

22 Apr 2024

CMB International Global Markets | Equity Research | Sector Update



# China Insurance

## 1Q24 listed life insurers' growth dwindled; P&C rebounded in 3M24 driven by non-auto

Listed life and P&C insurers announced 1Q24 premiums, with the total of six life peers' implying a slowdown by -0.5% YoY to RMB746.9bn, marginally recovering from -4.3%/-2.8% YoY in 1M/2M24. Monthly premiums in Mar grew faster to +6.6% YoY vs -4.3%/+3.0% YoY in Jan/Feb. Among them, PICC Life (1339 HK) and Sunshine Life (6963 HK) topped with +34.8%/+22.4% YoY in Mar ([Fig.1](#)). We see divergence of growth in 1Q24 with Sunshine Life (6963 HK)/China Life (2628 HK)/Ping An (2318 HK) +5.4%/+3.2%/+0.9% YoY whilst CPIC/PICC Life/ NCI -5.4%/-8.2%/-11.7% YoY. The first-quarter downtrend was a result of 1) an industry-wide drop of 2024 jumpstart sales ([Fig.11](#)); 2) continued impact of stepped-up scrutiny over bancassurance affecting new underwriting performance; and 3) a high base of sum assured whole-life plans (IWLPs) in 1Q23, in our view. Despite this, we see the momentum picking up in Mar given most listed life peers, except NCI, returned to positive premium growth. On P&C front, five listed P&C insurers' premiums were +5.1% YoY in 1Q24, thanks to +8.7% YoY growth in Mar. Specifically, auto growth softened whilst non-auto premiums rebounded, underpinned by A&H and agriculture increases. With marginally improving trends on monthly data, we remain positive on 1Q24 life VNB uptick and P&C underwriting recovery with CoR slightly lifted. Maintain OUTPERFORM and our top pick of PICC P&C (2328 HK).

■ **Life growth diverged with sales momentum pick-up in Mar.** Six H-share listed life insurers grew in divergence with China Life/Ping An life/Sunshine Life +3.2%/+0.9%/+5.4%YoY respectively in 1Q24. Among them, China Life and Sunshine Life sustained monthly premium growth from Jan to Mar ([Fig.3/ Fig.8](#)) due to 1) China Life's more balanced product mix by not relying on IWLPs; and 2) a low base for Sunshine Life as 1Q23 was the first quarter upon listing. In contrast, CPIC Life/PICC Life/NCI was down by -5.4%/-8.2%/-11.7% YoY in 1Q24, partially owing to subdued 2024 jumpstart sales and impact of tightened scrutiny over bancassurance. Despite a decline in total amounts, we see sales pick up in Mar, where five out of six life peers turned to positive monthly growth, except NCI (-4.4% YoY), yet whose decline also contracted by 8.7pct from -13.2% YoY in Feb ([Fig.1](#)). We see the focus of life underwriting returning back to agency, and expect continued impact of bancassurance to bottom out in 1Q24. We expect 1Q24 VNB to rise on track, driven by still strong demands for savings-type products and sequentially improved VNB margin due to repricing under expense controls. Among CN life peers, we are positive on CPIC (2601 HK) and China Life (2628 HK) for their resilience.

■ **P&C growth up in Mar driven by non-auto.** Five listed P&C insurers grew by 5.1% YoY in 1Q24, thanks to a rise of +8.7% YoY in Mar. ZhongAn/Sunshine P&C/CPIC P&C achieved double-digit growth by +22.3% /+13.8%/+12.7% YoY in Mar, backing the uptick of +18.1%/+18.3%/+8.6% YoY in 1Q24 ([Fig.2](#)). Auto growth softened in 1-2M24 by +4.0%/+1.9% YoY ([Fig.28](#)) because of reduced premium per case from 1) contracted expense rate and 2) expanded floating range of independent pricing coefficient of commercial auto policies, which prompted the small- to mid-sized P&C insurers to lower auto pricing. We see auto

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#### Related Reports:

- China Life (2628 HK) - 4Q net loss markedly narrowed; VNB grew in low-teens despite revised EV assumptions, Apr 8, 2024 ([link](#))
- PICC P&C (2328 HK) - Non-auto CoR better than expected; sustain 40%+ payout in next two years, Apr 2, 2024 ([link](#))
- ZhongAn (6060 HK) - Digital lifestyle leading growth; ZA Bank and technology export breakeven on track, Mar 28, 2024 ([link](#))
- Ping An (2318 HK) - Resilient DPS despite OPAT decline; EV assumptions change cut VNB more than expected, Mar 27, 2024 ([link](#))
- China Insurance - 1M24 life premiums fell short of expectations, Feb 26, 2024 ([link](#))
- China Insurance - Life premiums up by double digits for the first time in 3 years; P&C growth dragged by non-auto, Feb 5, 2024 ([link](#))
- China Insurance - 9M23 Monthly: Life reversed negative monthly Y/Y; PC uptrend continued; assets to benefit from LT yields up, Oct 31, 2023 ([link](#))
- China Insurance - 9M23 CN Insurers Monthly: Life growth narrowed in line; P&C growth diverged in auto & non-auto, Oct 19, 2023 ([link](#))
- China Insurance - Optimized solvency measurement opens room for insurance funds participation in equity investment, Sep 13, 2023 ([link](#))

premium rises in PICC P&C by +3.1% YoY in Mar (vs -1.3% YoY in Feb, [Fig.34](#)) and Ping An P&C by +3.5% YoY in 1Q24 ([Fig.36](#)). Non-auto growth rebounded in Mar, with PICC P&C /Ping An P&C +5.0%/+1.3% YoY in 1Q24 ([Fig.33/ Fig.35](#)). The A&H and agriculture insurance of PICC P&C returned to double-digit growth by + 10.1%/+14.7% YoY in Mar, reflecting the policy-oriented impacts to underwriting was fading. We expect 1Q24 CoR to slightly increase as the total claims inflated in Jan-Feb ([Fig.31](#)), in order to compensate for losses due to freezing rain. Maintain BUY on PICC P&C (2328 HK) with TP at HK\$11.9, implying 1.0x FY24E P/B.

## Valuation

### H-share listed 6 life insurers' valuation traded within 0.1x-0.4x FY24E P/EV

Company	Last price (HKD)	FY24E EVPS (RMB)	FY24E P/EV(x)
China Life (2628 HK)	9.00	45.9	0.18x
Ping An (2318 HK)	31.15	79.9	0.36x
CPIC (2601 HK)	15.56	59.6	0.24x
NCI (1336 HK)	13.58	90.1	0.14x
China Taiping (966 HK)	6.39	81.8*	0.08x
PICC Group (1339 HK)	2.55	6.1	0.38x
Sunshine Group (6963 HK)	2.49	10.0**	0.23x

Source: Bloomberg, CMBIGM estimates

Note: Stock price as of market close on April 19, 2024.

\* China Taiping disclosed reporting currency in HKD.

\*\*The EVPS of Sunshine Life (non-rated) is based on Bloomberg consensus.

### H-share listed 5 P&C insurers' valuation traded within 0.2x-0.8x FY24E P/B

Company	Last price (HKD)	FY24E BPS (RMB)	FY24E P/BV(x)
PICC P&C (2328 HK)	10.14	11.3	0.83x
Ping An (2318 HK)	31.15	52.6	0.55x
CPIC (2601 HK)	15.56	28.0	0.51x
China Taiping (966 HK)	6.39	27.0*	0.24x
ZhongAn (6060 HK)	11.16	15.1	0.68x
Sunshine Group (6963 HK)	2.49	5.9**	0.39x

Source: Bloomberg, CMBIGM estimates

Note: Stock price as of market close on April 19, 2024.

\* China Taiping disclosed reporting currency in HKD.

\*\*The BPS of Sunshine Life (non-rated) is based on Bloomberg consensus.

## 1-3M24 H-share listed Life and P&C insurers' premiums

Figure 1. CN listed life insurers: 1-3M24 premiums and cum. & mon. YoY% vs 2M23

Life insurers	Ticker	1-3M24 Cum. premiums (RMB bn)	3M24 Cum. YoY%	3M24 Mon. premiums (RMB bn)	3M24 Mon.YoY%	3M24 Mon. YoY% vs 2M24
China Life	2628 HK	337.6	3.2%	84.9	4.4%	-0.8 pct
Ping An Life	2318 HK	173.3	0.9%	39.5	8.2%	0.4 pct
CPIC Life	2601 HK	91.7	-5.4%	28.4	4.7%	-2.8 pct
New China Life	1336 HK	57.2	-11.7%	17.6	-4.4%	8.7 pct
PICC Life	1339 HK	54.5	-8.2%	13.2	34.8%	45.2 pct
Sunshine Life	6963 HK	32.6	5.4%	7.3	22.4%	21.2 pct
<b>Total</b>		<b>746.9</b>	<b>-0.5%</b>	<b>183.6</b>	<b>6.6%</b>	<b>3.6 pct</b>
<b>Top 5 life insurers</b>		<b>714.3</b>	<b>-0.8%</b>	<b>183.6</b>	<b>6.0%</b>	<b>2.9 pct</b>

Source: Company data, HKEx and CMBIGM | Note: Top 5 life insurers incl. China Life, Ping An Life, CPIC Life, New China Life, and PICC Life; Taiping did not disclose premiums since Oct. 2023.

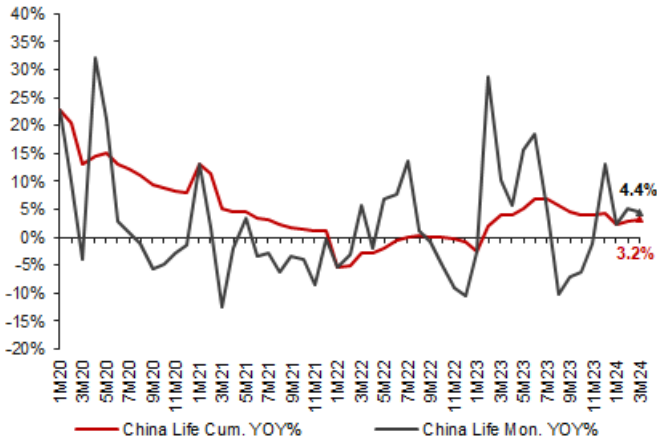
Figure 2. CN listed P&C insurers: 1-3M24 premiums and cum. & mon. YoY% vs 2M23

PC insurers	Ticker	1-3M24 Cum. premiums (RMB bn)	3M24 Cum. YoY%	3M24 Monthly premiums (RMB bn)	3M24 Mon.YoY%	3M24 Monthly YoY% vs 2M23
PICC P&C	2328 HK	174.0	3.8%	72.7	7.8%	9.4 pct
Ping An P&C	2318 HK	79.1	2.8%	28.6	5.9%	5.0 pct
CPIC P&C	2601 HK	62.5	8.6%	23.5	12.7%	11.2 pct
Zhong An	6060 HK	7.1	18.1%	2.5	22.3%	10.9 pct
Sunshine P&C	6963 HK	12.4	18.3%	4.5	13.8%	2.0 pct
<b>Total</b>		<b>335.1</b>	<b>5.1%</b>	<b>127.4</b>	<b>8.7%</b>	<b>8.3 pct</b>
<b>Top 3 P&amp;C insurers</b>		<b>315.5</b>	<b>4.4%</b>	<b>124.8</b>	<b>8.3%</b>	<b>8.6 pct</b>

Source: Company data, HKEx and CMBIGM | Note: Top 3 P&C insurers incl. PICC P&C, Ping An P&C and CPIC P&C; Taiping did not disclose premiums since Oct. 2023.

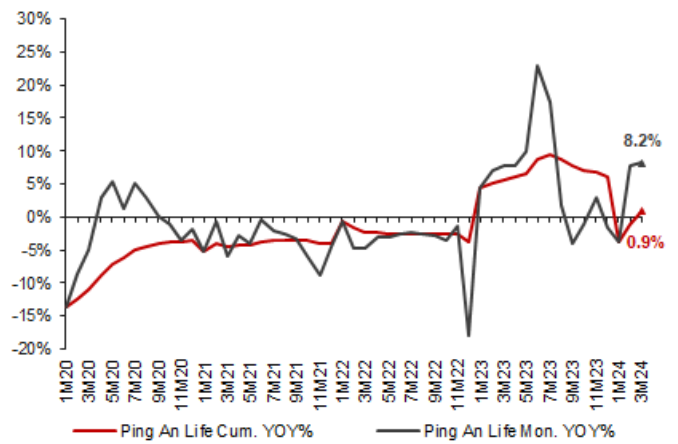
## Focus Charts

**Fig 3: China Life Premium Cum. YoY% & Mon. YoY%**



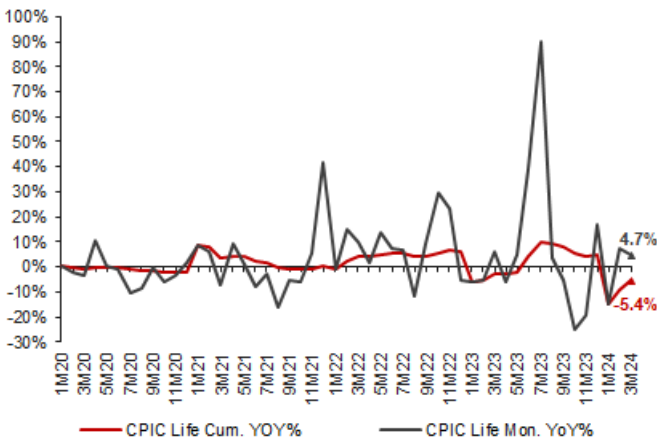
Source: Company data, HKEx, and CMBIGM

**Fig 4: Ping An Life Premium Cum. YoY% & Mon. YoY%**



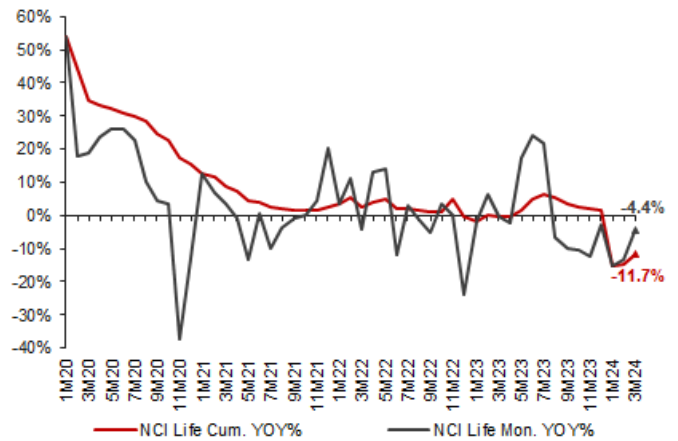
Source: Company data, HKEx, and CMBIGM

**Fig 5: CPIC Life Premium Cum. YoY% & Mon. YoY%**



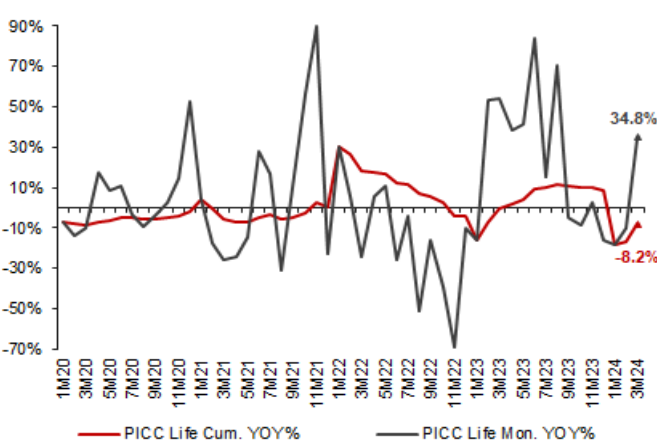
Source: Company data, HKEx, and CMBIGM

**Fig 6: NCI Premium Cum. YoY% & Mon. YoY%**



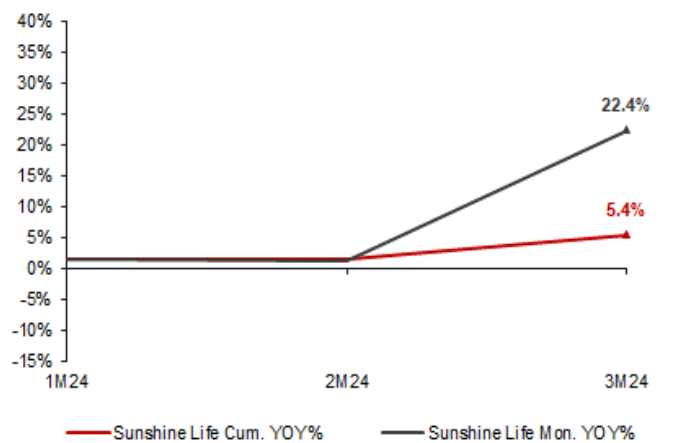
Source: Company data, HKEx, and CMBIGM

**Fig 7: PICC Life Premium Cum. YoY% & Mon. YoY%**



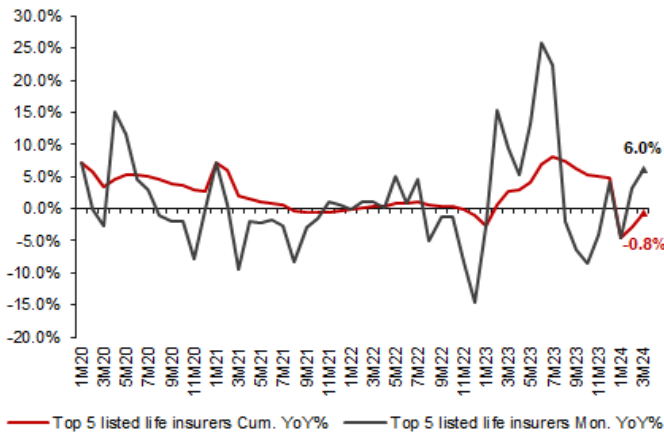
Source: Company data, HKEx, and CMBIGM

**Fig 8: Sunshine Life Premium Cum. YoY% & Mon. YoY%**



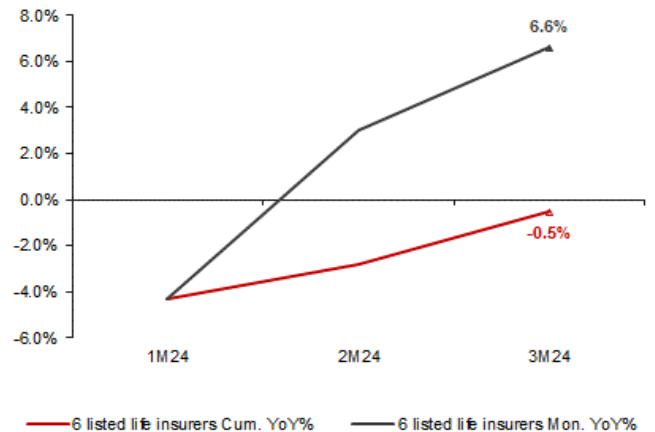
Source: Company data, HKEx, and CMBIGM | Note: Sunshine Group (6963 HK) was listed in Dec-22, and disclosed monthly premiums started from 1M23.

**Fig 9: Top 5 listed insurers' premium Cum. & Mon. YoY%**



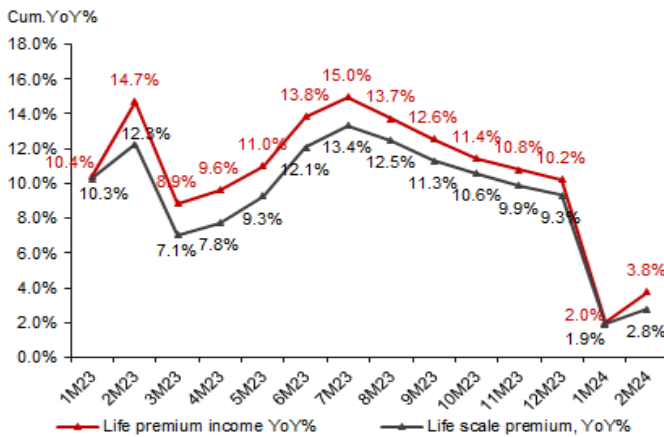
Source: Company data, HKEx, and CMBIGM | Note: six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life. Taiping Life did not disclose monthly premiums since 11M23.

**Fig 10: Six listed insurers' premium Cum.& Mon. YoY%**



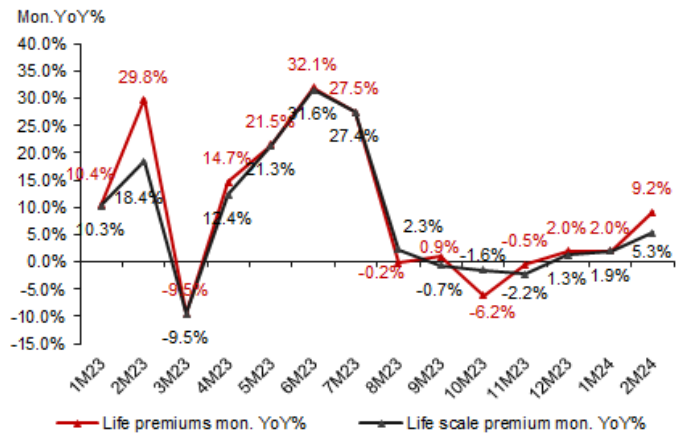
Source: Company data, HKEx, and CMBIGM | Note: six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life, and Sunshine Life. Taiping Life did not disclose premiums since 11M23.

**Fig 11: Personal life and scale premiums cum. YoY%**



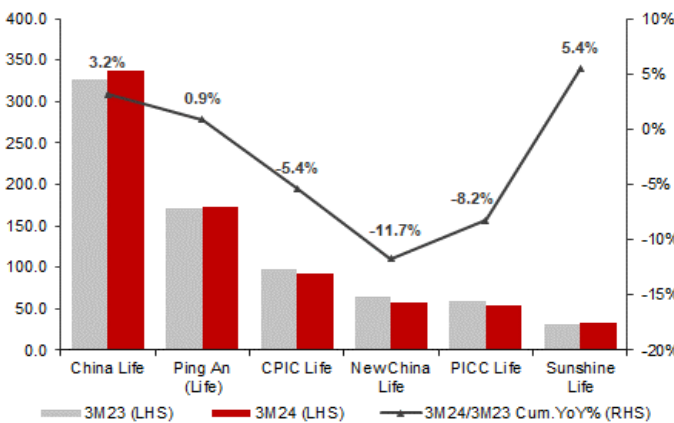
Source: NFRA, CMBIGM

**Fig 12: Personal life and scale premiums mon. YoY%**



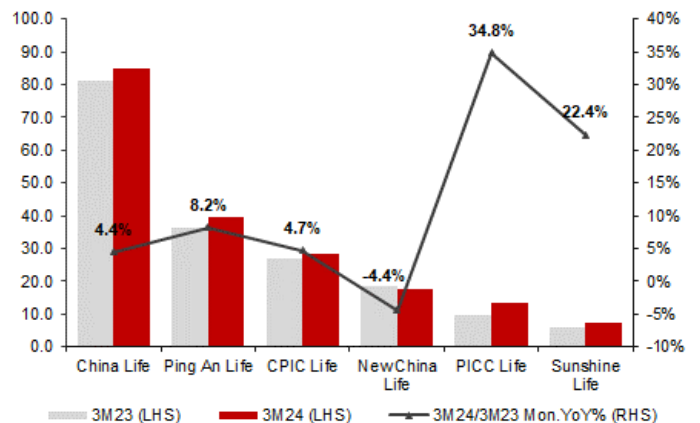
Source: NFRA, CMBIGM

**Fig 13: 6 listed life insurers' premium income cum. YoY%**



Source: NFRA, CMBIGM

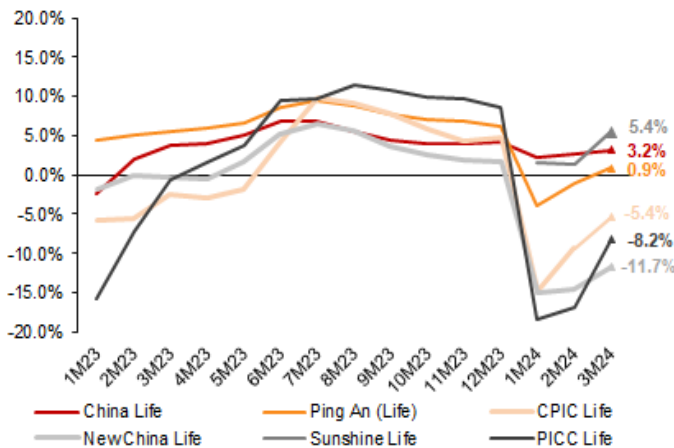
**Fig 14: 6 listed life insurers' premium income mon. YoY%**



Source: NFRA, CMBIGM

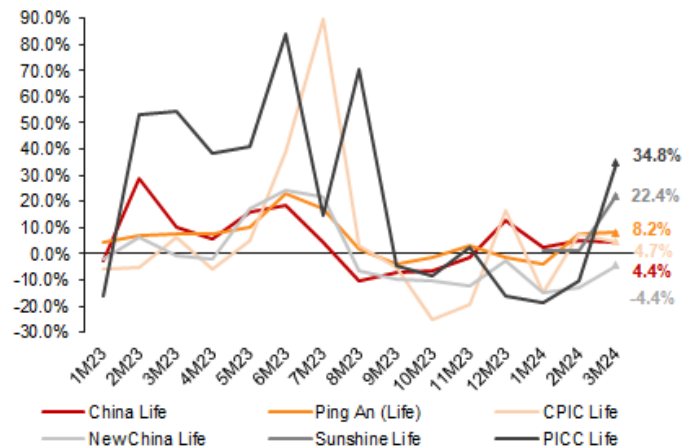


**Fig 15: 6 listed life insurers' premiums cum. YoY%**



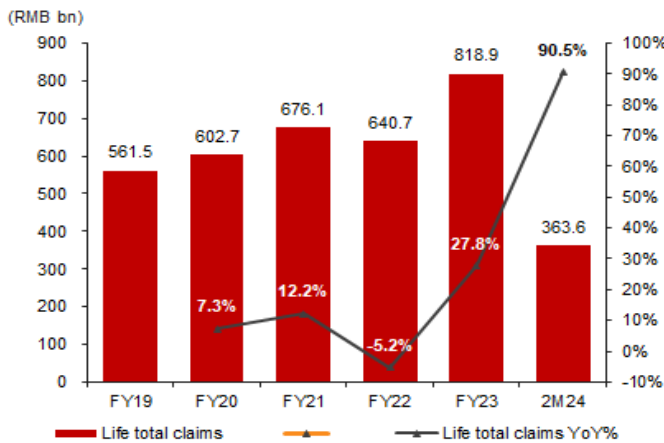
Source: Company data, HKEx, and CMBIGM | Note: six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life. Taiping Life did not disclose monthly premiums since 11M23.

**Fig 16: Six listed life insurers' premium mon. YoY%**



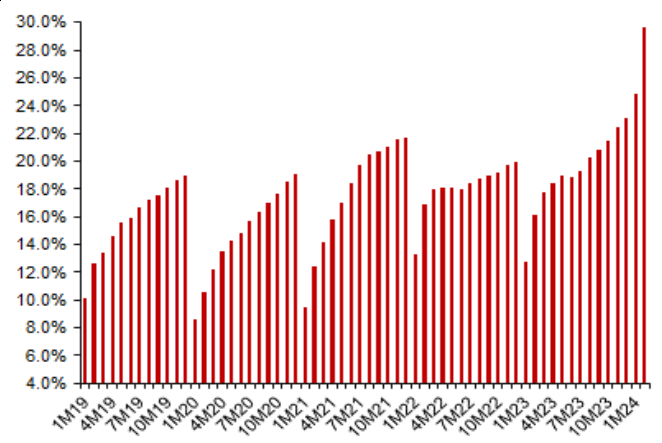
Source: Company data, HKEx, and CMBIGM | Note: six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life, and Sunshine Life. Taiping Life did not disclose premiums since 11M23.

**Fig 17: Personal life industry total claims and YoY%**



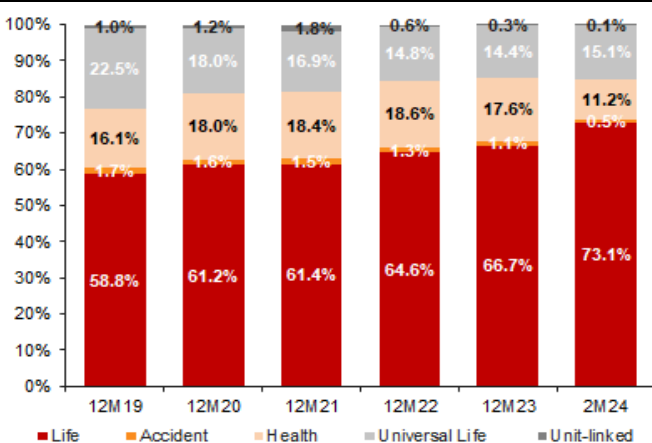
Source: NFRA, CMBIGM

**Fig 18: Personal life industry loss ratio, FY19-2M24 (%)**



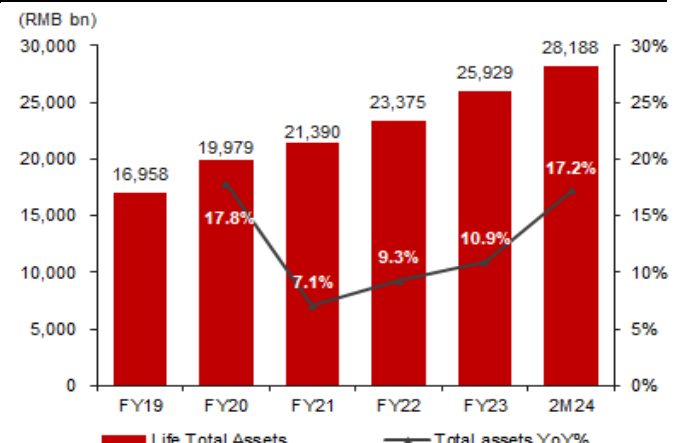
Source: NFRA, CMBIGM estimates

**Fig 19: Personal life premium mix by lines, FY19-2M24**



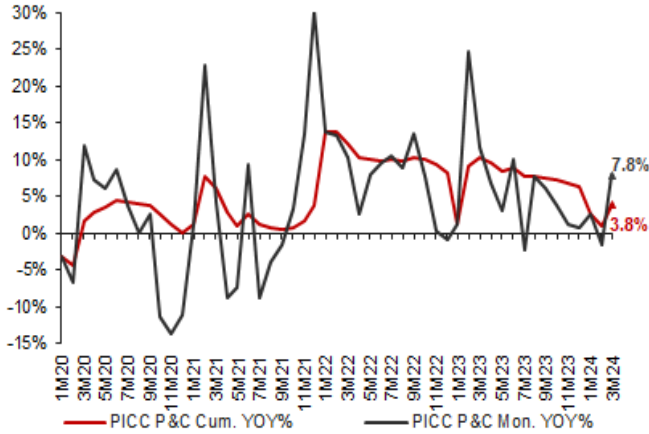
Source: NFRA, CMBIGM

**Fig 20: Personal life industry total assets and YoY%**



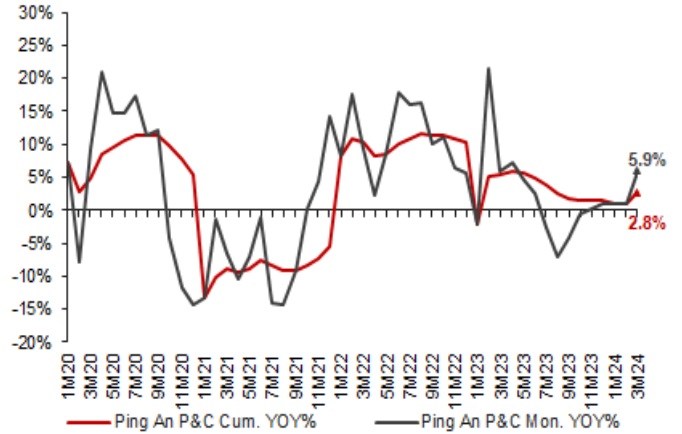
Source: NFRA, CMBIGM

**Fig 21: PICC P&C Premium Cum. YoY% & Mon. YoY%**



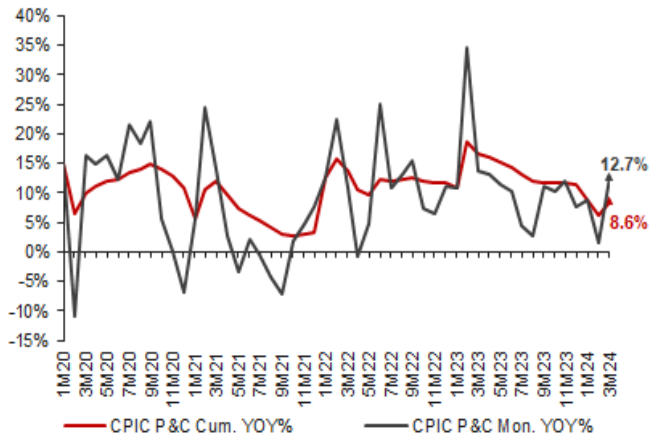
Source: Company data, HKEx, and CMBIGM

**Fig 22: PingAn P&C Premium Cum. YoY% & Mon. YoY%**



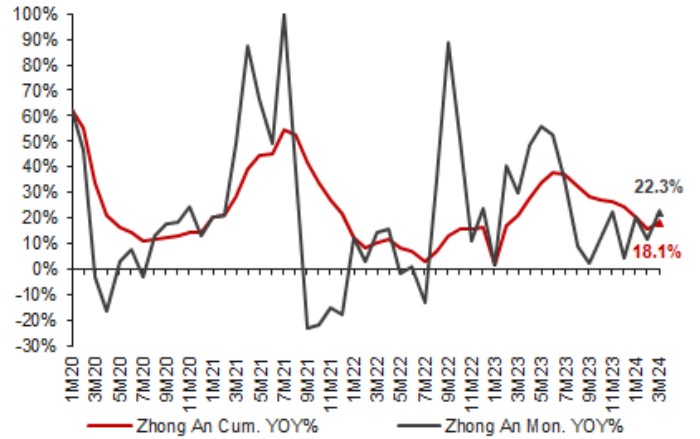
Source: Company data, HKEx, and CMBIGM

**Fig 23: CPIC P&C Premium Cum. YoY% & Mon. YoY%**



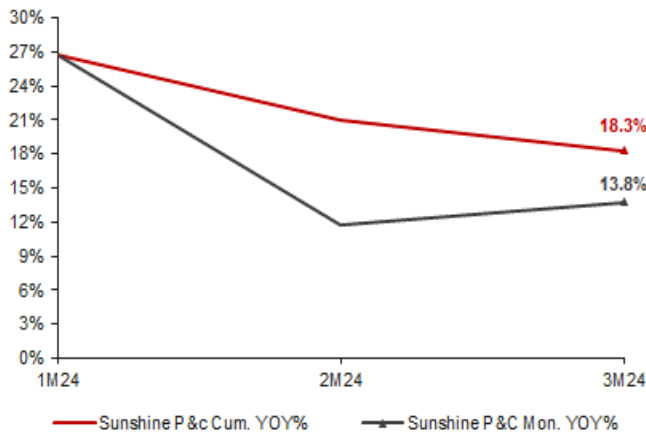
Source: Company data, HKEx, and CMBIGM

**Fig 24: Zhong An Premium Cum. YoY% & Mon. YoY%**



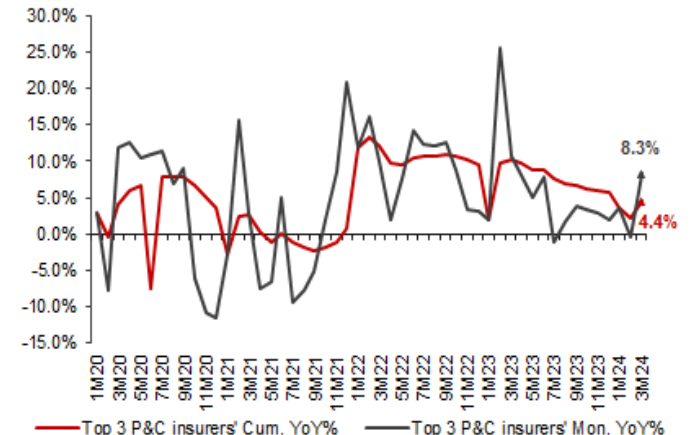
Source: Company data, HKEx, and CMBIGM

**Fig 25: Sunshine P&C Premium Cum. YoY% & Mon. YoY%**



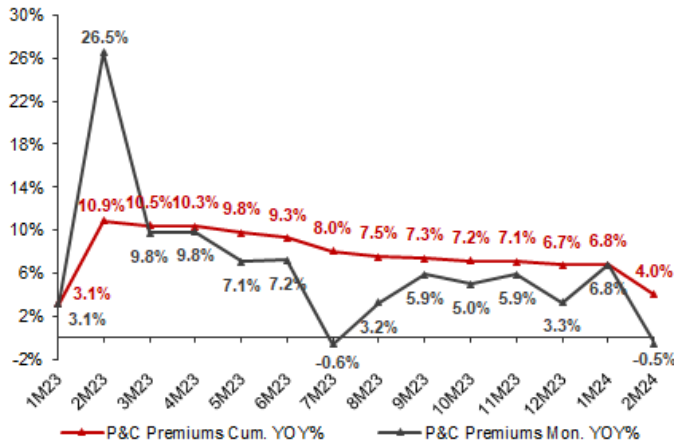
Source: Company data, HKEx, and CMBIGM

**Fig 26: Top 3 P&C insurers' premium Cum. & Mon. YoY%**



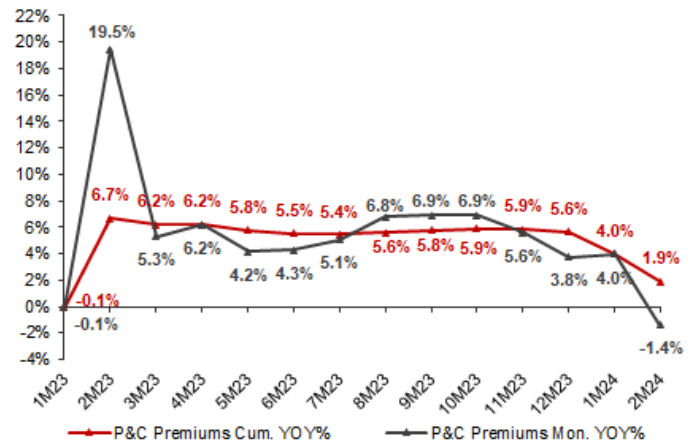
Source: Company data, HKEx, and CMBIGM | Note: top 3 listed P&C insurers incl. PICC P&C, Ping An P&C, and CPIC P&C.

**Fig 27: P&C premiums Cum. YoY% & Mon. YoY%**



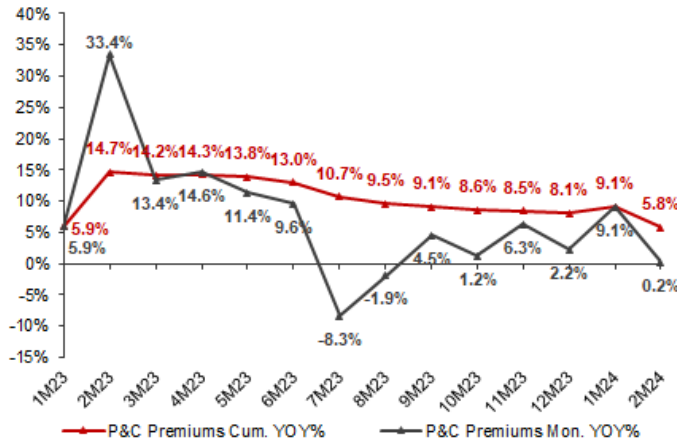
Source: NFRA, CMBIGM

**Fig 28: P&C auto premiums Cum. YoY% & Mon. YoY%**



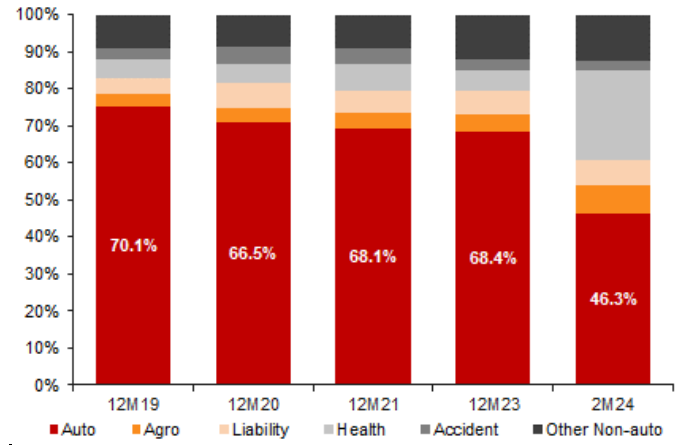
Source: NFRA, CMBIGM

**Fig 29: P&C non-auto premiums Cum. & Mon. YoY%**



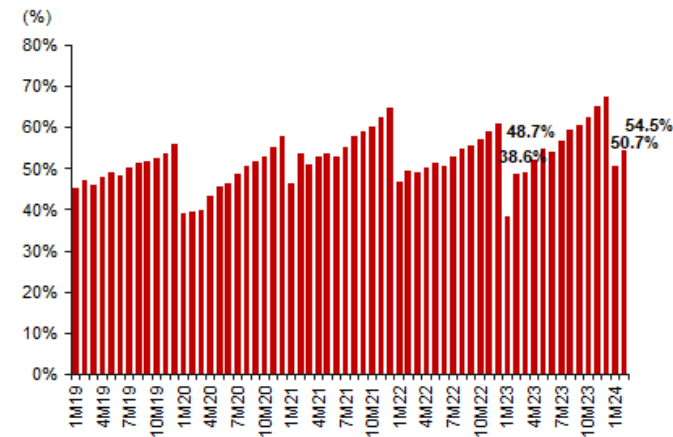
Source: NFRA, CMBIGM

**Fig 30: P&C premiums mix by lines, % (FY19-2M24)**



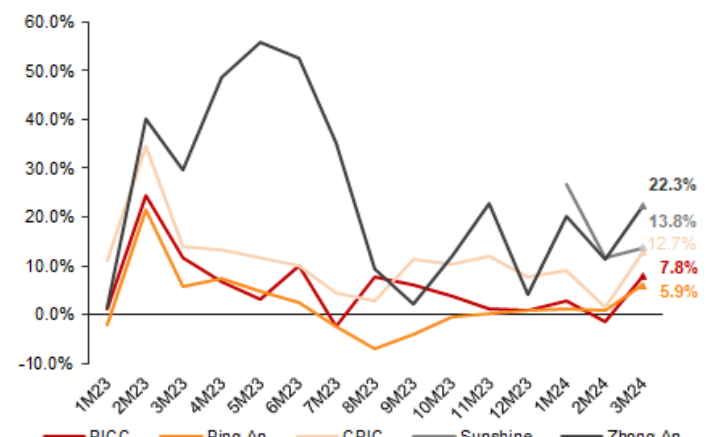
Source: NFRA, CMBIGM

**Fig 31: P&C industry loss ratio, FY19-2M24 (%)**



Source: NFRA, CMBIGM

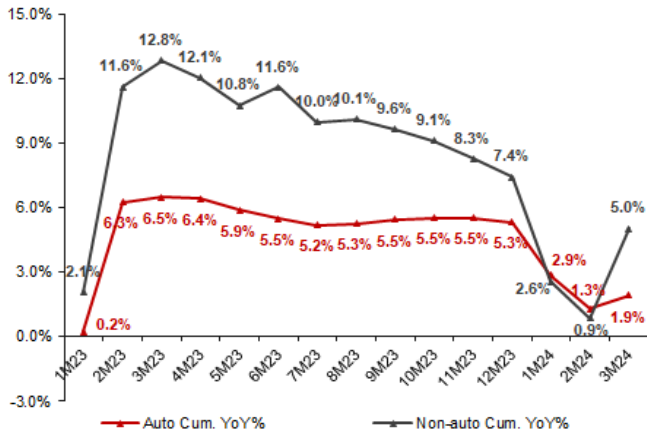
**Fig 32: P&C listed insurers' monthly premiums YoY%**



Source: Company data, HKEx, and CMBIGM

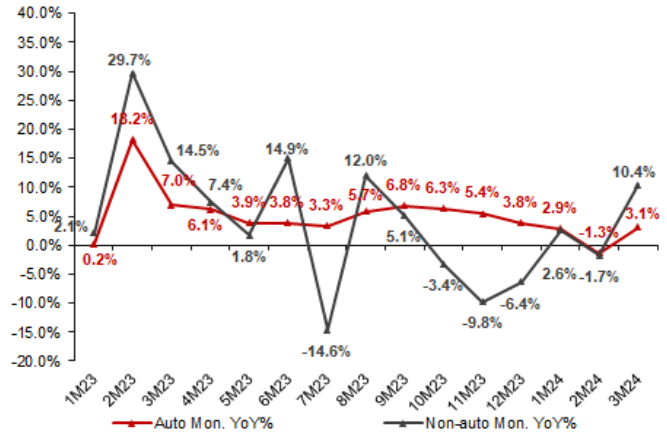


**Fig 33: PICC P&C Auto & Non-auto premium Cum. YoY%**



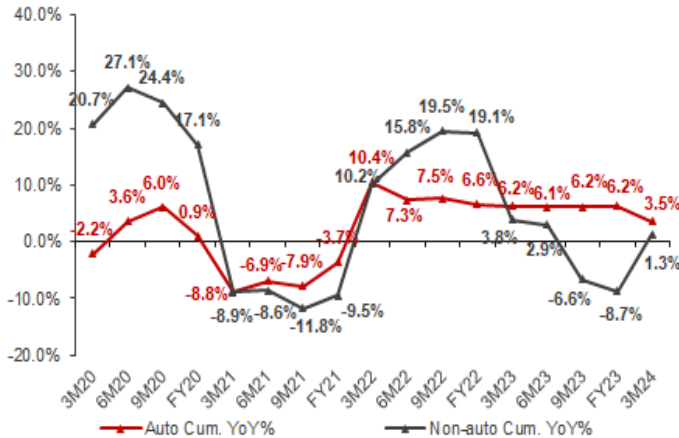
Source: Company data, HKEx, and CMBIGM

**Fig 34: PICC P&C Auto & Non-auto premium Mon. YoY%**



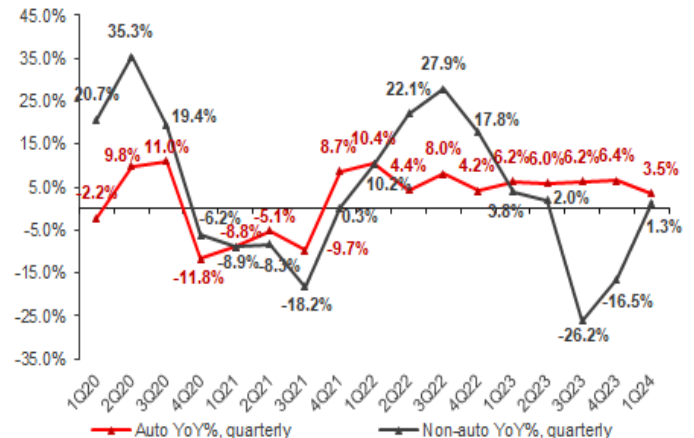
Source: Company data, HKEx, and CMBIGM

**Fig 35: Ping An Auto & Non-auto premium Cum. YoY%**



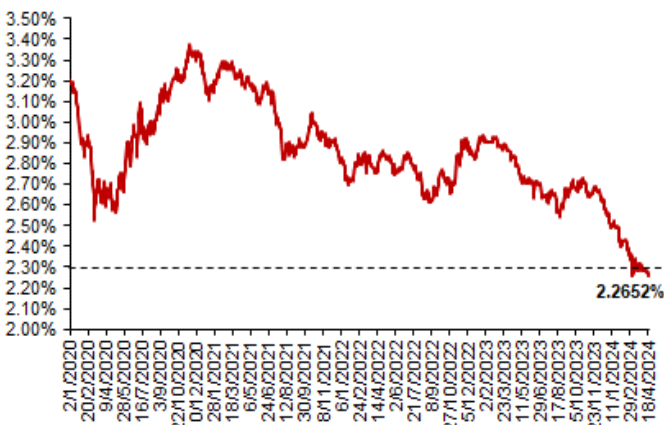
Source: Company data, HKEx, and CMBIGM

**Fig 36: Ping An Auto & Non-auto premium Quart. YoY%**



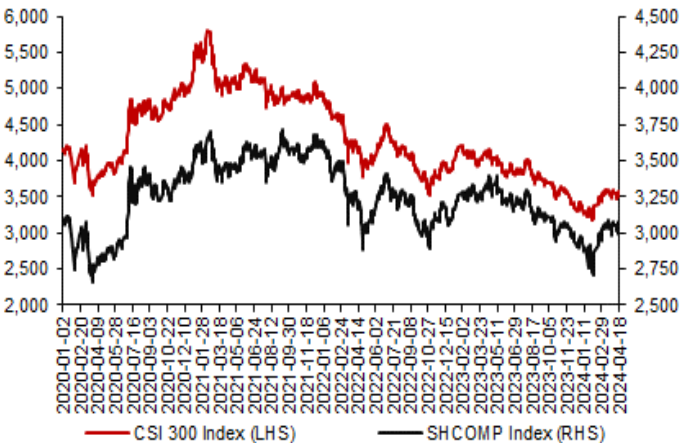
Source: Company data, HKEx, and CMBIGM

**Fig 37: CN 10YR government bond yields down below 2.3%**



Source: Wind, CMBIGM

**Fig 38: CSI 300 / SHCOMP index rose in 1Q24**



Source: Wind, CMBIGM

# Disclosures & Disclaimers

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Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

## CMBIGM Ratings

<b>BUY</b>	: Stock with potential return of over 15% over next 12 months
<b>HOLD</b>	: Stock with potential return of +15% to -10% over next 12 months
<b>SELL</b>	: Stock with potential loss of over 10% over next 12 months
<b>NOT RATED</b>	: Stock is not rated by CMBIGM
<b>OUTPERFORM</b>	: Industry expected to outperform the relevant broad market benchmark over next 12 months
<b>MARKET-PERFORM</b>	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
<b>UNDERPERFORM</b>	: Industry expected to underperform the relevant broad market benchmark over next 12 months

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## CMB International Global Markets Limited

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