

China Insurance

1-3M26: Life growth resilient and P&C marginally recovered in March

The NFRA reported 1Q26 premiums. Total insurance premium grew 6.3% YoY to RMB2.31tn, with industry premium modestly up by 1.4% YoY in March. The divergence between personal life and P&C premiums persisted in 1Q26 with the former marking +7.9% to RMB1.93tn and the latter falling 1.3% YoY to RMB382bn, indicating a continued strong momentum during life jumpstart sales, and a marginal recovery in P&C with auto/non-auto premiums up 1.8%/ 2.7% YoY in Mar (vs. Feb: -0.3%/+0.3%). We see three key trends in 1Q26 including 1) Life sustained robust growth in Mar, after achieving a compelling increase during the jumpstart period; 2) P&C saw a marginal rebound in premium growth supported by a turnaround in both auto and non-auto segments; and 3) Health and accident (H&A) insurance remained the two key drivers of P&C non-auto premium growth, sustaining double-digit increases in Mar 2026. We believe health insurance will continue to be a key beneficiary riding on regulatory tailwinds amid deepening cooperation in basic medical and commercial health insurance. Maintain sector OUTPERFORM. We recommend BUY on industry top-runners - Ping An (2318 HK, BUY, TP HK\$86), China Life (2628 HK, BUY, TP HK\$33) and PICC P&C (2328 HK, BUY, TP HK\$20), as we remain positive on improving 1Q fundamentals to underpin their valuation re-rating, following the recent share price pushback caused by heightened equity market swings in 1Q26.

- **Life: Resilient premium growth sustained in March.** In 1Q26, personal life industry premium rose 7.3% YoY to RMB1.78tn, driven by resilient life premium growth of 8.7% YoY to RMB1.50tn (85% mix) partially offset by flattish health (+0.8% YoY) and a decline in accident insurance (-10.4% YoY). Universal life saw robust double-digit growth of 14.5% YoY to RMB298bn in 1Q26, translating into a 6% YoY increase in Mar (vs. Feb: +2.8%) thanks to the momentum from life product sales. Unit-linked premiums fell 13% YoY to RMB3bn in 1Q26, with a 34% decline in Mar, due to rising equity market volatilities. Recently, the Insurance Authority reported the research value of the pricing interest rate (PIR) for 1Q26 at 1.93%, up 4bps QoQ, marking the first uptick since the initial launch of this regulatory PIR reference ratio in early 2025 ([Fig.5](#)). We view this increase as positive for the bottoming of insurers' cost of liability on new written policies, and expect the sector's asset-liability spread to stabilize over time.
- **P&C: Auto premium up by new vehicle sales; non-auto propelled by A&H.** P&C premium grew 2.8% YoY to RMB530bn in 1Q26, with auto/non-auto segments sustaining the divergence seen in the first two months at -0.4%/ +5.3% YoY (vs. 1-2M26: -0.9%/ +7.0% YoY) to RMB223bn/RMB307bn. In Mar, P&C premium marginally rebounded by 1.8% YoY to RMB199bn, with the auto segment returning to positive rise of 0.6% YoY (vs. Jan/Feb: -0.8%/-1.1%), as sales volumes of new passenger vehicles and NEVs narrowed the decline (-2.3%) and increased (+1.2% YoY) in Mar respectively (vs. Feb: -15.6%/-14.2%). Non-auto premiums lifted 2.7% YoY in March driven by robust A&H growth (+10.4% YoY, vs. Feb: +9.2%), a turnaround in liability (+2.3% YoY, vs. Feb: -4.3%), and a trimmed decline in agriculture (-1.5% YoY, vs. Feb: -14.0%). According to the Ministry of Emergency Management ([Fig.6](#)), the direct economic loss from natural catastrophes in 1Q26 was RMB1.04bn, a sharp decline from RMB10.2bn in 1Q25, which could benefit to the sector's 1Q COR.
- **H&A premium growth continued to ride on regulatory tailwinds.** Health insurance premium grew 5.5% YoY to RMB399bn in 1Q26, with a rise of 1.2% YoY in March to RMB145bn (21.7% mix). We see a sequentially growing health market share driven by the P&C personal segment, riding on policy tailwinds of data sharing and deepening cooperation between basic medical insurance and commercial health insurance. Accident premium stayed flattish in 1Q26, with its March premium turning positive to a 3.2% YoY uptick to RMB10.7bn (1.6% mix).
- **Maintain sector OUTPERFORM.** China's insurance sector is currently trading at 0.26x-0.59x FY26E P/EV and 0.56x-1.10x FY26E P/B, with an average yield

OUTPERFORM
(Maintain)

China Insurance Sector

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of 4.5% (*CMBI est*). Sector valuation has retreated back to levels seen in early Dec 2025, adversely affected by equity market swings in 1Q26 (CSI300/HSI: -3.9%/-3.3%); while the 2Q-to-date upswing (CSI300/HSI: +7.2%/+4.6%) could support the sector re-rating alongside improving 1Q fundamentals, in our view. Recommend BUY on [Ping An \(2318 HK, TP: HK\\$86\)](#), [China Life \(2628 HK, TP: HK\\$33\)](#), and [PICC P&C \(2328 HK, TP: HK\\$20\)](#).

- **Key risks:** 1) extensive regulatory tightening on life insurance companies and financial conglomerates; 2) heightened equity market volatilities; 3) prolonged low-interest rate environment; 4) significantly lower-than-expected new policy sales; 5) sharp decline in agency force; 6) intensifying P&C pricing competition; and 7) asset quality deterioration, etc.

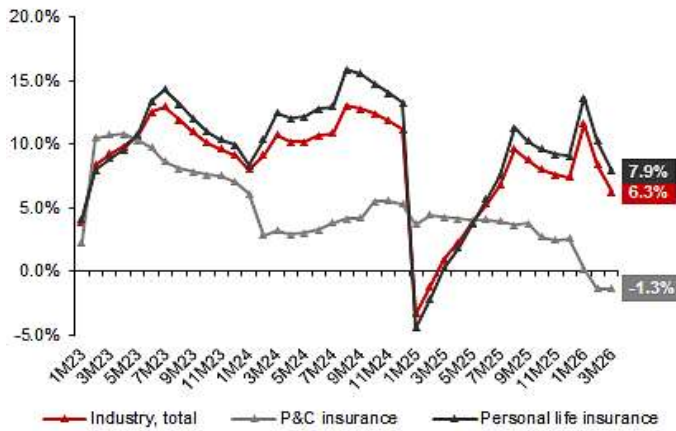
Valuation

Company	Ticker	Rating	Target price (LC)	Mkt Cap (LC bn)	P/EV(x)		P/B (x)		Yield (%)	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
China/HK:										
Ping An	2318 HK	BUY	86.0	1,103	0.59x	0.55x	0.84x	0.78x	5.5%	5.8%
China Life	2628 HK	BUY	33.0	756	0.42x	0.39x	0.93x	0.80x	3.9%	4.1%
CPIC	2601 HK	BUY	40.0	308	0.40x	0.37x	0.76x	0.65x	4.8%	5.5%
NCI	1336 HK	BUY	61.3	154	0.43x	0.40x	1.10x	0.95x	5.3%	5.5%
China Taiping	966 HK	BUY	24.0	76	0.26x	0.23x	0.69x	0.63x	3.1%	3.1%
PICC Group	1339 HK	BUY	7.50	234	0.43x	0.40x	0.58x	0.53x	5.8%	5.9%
PICC P&C	2328 HK	BUY	20.0	314	n.a	n.a	0.89x	0.82x	5.9%	6.5%
ZhongAn Online	6060 HK	BUY	18.0	20	n.a	n.a	0.67x	0.64x	0.0%	0.0%
Sunshine Group	6963 HK	NR	n.a	41	0.26x	0.24x	0.56x	0.51x	6.7%	7.2%
Average					0.40x	0.37x	0.78x	0.70x	4.5%	4.8%
Regionals:										
AIA	1299 HK	BUY	112.0	874	1.28x	1.14x	2.39x	2.20x	2.6%	2.8%
Prudential	2378 HK	BUY	137.8	300	0.95x	0.82x	1.74x	1.57x	2.0%	2.3%
Average					1.12x	0.98x	2.07x	1.88x	2.3%	2.5%

Source: Bloomberg, CMBIGM estimates | Note: stock price data quoted by market close on 27 Apr 2026 (Mon); earnings forecasts for Sunshine Group (6963 HK, NR) are based on Bloomberg consensus.

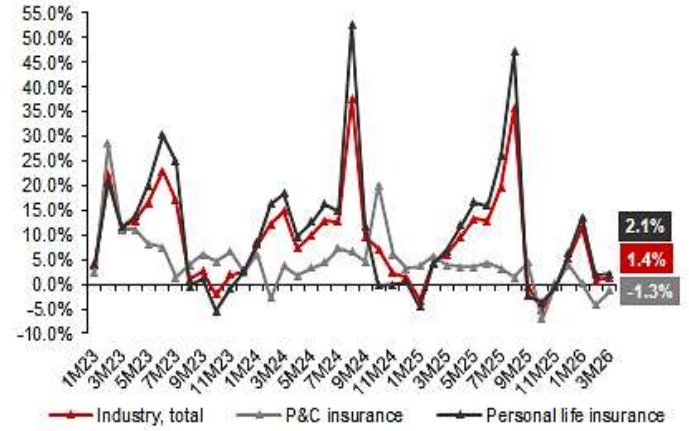
Focus Charts

Fig 1: Total / Personal life / P&C premium cum. YoY%



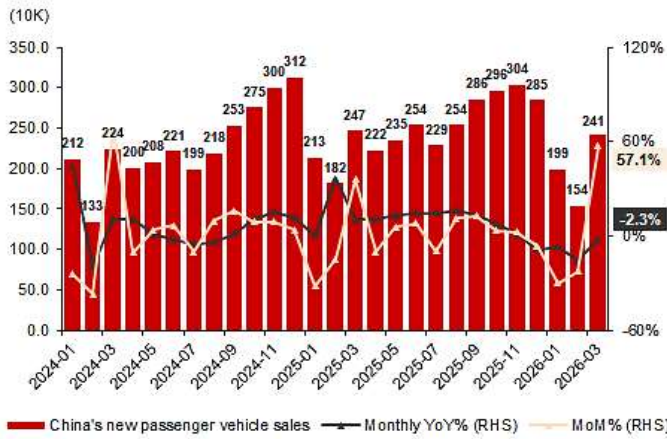
Source: The NFRA, CMBIGM

Fig 2: Total / Personal life / P&C premium mon. YoY%



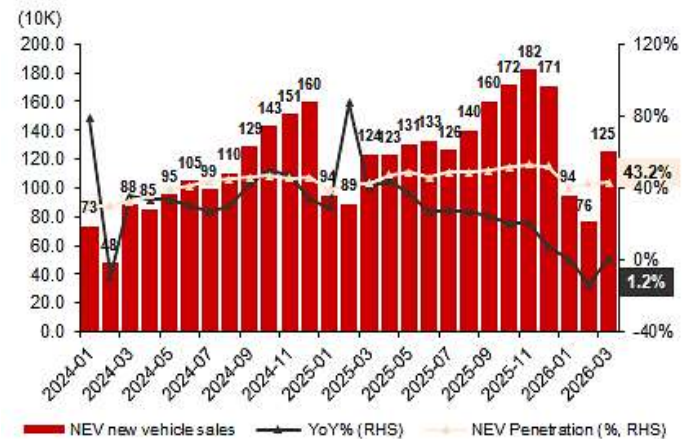
Source: Company data, CMBIGM estimates

Fig 3: China's new passenger vehicle sales & YoY%



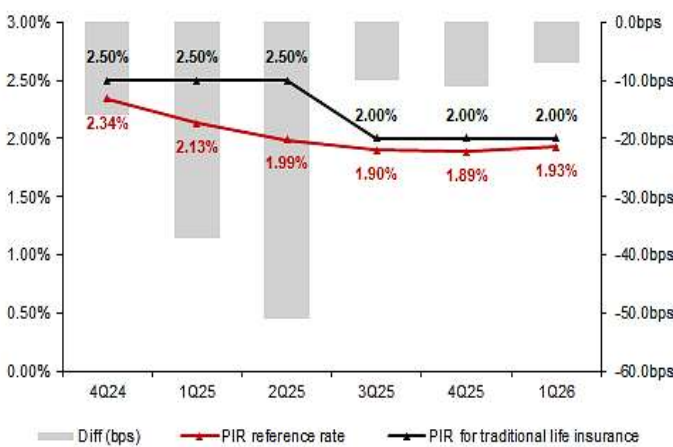
Source: The CAAM, Wind, CMBIGM

Fig 4: China's NEV new vehicle sales & YoY%



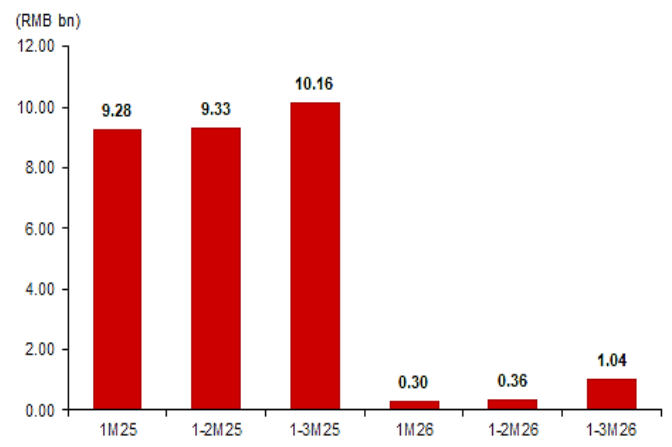
Source: The CAAM, Wind, CMBIGM

Fig 5: PIR research rate vs. PIR cap for traditional life



Source: Insurance Authority of China, Wind, CMBIGM

Fig 6: Direct economic loss from natural catastrophes



Source: The Ministry of Emergency Management, CMBIGM

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