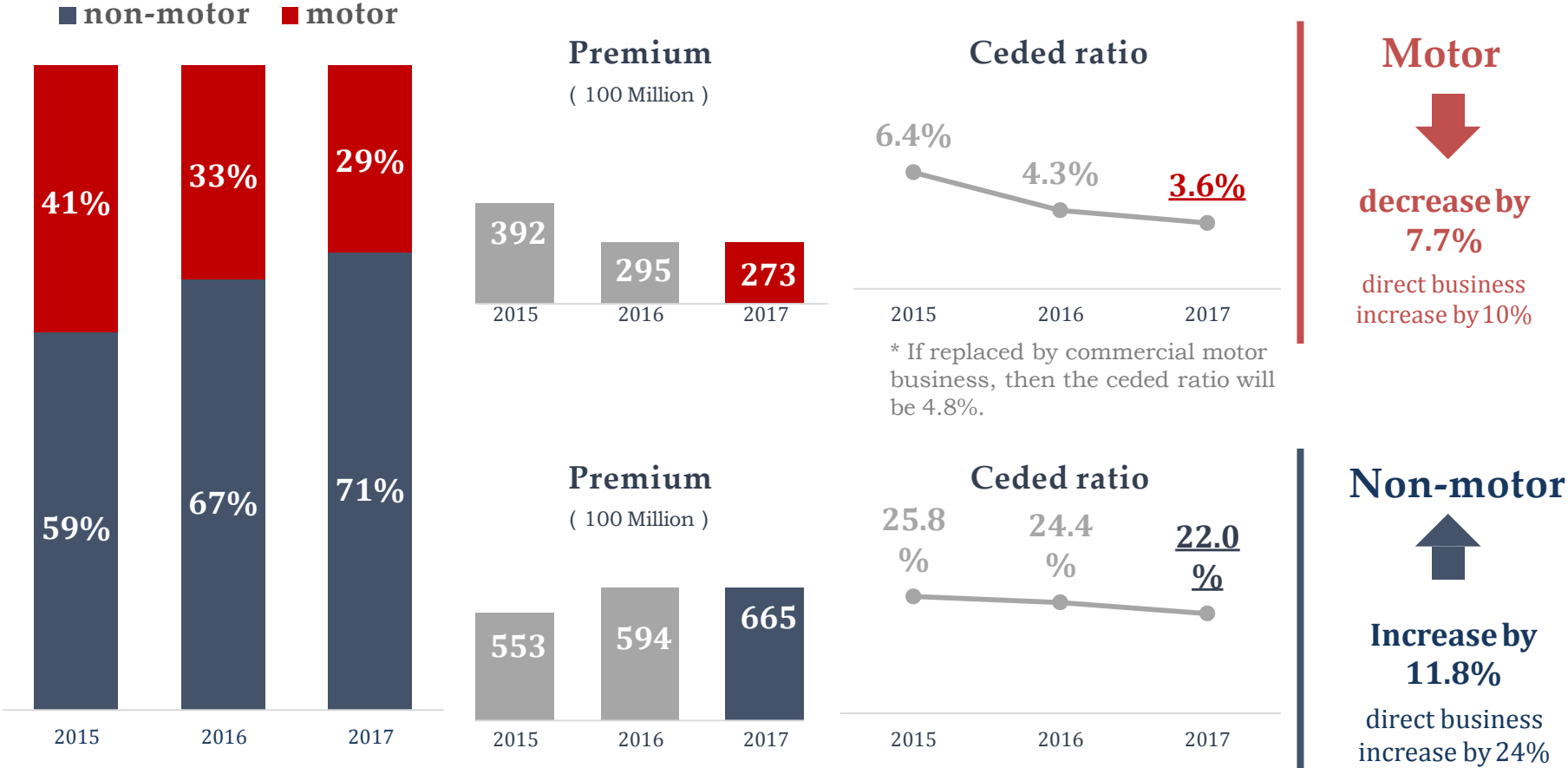
Reinsurance Premium Growth



Ceded Ratio

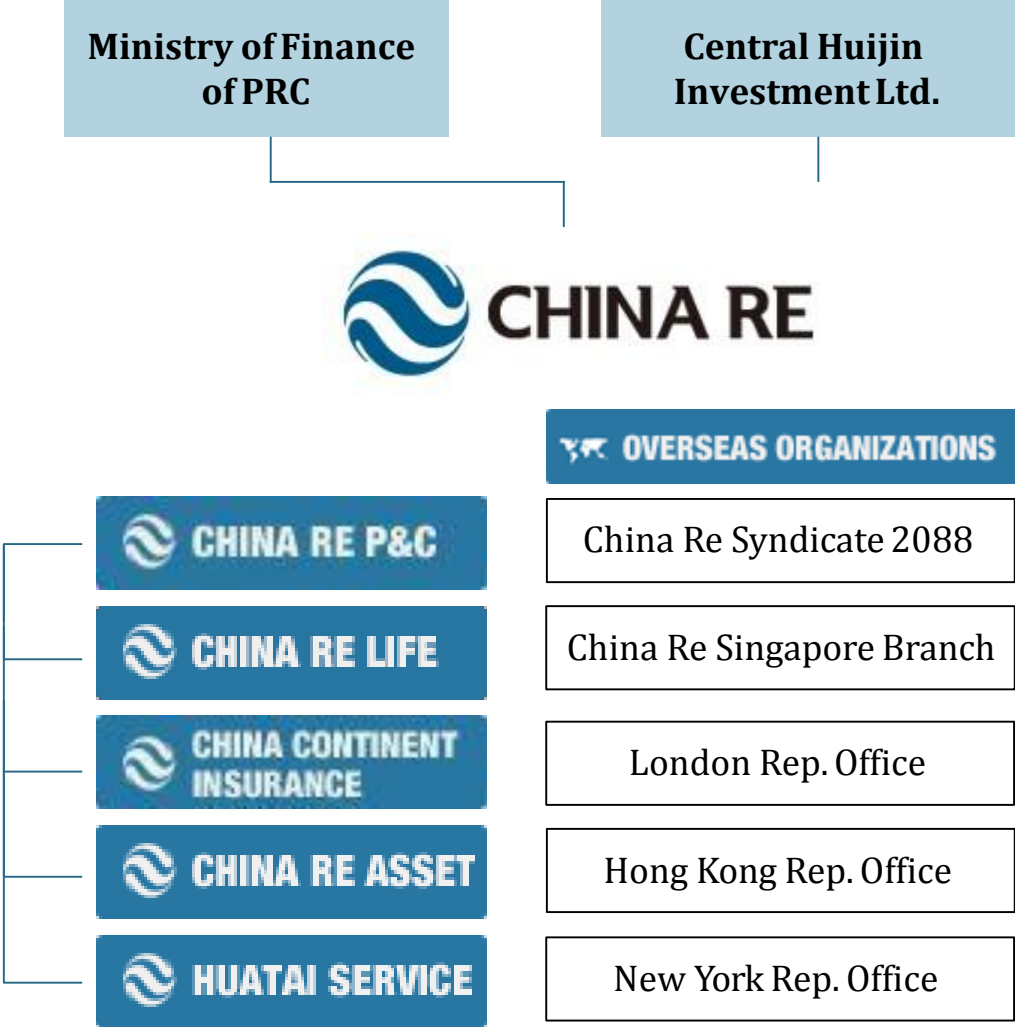


**Business structure continues to change: the scale and proportion of motor business decreases, while the scale and proportion of non-motor business is on the rise.**



**Part 1 : China P&C Insurance/Reinsurance Market Information**

**Part 2 : Introduction to China Re Group**



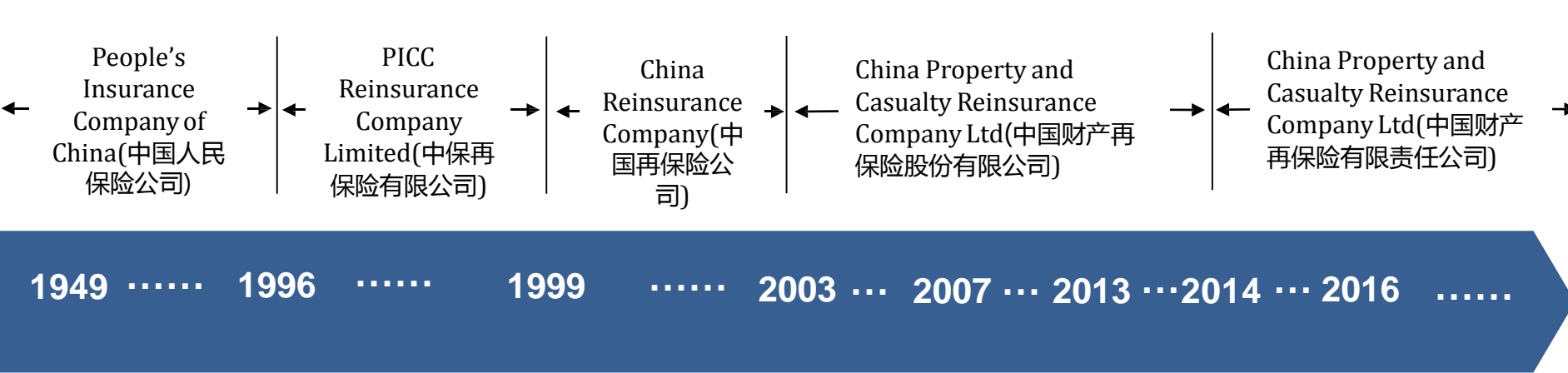
- **Rank 1st** in Asia and **8th** in the world.
- As the only domestic reinsurance group in China, the reinsurance main channel status is stable. Complete insurance industry chain covering reinsurance, direct P&C insurance, asset management and insurance broking.
- **1st** listed reinsurance group on the Hong Kong Exchanges.



**A**

**S&P Global**  
Ratings

**A**



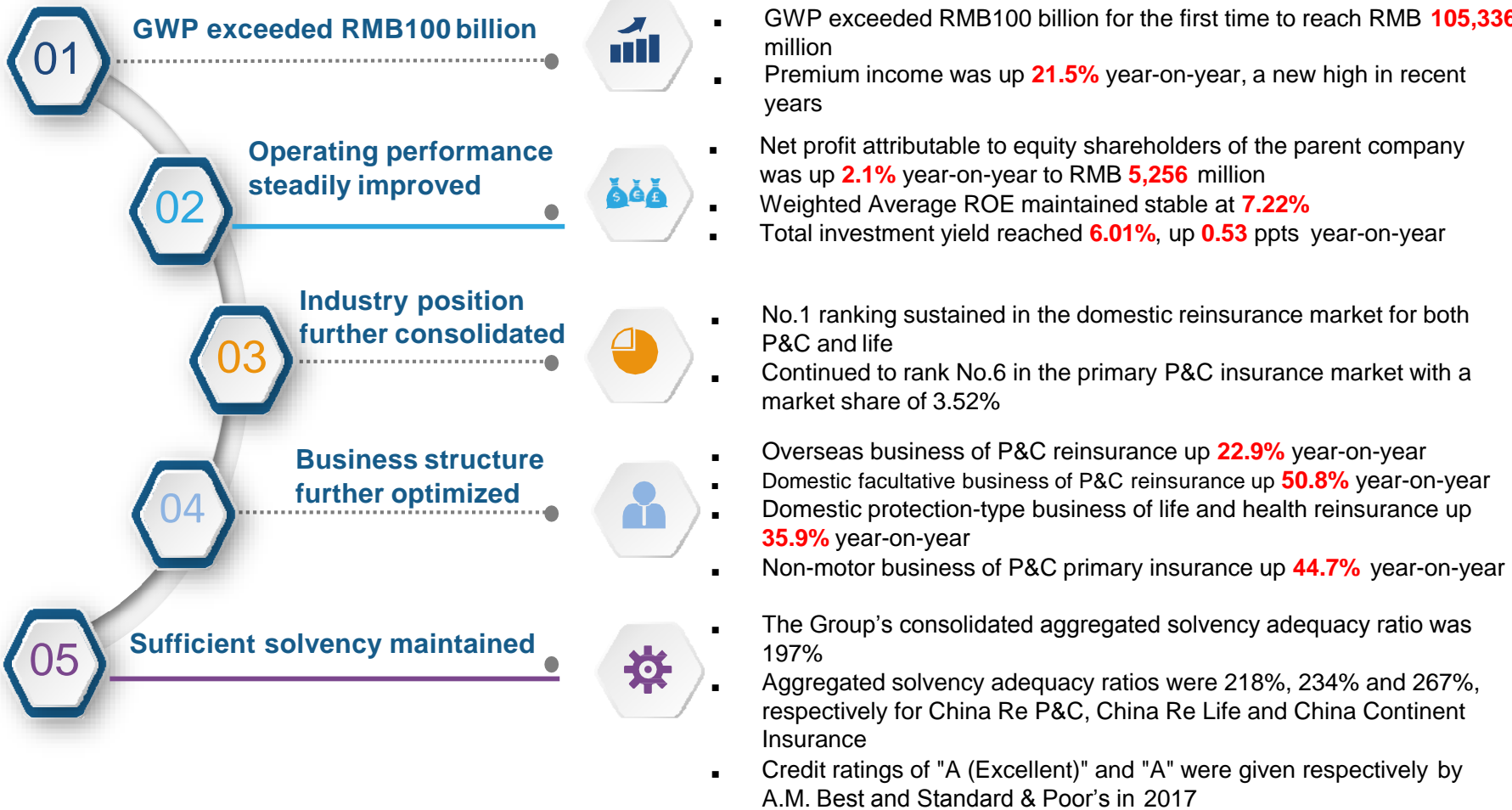
In 2007, China Reinsurance (Group) Company was restructured into China Reinsurance (Group) Corporation Limited, which held controlling stakes in China Property and Casualty Reinsurance Company Ltd.

In 2013, China Re P&C has been entrusted to operate and manage China Re Group's international business. Relying on China Re Syndicate 2088, China Re New York Rep. Office, London Rep. Office, and Hong Kong Rep. Office, the Company is an active participant in the international P&C reinsurance market.

In 2014, China Reinsurance (Group) Corporation Limited increased its stakes in China Property and Casualty Reinsurance Company Ltd to 100%.

In 2016, China Reinsurance (Group) Corporation established its first Branch outside of China in Singapore

# Overview: a stable performance with good momentum for growth and further optimization of business structure



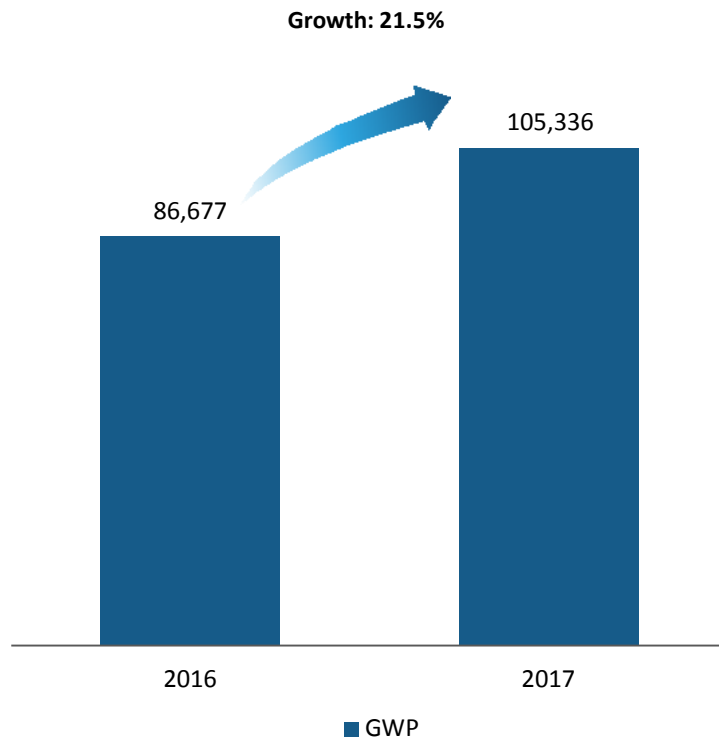
Note: Premium data for life and health insurance refers to China Re Life specifically

# 2017 Financial Performance (1/2)

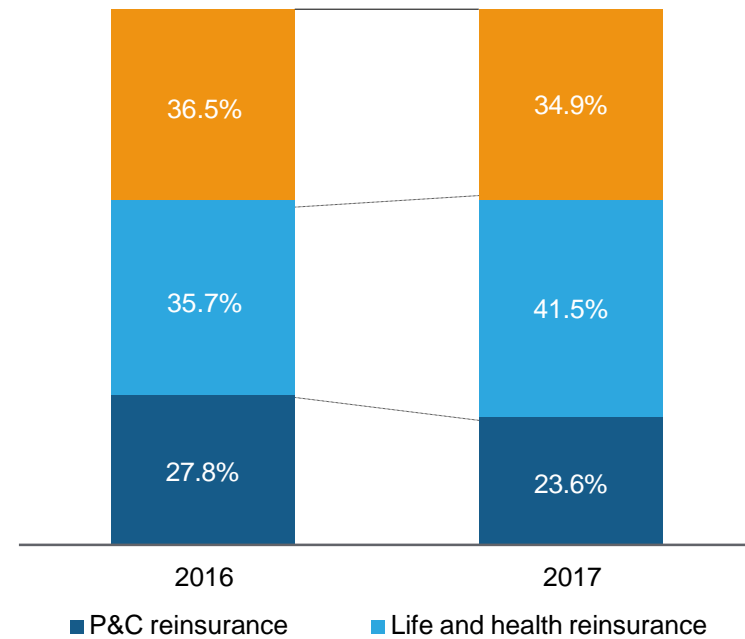


## GWP grew quickly and exceeded RMB100 billion

(RMB in millions)



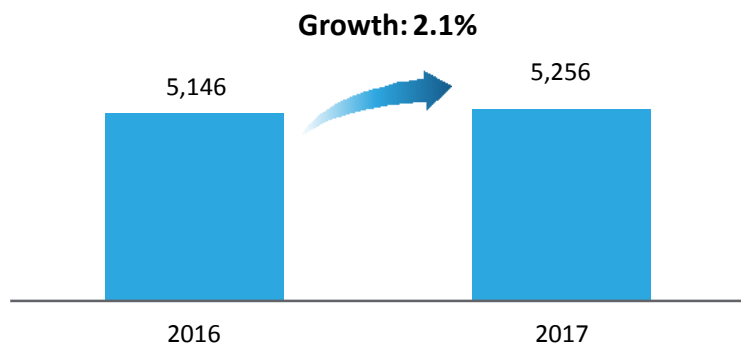
## % GWPs of each business segment



Note: Percentage of GWPs is calculated as segment GWPs/ the Group's consolidated GWP before elimination

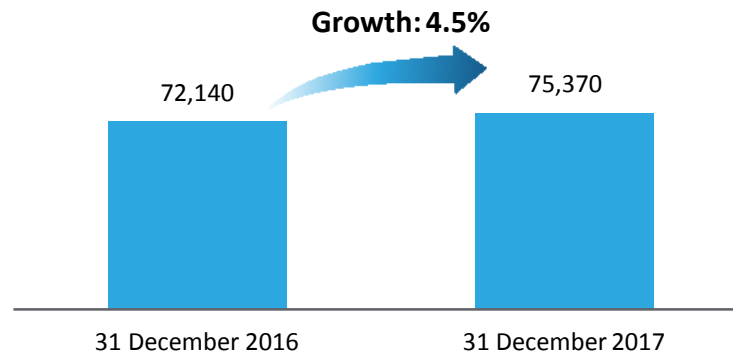
## Net profit attributable to equity shareholders of the parent company increased

(RMB in millions)

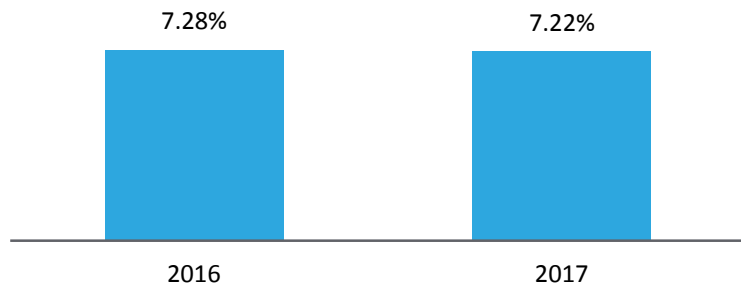


## Net assets increased

(RMB in millions)

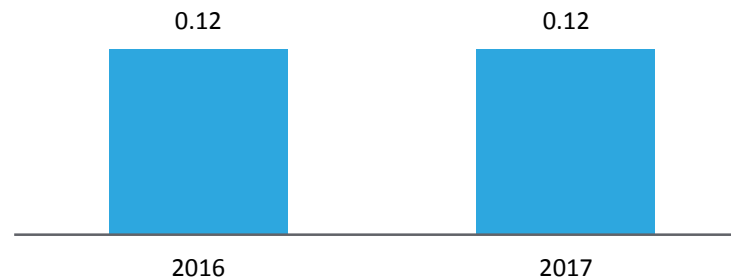


## Weighted Average ROE maintained stable



## Earnings per share maintained stable

(RMB)





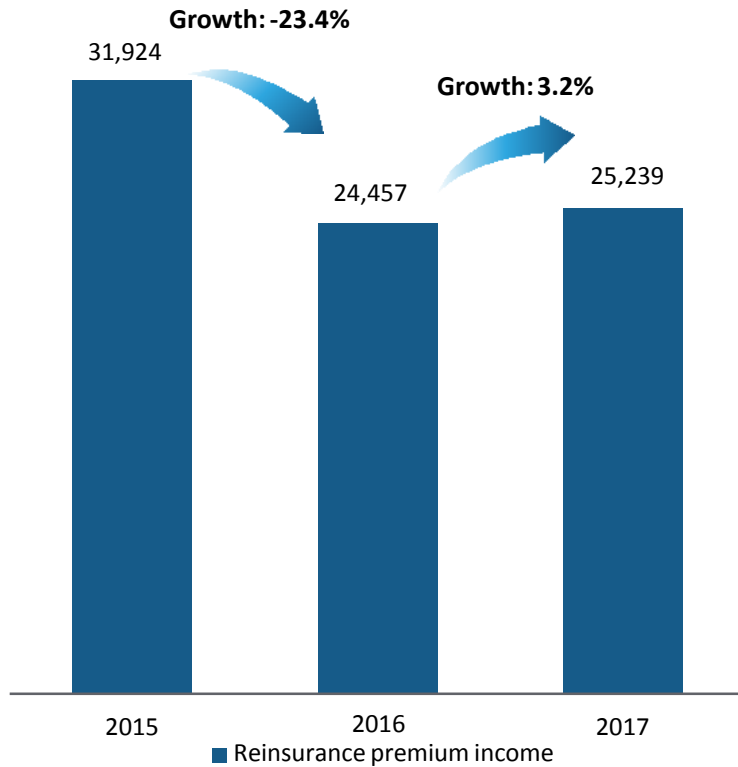
# P&C Reinsurance (1/4)

Reinsurance premium income recovered and remained stable

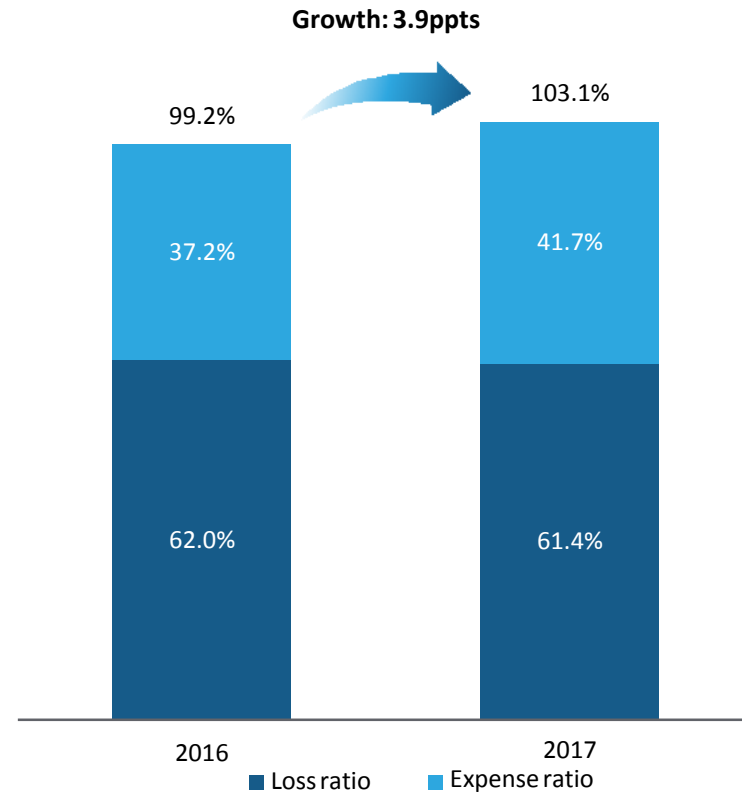


Reinsurance premium income recovered and remained stable

(RMB in millions)

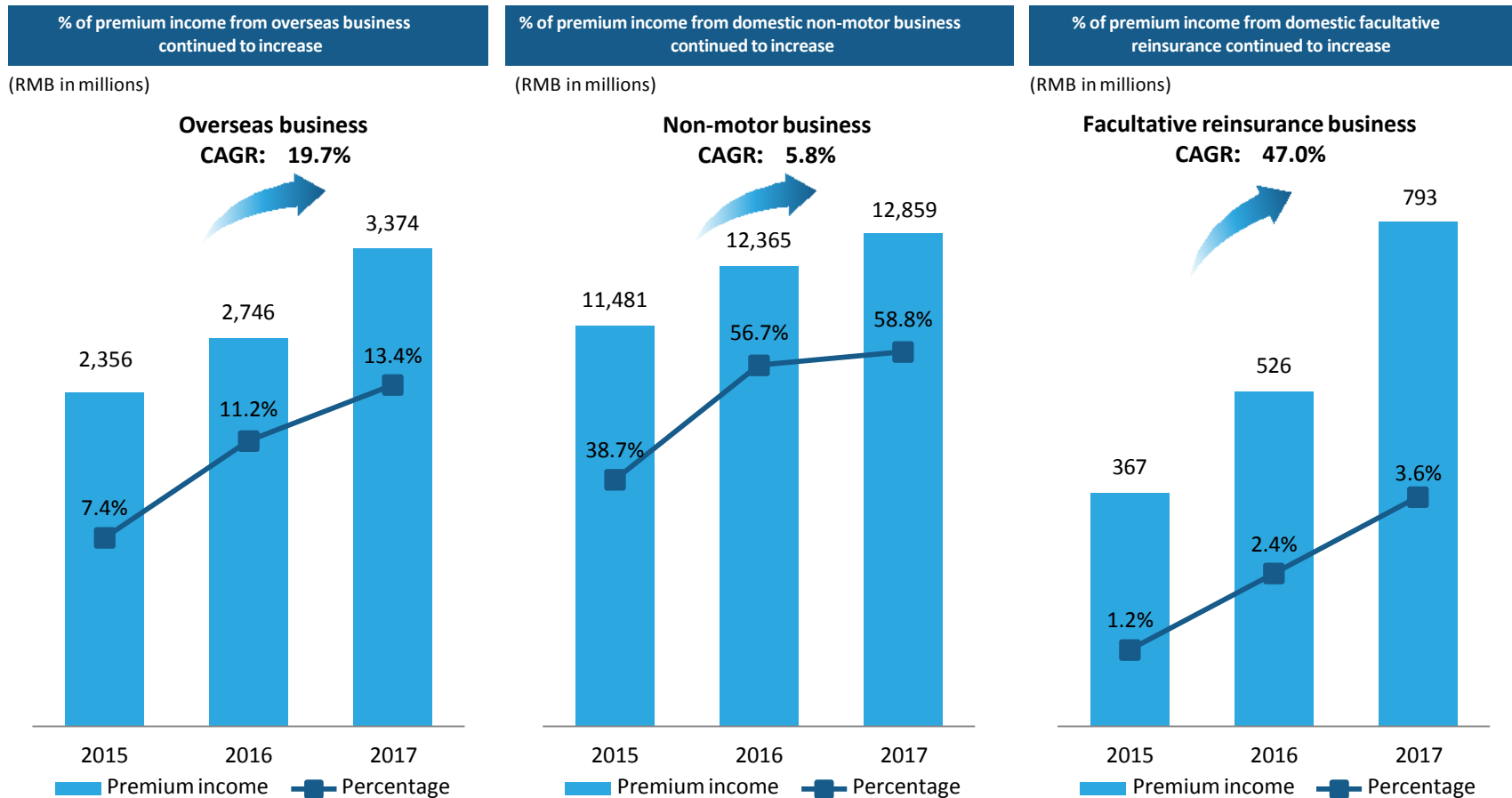


Combined ratio increased



# P&C Reinsurance (2/4)

Business structure further optimized, with percentage of premium income from overseas, domestic non-motor and facultative reinsurance business increased



Note:

1. Domestic premium data on this page refers to P&C Reinsurance specifically
2. Percentage of premium income from overseas business is calculated as segment overseas business premium income / the P&C Reinsurance's consolidated premium income after elimination

There were 85 P&C insurance companies in domestic market by the end of 2017, among which there were 78 companies having business cooperation with China Re P&C.



Large comprehensive insurer

8×



Special insurer

45×



Foreign insurer

19×



Other insurer

13×

- CHUBB (fronting business)
- MSI, SOMPO JAPAN, AIOI
- SAMSUNG, LIG

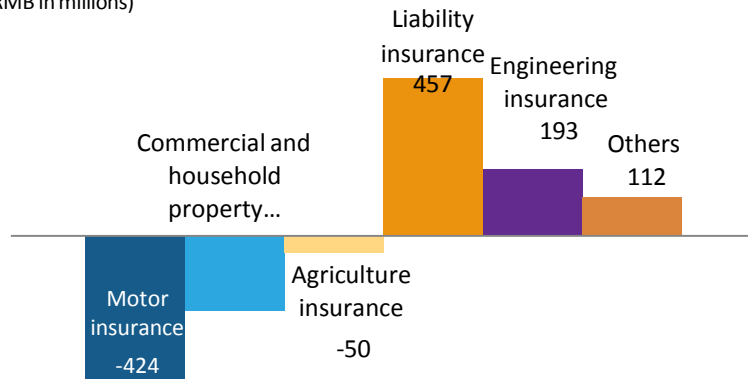
- Asia-Pacific, Funde
- Huatai, Dubon

# P&C Reinsurance (3-2/4) - Domestic business

Non-motor and facultative reinsurance business brought new momentum to the development of domestic business

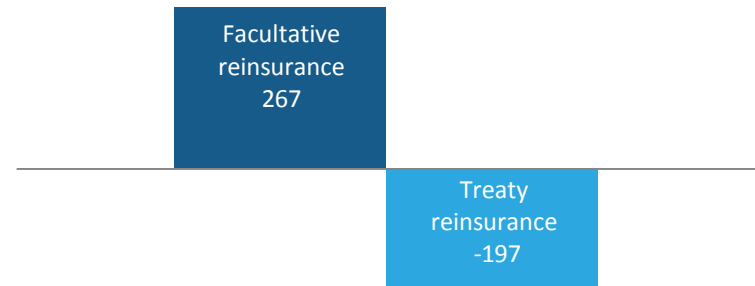
## Incremental contribution analysis : by lines of reinsurance

(RMB in millions)



## Incremental contribution analysis : by reinsurance arrangement

(RMB in millions)



### Liability insurance

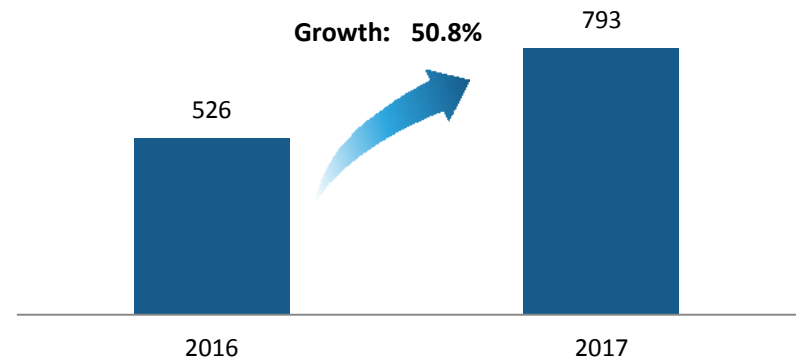
As a result of strengthened marketing of liability insurance and rapid growth of primary insurance market, we recorded premium income from liability insurance of RMB2,207 million, representing a year-on-year increase of 26.1%

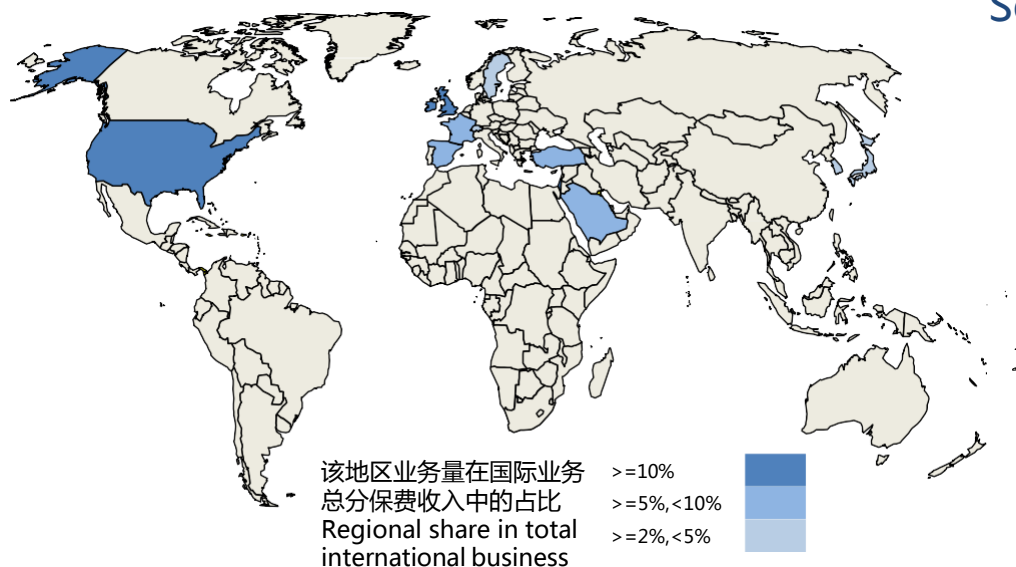
### Engineering insurance

As a result of well seizing business opportunities brought by "The Belt and Road Initiative" and other domestic large scale projects, we recorded premium income from engineering insurance of RMB1,182 million, representing a year-on-year increase of 19.6%

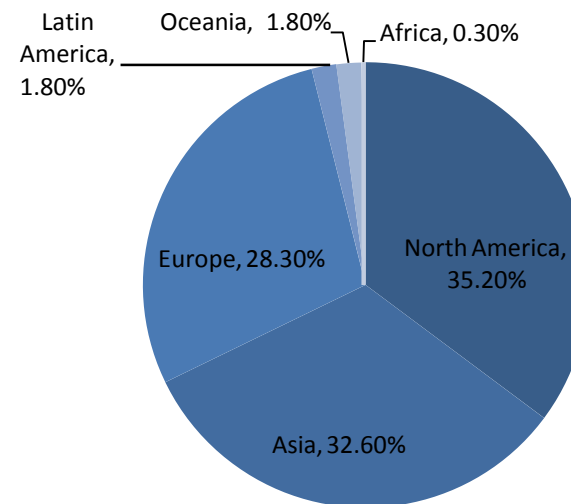
## Premium income from facultative reinsurance

(RMB in millions)





## Source region of international business



☞ In 2017, we provide reinsurance services to over 320 ceding companies in 53 countries across 6 continents. The GWP for international business reached RMB 3,374 million(including RPT), representing a year-on-year growth rate of 22.9%

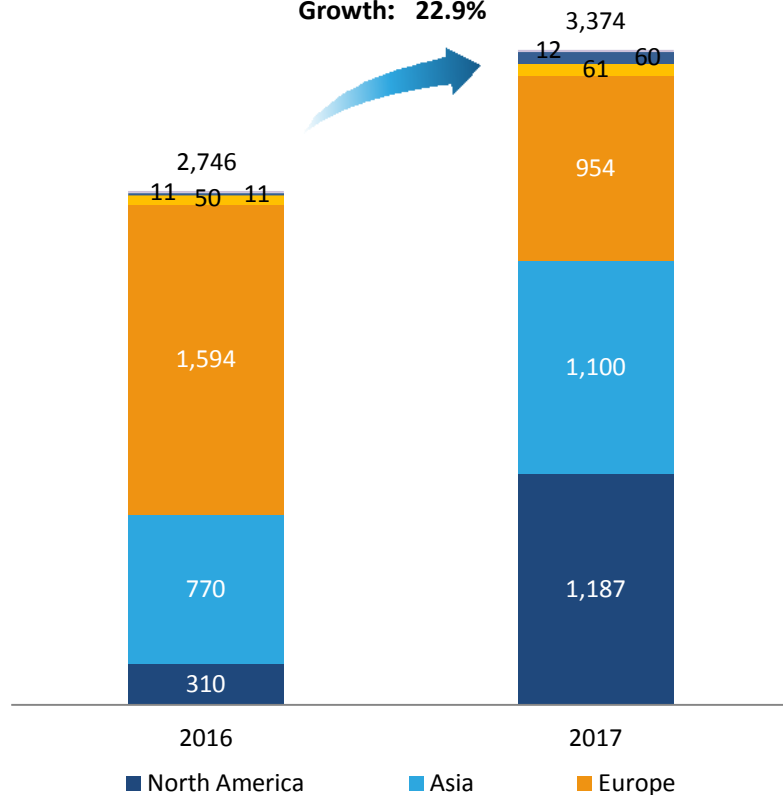
☞ We operate our overseas P&C reinsurance business through Beijing Platform, Singapore Branch and China Re Syndicate 2088. In 2017, we further optimized the insurance product structure and diversified the business portfolio

## Overseas business recorded rapid growth

Overseas P&C reinsurance premium income

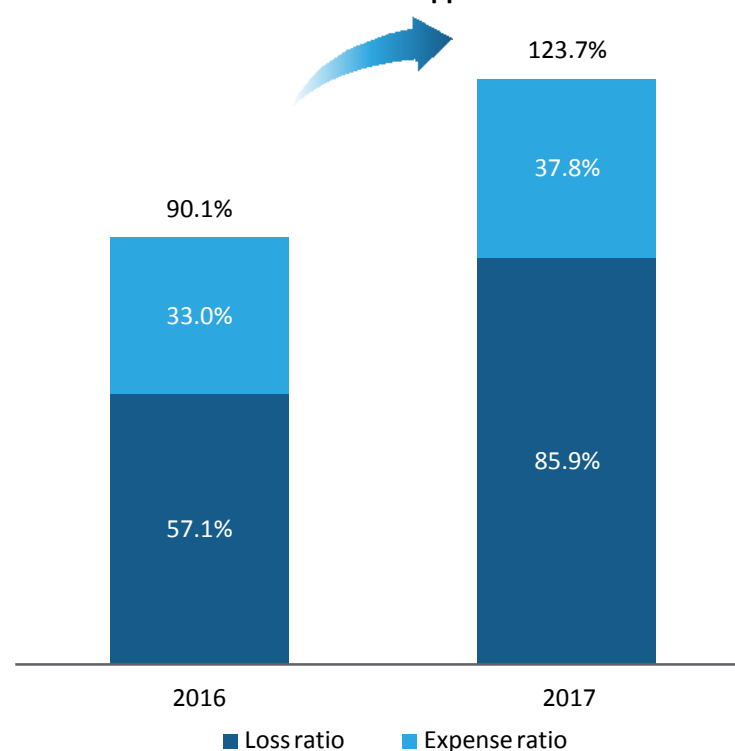
(RMB in millions)

Growth: 22.9%



Overseas P&C reinsurance combined ratio

Increased 33.6 pts



Note :

1.The expected total net loss due to three hurricanes and the earthquake in Mexico is approximately USD100 million. Such losses have been reflected in financial year of 2017.

2.Data on this page is before inter elimination of related transactions

### Develop “the Belt and Road” business

- Entrusted by the China Insurance Regulatory Commission (CIRC) to complete research on building “the Belt and Road” international insurance and reinsurance pool
- Accepted the invitation of Monetary Authority of Singapore to serve as the administration institution for “the Belt and Road Insurance Consortium” of Singapore
- Signed 26 memorandums of cooperation with external partners with cooperation network covering 118 countries and regions
- Provided risk coverage for landmark projects of “the Belt and Road Initiative”, such as China-Laos railway project and Pakistan photovoltaic project

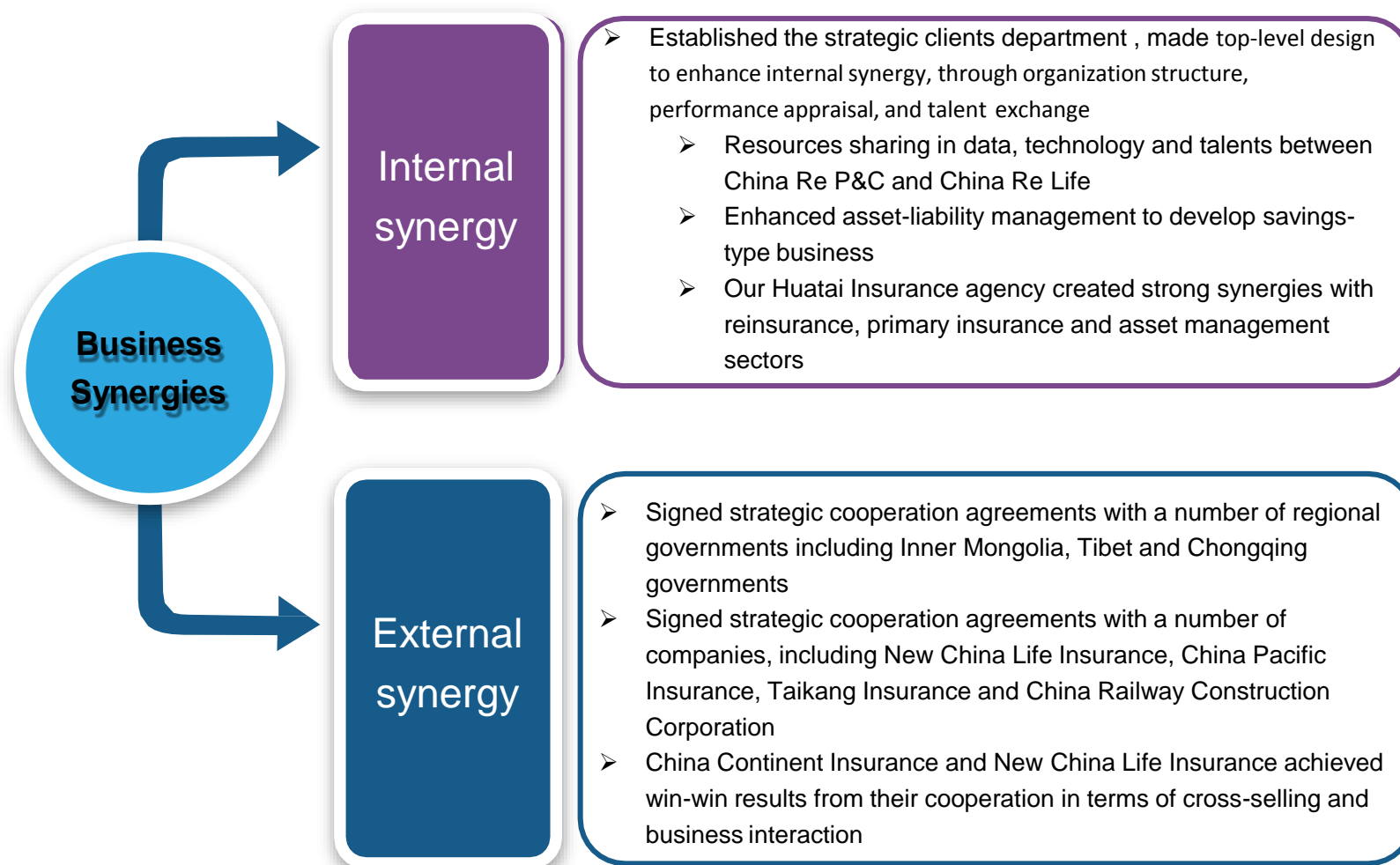
### Lead industry development based on insurance pools

#### **China Agriculture Reinsurance Pool:**

- Strengthened the risk management function of agricultural catastrophes, and promoted the improvements on CARP’s operation mechanism
- Developed new products to expand the insurance coverage for agriculture-related catastrophic risks

#### **China Nuclear Insurance Pool:**

- Participated in drafting the “Nuclear Safety Law” and designing catastrophe reserves system for nuclear insurance
- Joined the “go-out” alliance related to the nuclear power equipment
- Launched new insurance products, including liability insurance for radiation source pollution





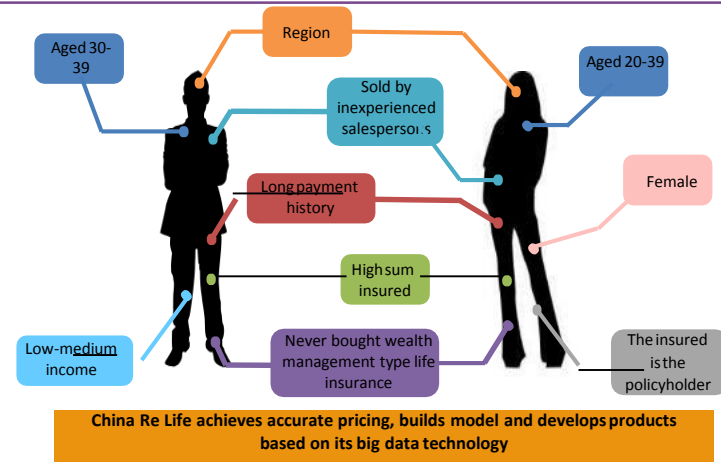
# Strategies Implementation(3/6)

## – New highlights from innovative business



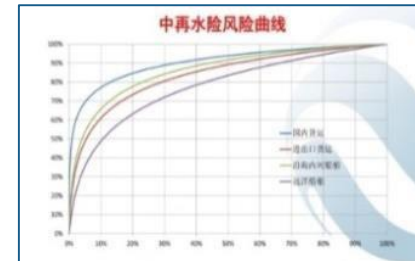
### Business model

- ◆ China Re P&C launched its customer manager system to enhance development of its reinsurance business and improve customer services
- ◆ China Re Life made key progress in its “Data+” strategy, with wider applications of data mining technologies, such as GLM and NLP
- ◆ China Continent Insurance launched CICS, its core strategic program, moving forward with transformation of its business model toward integrated customer-oriented operation system



### Service innovation

- ◆ Released the first set of risk curves for marine insurance for the Chinese insurance industry
- ◆ Assisted local governments in building inherent defects insurance (IDI) risk management platforms and created a role model for national promotion
- ◆ Cooperated with the Ministry of Environmental Protection and CIRC to promote the environmental pollution liability insurance and build its pricing model
- ◆ Established the health management service platform, and set up the first core data base for accident insurance



- ◆ New products including the mid-end medical insurance, the Return of Premium rental car insurance as well as the critical illnesses and cancer insurance generated over RMB1 billion revenues for the protection-type reinsurance business
- ◆ Innovative products including return shipping insurance and the “Million Medical Care” medical insurance received premiums of RMB300 million

### Catastrophe insurance system

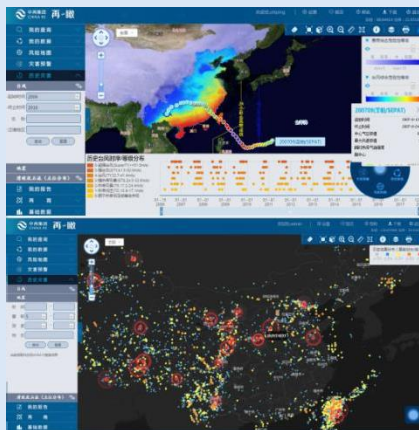
Established China Reinsurance Catastrophe Insurance Risk Research Center, and cooperated with China Meteorological Administration, China Earthquake Administration and the Chinese Academy of Agricultural Sciences to establish China earthquake, flood and agricultural risk and insurance laboratory

Actively expanded our catastrophe insurance business, and acted as sole or lead reinsurer for 90% of local catastrophe insurance pilot projects

Launched the China Re catastrophe insurance platform “Zai Kan” with functions including risk identification, disaster early warning and cumulative risk control

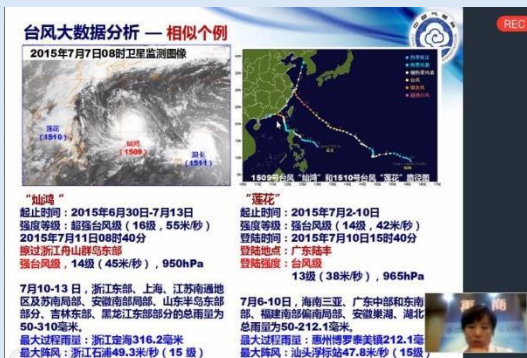
Launched the China Re catastrophic risk consultation platform “Zai Shang”

### Catastrophe insurance platform 1.0 “Zai Kan (China Re - Monitoring)”



6 core functions 9 major catastrophes  
Disaster data for 2,284 typhoons, over 6,000 earthquakes, and more than 100,000 landslides and mudslides  
68 insurance companies(branches), brokerage companies, and 6 government agencies, universities, and institutions have applied to use the platform

### Catastrophe insurance platform 1.0 “Zai Shang (China Re - Consultation)”








Provided consultation and guidance on disaster prevention and damage control with respect to typhoons, floods, earthquakes and other natural disasters in the forms of expert discussion, consultation and Q&A sessions, and has organized 4 events to provide consulting services for more than 20 insurance companies (branches)

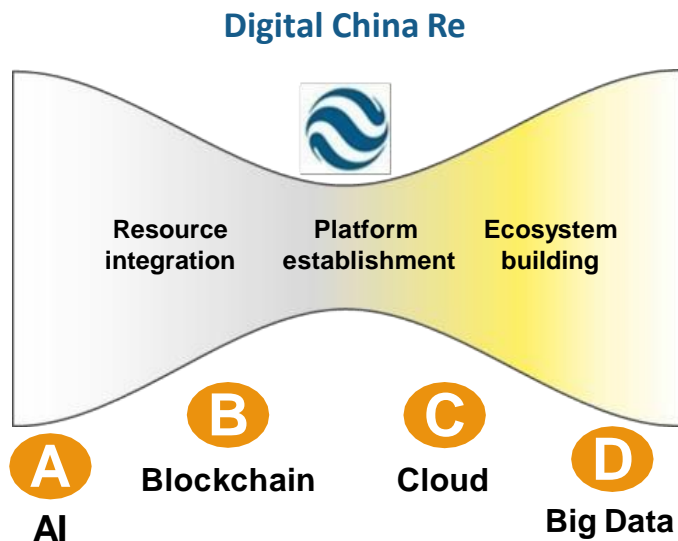
# Strategies Implementation(5/6)

## – New blueprint for “Digital China Re”



### Resource Integration

-  China Re Group
-  Government agencies
-  Research institutions
-  Modeling companies
-  Operators, Internet of things...



### Service Provision

- Primary insurance companies 
- Consumers 
- Government agencies 
- Industry associations 
- China Re Group 
- ...

<b>New blueprint</b>	Launched IT-based strategic consulting projects and developed a new strategic blueprint for “Digital China Re”
<b>Traditional business</b>	Fully implemented the NCR system (reinsurance core business system)
<b>Innovation business</b>	Furthered our efforts in establishing the cross-industry blockchain alliance and in implementing the applications of AI, cloud computing and other new technologies; established business platforms including catastrophe reinsurance and IDI to better serve customers



We have achieved sound corporate governance, established “list-approach” authorization system, and have been assigned an “excellent” rating by CIRC in the 2017 corporate governance evaluation



We have strengthened capital management and asset-liability management, enriching the financing channel via flexible capital operation means



We have continued to improve our risk prevention and control system, and established a risk monitoring and early warning system centered on 23 core risk monitoring indicators



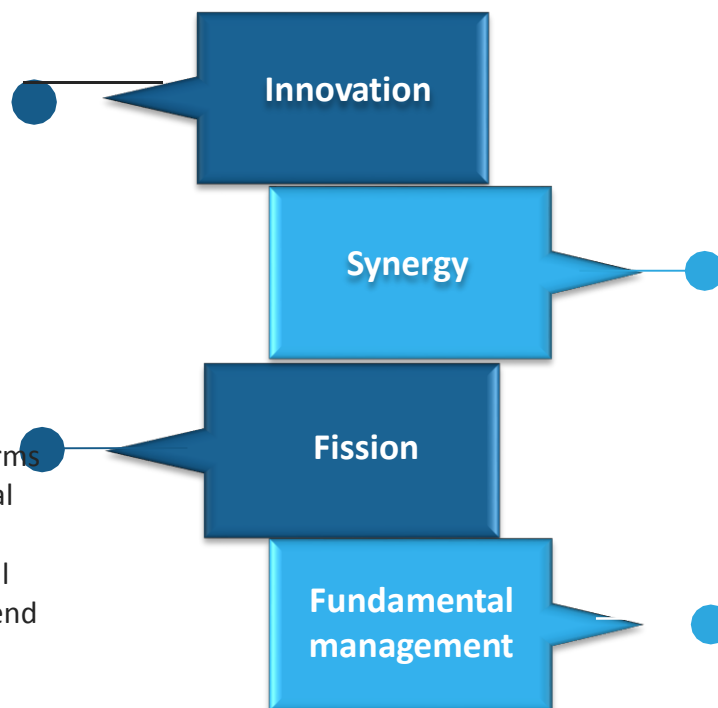
We have continued to build up our talent pool, completed the reform of the market-based compensation management system, achieved remarkable results in the “Double Hundred Talents” Program for the reinsurance segment and the “Thousand Talents” Program for the primary insurance segment, and re-launched the postdoctoral workstation



We have continued to strengthen the corporate culture and achieved remarkable results in the “1+N” targeted poverty alleviation program

2018 will be a key year for China Re to win the “One-Three-Five” Strategy, and we will continue to seek high-quality development with risk controlled

- Take product innovation, model innovation and mechanism innovation as breakthrough
- Focus on the constructions of top mechanism, information system and data infrastructure
- Incubate kinds of new business and enhance its leading position in industry
- Speed up the layouts of domestic professional platforms, regional platforms as well as the international platforms.
- Promote the technological innovation strategies, extend the industry chain and create an ecosystem



- Improve the assessment mechanism, strengthen project management and build a cooperation culture
- Comprehensively promote the in-depth synergy among business sectors
- Build an open, flexible and diverse network with regard to internal and external cooperation
- “Control front and back-ends and loosen intermediate process”, optimize the Group’s control mechanism
- Improve the Group’s comprehensive risk control system
- Focus on “Digital China Re” to further implement the IT strategy
- Strengthen the construction of talent pool
- Strengthen the corporate culture and take social responsibility

Thank You

