

China Insurance

4M24 life diverged in face of high base; P&C top players dragged by non-auto

Listed insurers reported 4M24 premiums with resilience shown among six life peers, of which the total premiums grew by +0.4% YoY to RMB 854.1bn swinging to a positive reading after three consecutive months in first quarter ([Fig.1](#)). In Apr, total premiums of six listed life peers rose by +7.9% YoY to RMB 107.2bn (vs +3.0%/+6.6% YoY in Feb/Mar), despite a high base due to the PIR cut in 2Q23. For life peers, we see divergence in growth, and regard it as progression in channel and product mix enhancement after the outpaced 1Q24 results. China Life (2628 HK)/CPIC (2601 HK) achieved double-digit monthly growth by +11.6%/+12.3% in Apr (vs Mar: +4.4%/+4.7% YoY) implying robust underwriting ability. On P&C front, easing momentum in non-auto led to subdued premium growth after a quarter-end increase in Mar ([Fig.2](#)). Total premiums of five P&C insurers grew by +2.0% YoY in Apr (vs Mar: +8.7% YoY) whereas the aggregate of top 3 was up by +1.5% YoY (vs Mar: +8.3% YoY). The top player PICC P&C (2328 HK) came short of expectations with premiums earned in Apr dipped -1.4% YoY to RMB36.5bn dragged by -7.8% YoY non-auto decline. We see sector valuation rebounded since late April, driven by accumulated momentum to China's asset exposure and a series of supportive policies, in our view. We expect the recovery on asset side to continue, and prefer such quality names as CPIC (2601 HK) and PICC P&C (2328 HK) to be our top picks, and maintain sector at OUTPERFORM.

■ **Life quality names recovered in double-digits.** Total premiums of six listed life insurers reverted to positive growth by +0.4% YoY in 4M24, of which monthly growth of China Life and CPIC drifted upward by +11.6%/+12.3% YoY, surpassing a rise of +4.4%/+4.7% YoY in Mar ([Fig.1](#)). The growth recovery proved our view in 1Q24 comment ([link](#)). PICC Life (1339 HK) and Sunshine Life (6963 HK) sustained double-digit growth by +23.6%/+13.7% YoY in Apr, and yet regular-paid premiums enjoyed more upside for future sustainable growth. The decline in FYP/FYRP of PICC Life expanded to -16.6%/-41.3% YoY in Apr (vs Mar: +19.7%/-1.8% YoY). NCI (1336 HK) was the only listed peer arrived at negative growth by -11.7%/-11.6% YoY in 1-4M24 and April respectively. In face of high base since 2Q23 driven by strong sales of IWLPs, we prefer CPIC for its progressive transformative initiatives with focus back to agency, and China Life for its more balanced product mix.

■ **P&C momentum subdued by non-auto.** Five listed P&C insurers grew total premiums by +2.0% YoY in Apr, -6.7 ppt MoM from Mar ([Fig.2](#)). The easing growth momentum was more evident for top 3 players, of which total monthly premiums increased by +1.5% YoY in Apr, -6.8 ppt MoM from Mar ([Fig.2](#)). ZhongAn/CPIC P&C/Ping An P&C ended at single-digit growth by +6.3%/+4.7%/+4.1% YoY in Apr (vs Mar: +22.3%/+12.7%/+5.9 YoY). PICC P&C fell short of expectations as the monthly premium slid -1.4% YoY to RMB 36.5bn, dragged by a 7.8% decline in non-auto. A&H/Liability/Cargo/Others fell by -6.1%/-1.2%/-9.5%/-2.7% YoY, and Agriculture/Commercial property/Credit was down by double-digit as of -12.2%/-15.3%/-25.3% YoY in April. Auto premiums slightly recovered to +3.5% YoY in Apr, yet still lower than our long-term projection of 5% year-on-year. We attribute the non-auto under-performance to 1) the insurer's structural change in corporate lines, i.e. commercial property and credit; and 2) the tender-related impacts for policy-oriented business, i.e. agriculture, could take longer time to moderate.

■ **Valuation:** Driven by beta momentum recovery contracting the spread loss risk that concerned the market, we hold an "offensive and defensive" strategy and recommend CPIC (2601 HK) and PICC P&C (2328 HK) based on their resilient quality growth. Maintain BUY, with TP of CPIC at HK\$24.8, implying 0.4x FY24E P/EV, and TP of PICC P&C at HK\$11.9 with a 1.0x FY24E P/BV.

OUTPERFORM
(Maintain)

China Insurance Sector

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Related Reports:

1. China Insurance - 1Q24 listed life insurers' growth dwindled; P&C rebounded in 3M24 driven by non-auto, Apr 22, 2024 ([link](#))

2. China Insurance - 1M24 life premiums fell short of expectations, Feb 26, 2024 ([link](#))

3. 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](#))

4. PICC P&C (2328 HK) - 1Q24 catastrophe-induced claims fully released; FY24 CoR guidance sustained; exp. >40% payout, May 7, 2024 ([link](#))

5. CPIC (2601 HK) - VNB growth accelerated; NP turned positive YoY, May 6, 2024 ([link](#))

6. China Life (2628 HK) - Highest VNB growth in years; net profit decline narrowed on track, May 2, 2024 ([link](#))

7. Ping An (2318 HK) - 1Q24 NBV beat; Life OPAT y/y turned positive, Apr 25, 2024 ([link](#))

8. China Life (2628 HK) - 4Q net loss markedly narrowed; VNB grew in low-teens despite revised EV assumptions, Apr 8, 2024 ([link](#))

9. PICC P&C (2328 HK) - Non-auto CoR better than expected; sustain 40%+ payout in next two years, Apr 2, 2024 ([link](#))

10. ZhongAn (6060 HK) - Digital lifestyle leading growth; ZA Bank and technology export breakeven on track, Mar 28, 2024 ([link](#))

11. Ping An (2318 HK) - Resilient DPS despite OPAT decline; EV assumptions change cut VNB more than expected, Mar 27, 2024 ([link](#))

Valuation

H-share listed 6 Life insurers' valuation traded within 0.1x-0.5x FY24E P/EV

Company	Last price (HKD)	FY24E EVPS (RMB)	FY24E P/EV(x)
China Life (2628 HK)	13.00	45.61	0.26x
Ping An (2318 HK)	45.45	79.66	0.52x
CPIC (2601 HK)	22.05	58.00	0.34x
NCI (1336 HK)	18.20	82.14	0.20x
China Taiping (966 HK)	9.30	86.24	0.10x
PICC Group (1339 HK)	2.93	7.46	0.36x
Sunshine Group (6963 HK)	2.66	9.35	0.26x

Source: Bloomberg, CMBIGM estimates | Note: China Taiping disclosed reporting currency in HKD; Sunshine Group (6963 HK) is non-rated and thus adopted the EVPS as Bloomberg consensus; stock price ended by market close on 17 May 2024.

H-share 5 listed P&C insurers' valuation traded within 0.3x-0.8x FY24E P/B

Company	Last price (HKD)	FY24E BPS (RMB)	FY24E P/BV(x)
PICC P&C (2328 HK)	13.00	17.52	0.67x
Ping An (2318 HK)	45.45	52.15	0.79x
CPIC (2601 HK)	22.05	27.22	0.73x
China Taiping (966 HK)	18.20	36.25	0.46x
ZhongAn (6060 HK)	9.30	27.33	0.31x
Sunshine Group (6963 HK)	2.93	5.72	0.46x

Source: Bloomberg, CMBIGM estimates | Note: China Taiping disclosed reporting currency in HKD; Sunshine Group (6963 HK) is non-rated and thus adopted the BVPS as Bloomberg consensus; stock price ended by market close on 17 May 2024.

H-share insurers rebounded after 1Q24 earnings release (vs HSI)

	China Life (2628 HK)	Ping An (2318 HK)	CPIC (2601 HK)	NCL (1336 HK)	Taiping (966 HK)	PICC Group (1339 HK)	PICC P&C (2328 HK)	AIA (1299 HK)	Prudential (2378 HK)	HSI
1Q21	-6.1%	-1.9%	-4.2%	-0.3%	13.0%	2.9%	14.6%	-4.3%	16.7%	3.3%
2Q21	-4.1%	-17.8%	-20.2%	-12.0%	-18.4%	2.8%	0.9%	2.3%	-10.4%	1.6%
3Q21	-17.0%	-30.0%	-5.3%	-13.2%	-8.4%	-6.6%	11.0%	-6.8%	-0.3%	-14.8%
4Q21	1.1%	5.4%	-8.6%	-9.3%	-9.6%	-2.5%	-15.6%	-12.6%	-11.5%	-4.8%
1Q22	-6.8%	-0.9%	-9.6%	5.0%	-10.4%	8.9%	25.9%	4.9%	-13.4%	-6.0%
2Q22	13.5%	-4.1%	0.3%	0.7%	0.9%	-6.6%	1.7%	3.2%	-17.3%	-0.6%
3Q22	-26.4%	-26.5%	-24.6%	-32.1%	-31.7%	-5.0%	-0.2%	-23.0%	-19.1%	-21.2%
4Q22	33.2%	31.8%	20.2%	27.5%	47.0%	13.6%	-9.0%	32.6%	42.5%	14.9%
1Q23	-3.7%	-1.1%	20.0%	-2.3%	-14.2%	1.2%	8.1%	-4.8%	-3.4%	3.1%
2Q23	1.2%	-2.4%	-2.9%	10.7%	-2.4%	8.4%	8.7%	-4.3%	1.0%	-7.3%
3Q23	-6.6%	-10.0%	-3.2%	-8.6%	-4.2%	-1.1%	15.5%	-19.3%	-20.9%	-5.9%
4Q23	-17.0%	-21.2%	-19.6%	-19.4%	-13.8%	-14.6%	-7.8%	6.6%	3.1%	-4.3%
1Q24	-7.2%	-6.5%	-13.1%	-8.9%	1.9%	4.2%	11.2%	-22.8%	-16.2%	-3.0%
4M24	11.0%	8.8%	26.1%	9.1%	5.1%	3.2%	-5.3%	10.0%	-4.6%	7.4%
YTD	28.5%	28.6%	39.9%	19.6%	38.4%	22.1%	13.8%	-4.0%	-6.6%	14.7%

Source: Wind, CMBIGM | Note: Area in green implies for stock return outperformed the Hang Seng Index (HSI) in the respective period.

H-share listed insurers stock price returns vs HSCIF Index

	China Life (2628 HK)	Ping An (2318 HK)	CPIC (2601 HK)	NCL(1336 HK)	Taiping (966 HK)	PICC Group (1339 HK)	PICC P&C (2328 HK)	AIA (1299 HK)	Prudential (2378 HK)	HSCIFN
1Q21	-6.1%	-1.9%	-4.2%	-0.3%	13.0%	2.9%	14.6%	-4.3%	16.7%	6.2%
2Q21	-4.1%	-17.8%	-20.2%	-12.0%	-18.4%	2.8%	0.9%	2.3%	-10.4%	-4.2%
3Q21	-17.0%	-30.0%	-5.3%	-13.2%	-8.4%	-6.6%	11.0%	-6.8%	-0.3%	-8.0%
4Q21	1.1%	5.4%	-8.6%	-9.3%	-9.6%	-2.5%	-15.6%	-12.6%	-11.5%	-0.8%
1Q22	-6.8%	-0.9%	-9.6%	5.0%	-10.4%	8.9%	25.9%	4.9%	-13.4%	4.4%
2Q22	13.5%	-4.1%	0.3%	0.7%	0.9%	-6.6%	1.7%	3.2%	-17.3%	-2.9%
3Q22	-26.4%	-26.5%	-24.6%	-32.1%	-31.7%	-5.0%	-0.2%	-23.0%	-19.1%	-21.6%
4Q22	33.2%	31.8%	20.2%	27.5%	44.6%	15.1%	-9.0%	32.6%	42.5%	18.8%
1Q23	-3.7%	-1.1%	20.0%	-2.3%	-14.2%	1.2%	8.1%	-4.8%	-3.4%	1.8%
2Q23	1.2%	-2.4%	-2.9%	10.7%	-2.4%	8.4%	8.7%	-4.3%	1.0%	0.6%
3Q23	-6.6%	-10.0%	-3.2%	-8.6%	-4.2%	-1.1%	15.5%	-19.3%	-20.9%	-7.7%
4Q23	-17.0%	-21.2%	-19.6%	-19.4%	-13.8%	-14.6%	-7.8%	6.6%	3.1%	-1.0%
1Q24	-7.2%	-6.5%	-13.1%	-8.9%	1.9%	4.2%	11.2%	-22.8%	-16.2%	-5.4%
4M24	11.0%	8.8%	26.1%	9.1%	5.1%	3.2%	-5.3%	10.0%	-4.6%	9.1%
YTD	28.5%	28.6%	39.9%	19.6%	38.4%	22.1%	13.8%	-4.0%	-6.6%	14.4%

Source: Wind, CMBIGM | Note: Area in green implies for stock return outperformed the HSCI-Financials Index (HSCIFN) in the respective period.

1-4M24 H-share listed Life and P&C insurers' premiums

Figure 1. CN listed life insurers: 1-4M24 premiums and cum. & mon. YoY% vs Mar

Life insurers	Ticker	1-4M24 Cum. premiums (RMB bn)	4M24 Cumulative YoY%	Apr monthly premiums (RMB bn)	Apr monthly YoY%	Apr vs Mar
China Life	2628 HK	371.2	3.9%	33.6	11.6%	7.2 ppt
Ping An Life	2318 HK	212.2	1.9%	38.9	6.7%	-1.5 ppt
CPIC Life	2601 HK	104.5	-3.5%	12.8	12.3%	7.6 ppt
New China Life	1336 HK	67.2	-11.7%	10.0	-11.6%	-7.2 ppt
PICC Life	1339 HK	60.5	-5.9%	6.0	23.6%	-11.3 ppt
Sunshine Life	6963 HK	38.5	6.6%	5.9	13.7%	-8.6 ppt
Total		854.1	0.4%	107.2	7.9%	1.3 ppt
Top 5 life insurers		815.6	0.2%	101.3	7.6%	1.6 ppt

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 Nov. 2023.

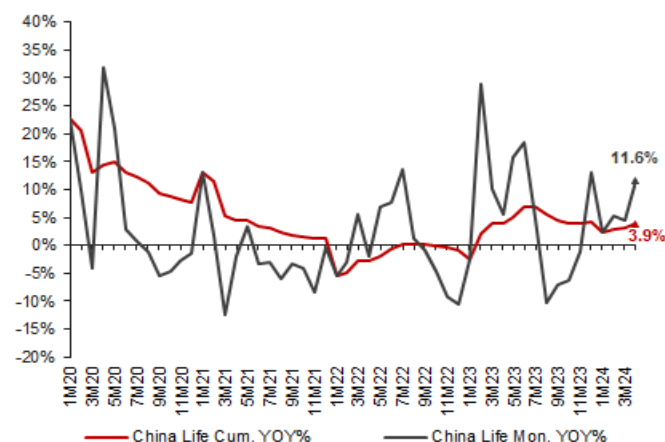
Figure 2. CN listed P&C insurers: 1-4M24 premiums and cum. & mon. YoY% vs Mar

PC insurers	Ticker	1-4M24 Cum. premiums (RMB bn)	4M24 Cumulative YoY%	Apr monthly premiums (RMB bn)	Apr monthly YoY%	Apr vs Mar
PICC P&C	2328 HK	210.5	2.8%	36.5	-1.4%	-9.2 ppt
Ping An P&C	2318 HK	103.5	3.1%	24.5	4.1%	-1.9 ppt
CPIC P&C	2601 HK	77.1	7.8%	14.7	4.7%	-8.1 ppt
Zhong An	6060 HK	9.7	14.7%	2.6	6.3%	-16.0 ppt
Sunshine P&C	6963 HK	16.3	16.3%	3.9	10.3%	-3.4 ppt
Total		417.2	4.5%	82.1	2.0%	-6.7 ppt
Top 3 P&C insurers		391.2	3.8%	75.6	1.5%	-6.8 ppt

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 Nov. 2023.

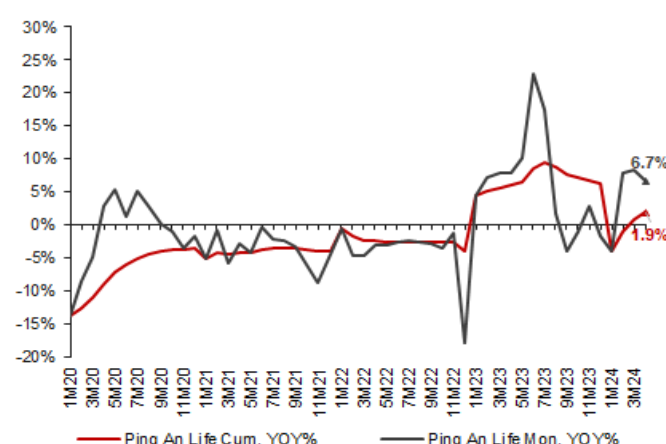
Focus Charts

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



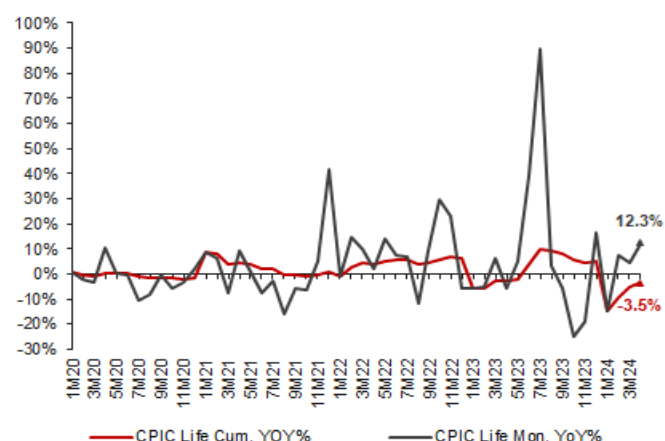
Source: Company data, HKEx, and CMBIGM

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



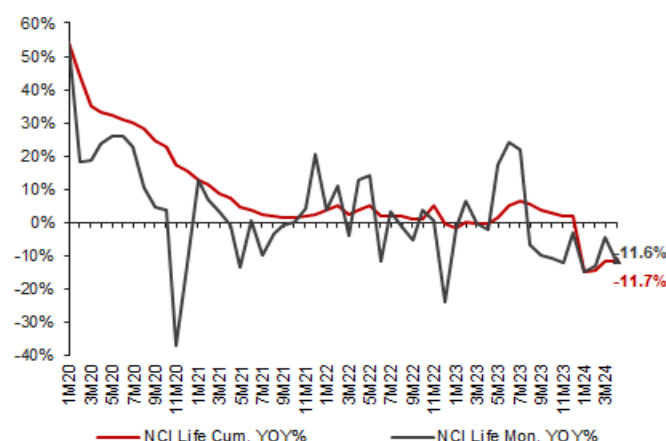
Source: Company data, HKEx, and CMBIGM

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



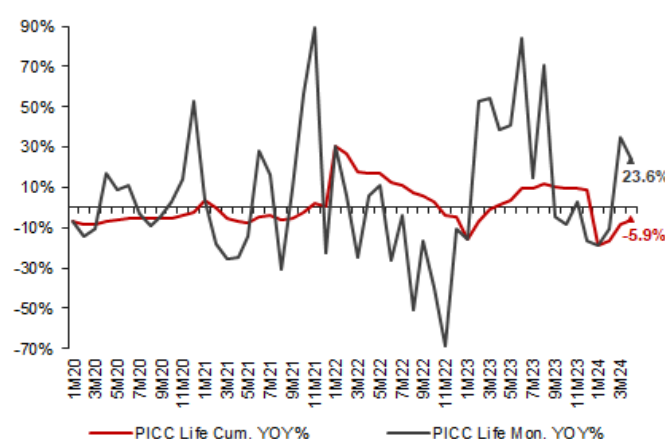
Source: Company data, HKEx, and CMBIGM

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



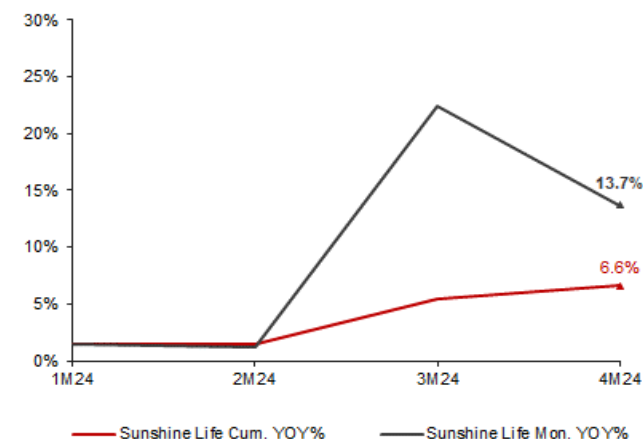
Source: Company data, HKEx, and CMBIGM

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

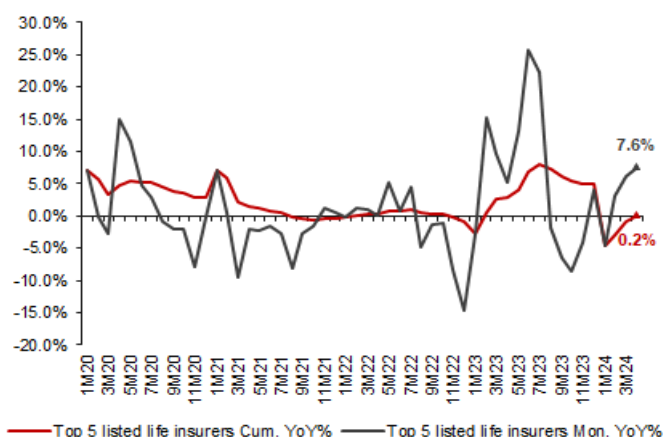


Source: Company data, HKEx, and CMBIGM

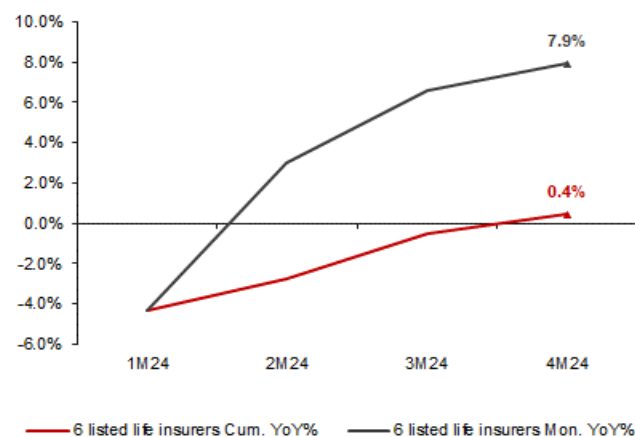
Fig 8: Sunshine Life Premium Cum. YoY% & Mon. YoY%



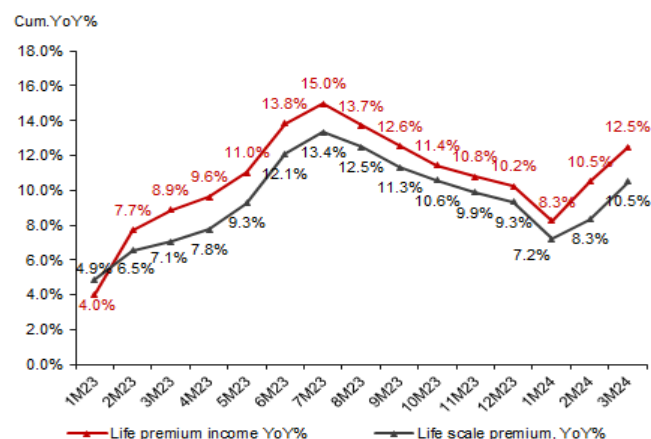
Source: Company data, HKEx, and CMBIGM | Note: Sunshine Group (6963 HK) listed in Dec-22 and disclosed monthly premium since 1M23.

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

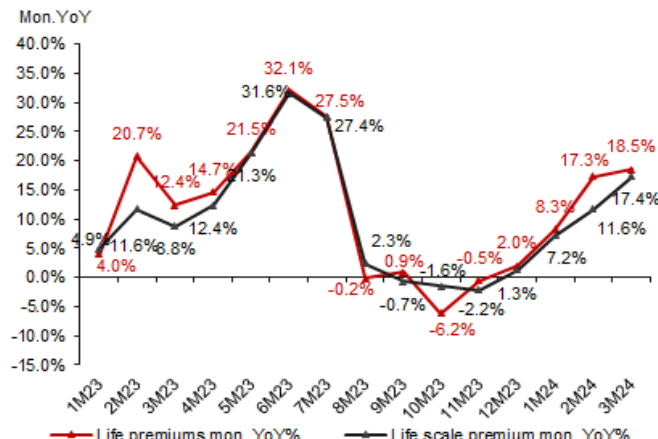
Source: Company data, HKEx, and CMBIGM | Note: Top 5 listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI and PICC Life; Taiping Life did not disclose monthly premiums since Nov 2023.

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

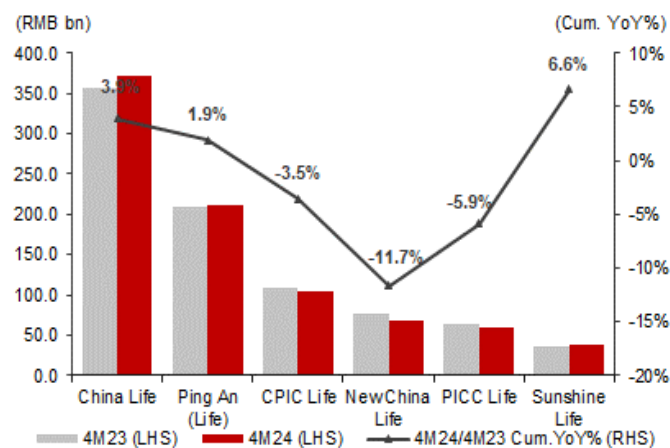
Source: Company data, HKEx, and CMBIGM | Note: Six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life, and Sunshine Life; Taiping Life did not disclose premiums since Nov 2023.

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

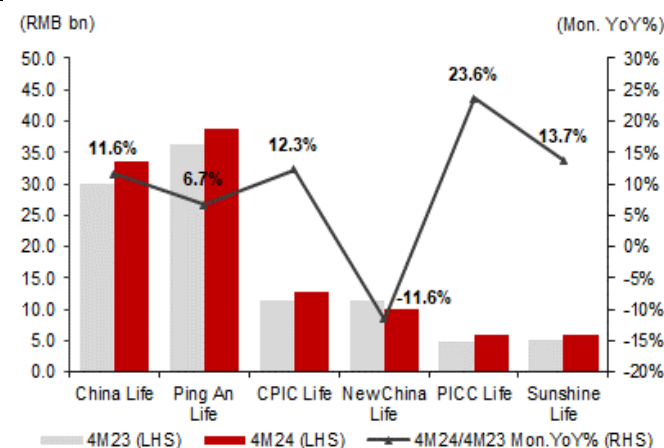
Source: NFRA, CMBIGM

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

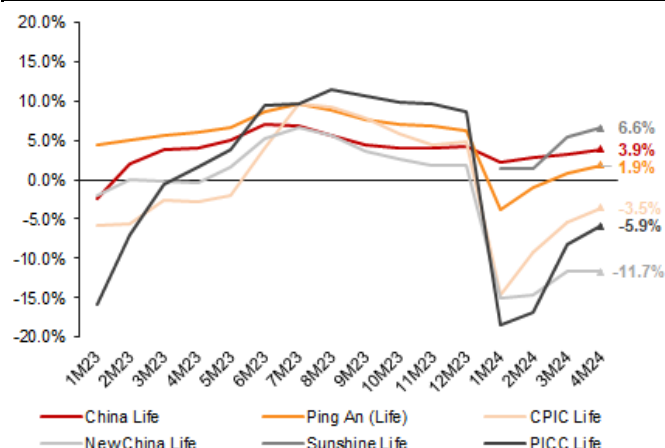
Source: NFRA, CMBIGM

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

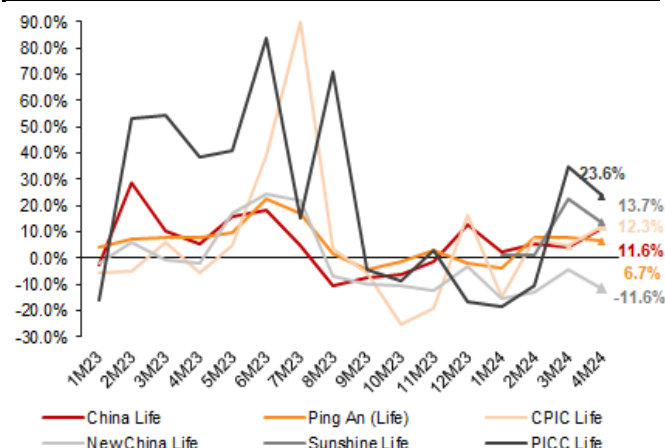
Source: Company data, HKEx, and CMBIGM

Fig14: Six listed life insurers' premium income mon. YoY%

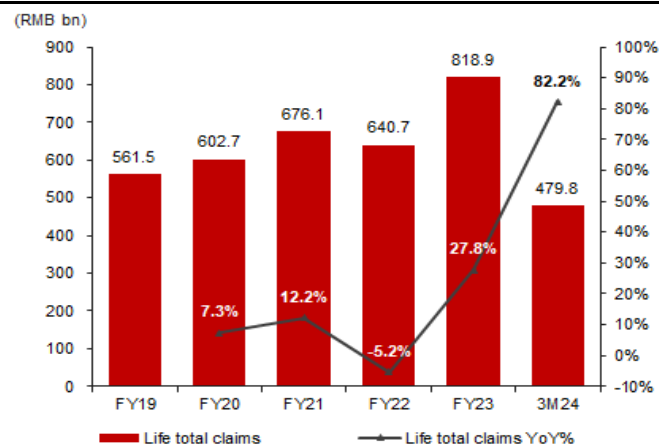
Source: Company data, HKEx, and CMBIGM

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

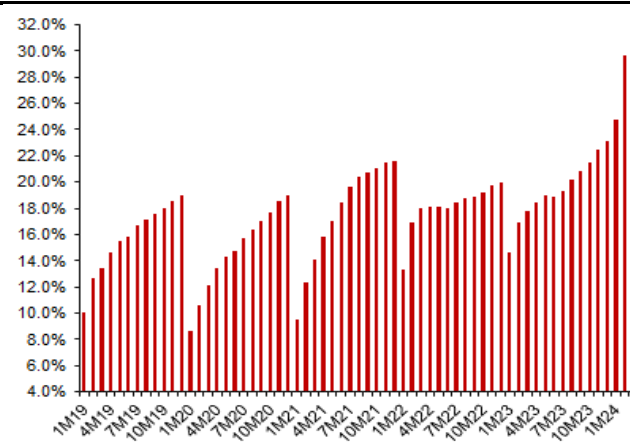
Source: Company data, HKEx, and CMBIGM | Note: Six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life, and Sunshine Life. Taiping Life did not disclose premiums since 11M23.

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

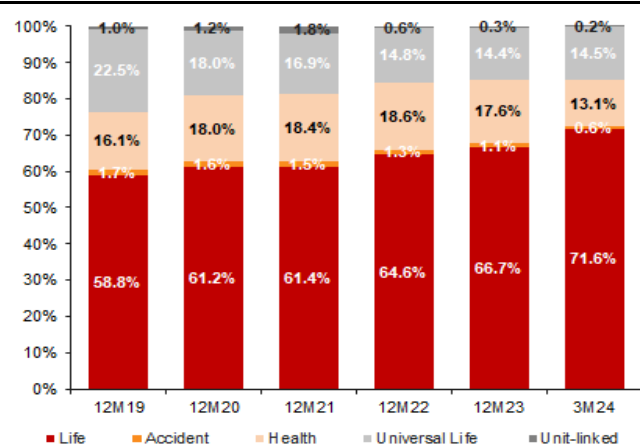
Source: Company data, HKEx, and CMBIGM | Note: Six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life, and Sunshine Life. Taiping Life did not disclose premiums since 11M23.

Fig 17: Personal life industry total claims and YoY%

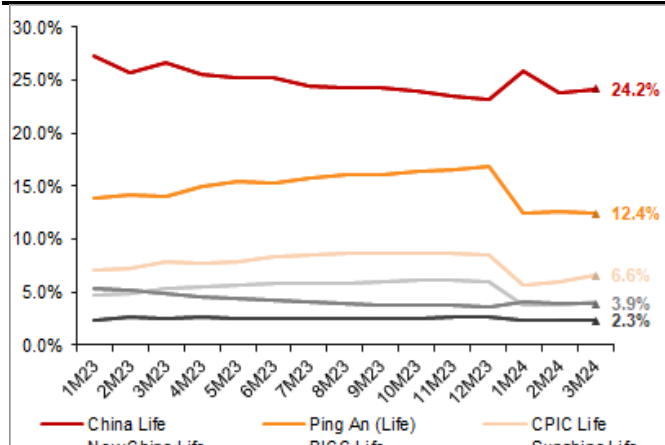
Source: NFRA, CMBIGM

Fig 18: Personal life industry loss ratio, FY19-3M24 (%)

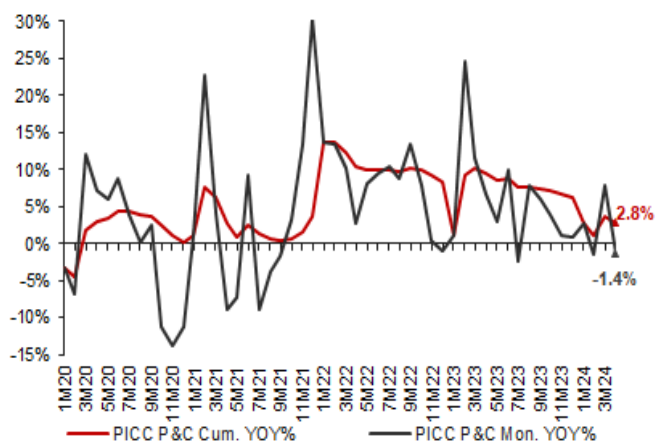
Source: NFRA, CMBIGM estimates

Fig 19: Personal life premium mix by lines, FY19-3M24

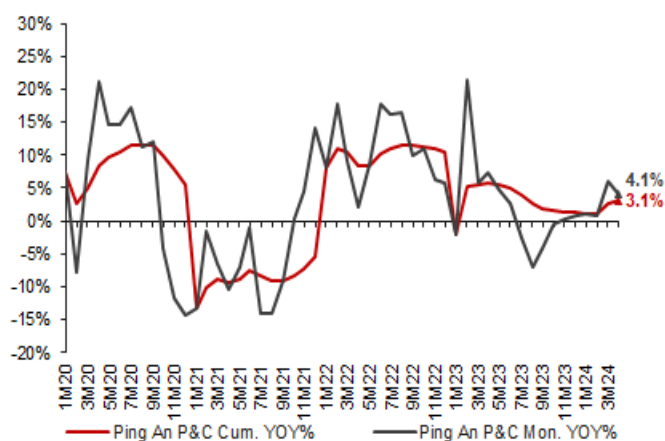
Source: NFRA, CMBIGM

Fig 20: Six life insurers mkt share (%), by premium income

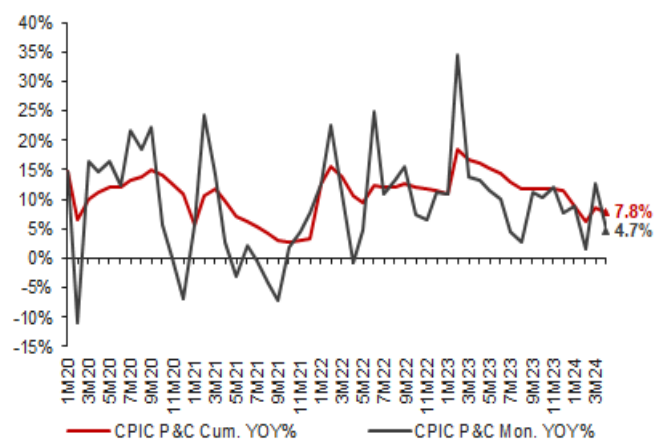
Source: Company data, HKEx, and CMBIGM

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

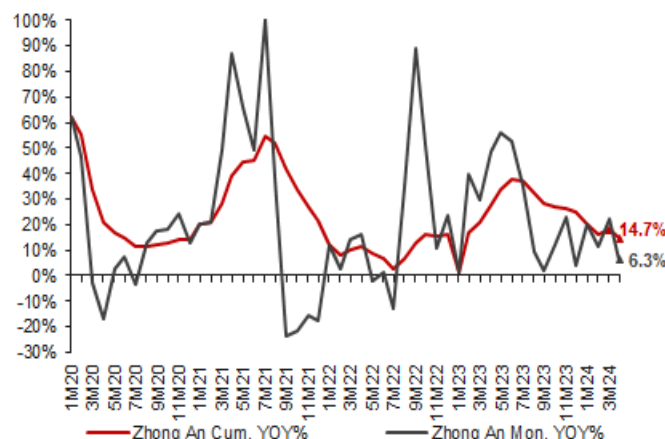
Source: Company data, HKEx, and CMBIGM

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

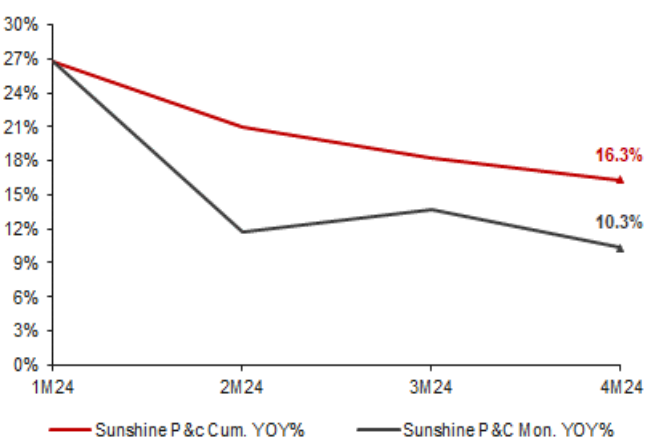
Source: Company data, HKEx, and CMBIGM

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

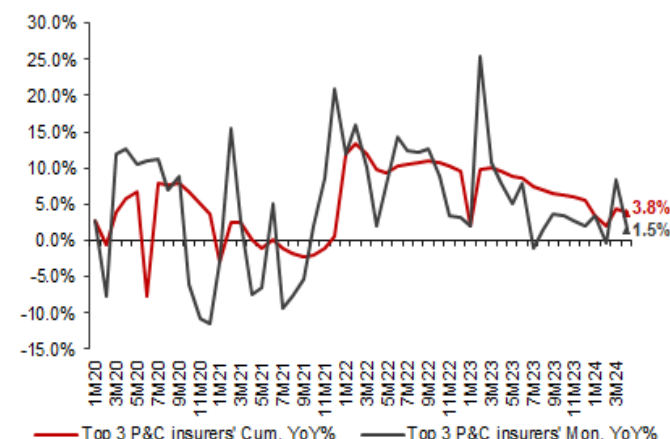
Source: Company data, HKEx, and CMBIGM

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

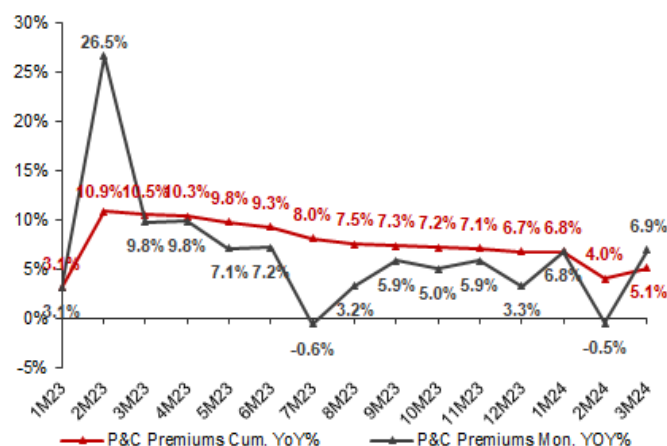
Source: Company data, HKEx, and CMBIGM

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

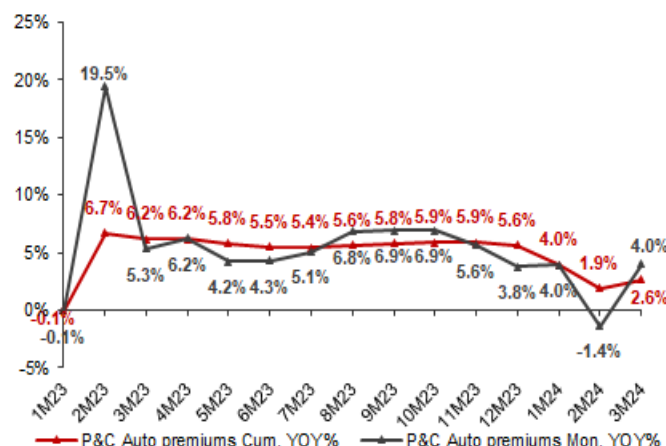
Source: Company data, HKEx, and CMBIGM

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

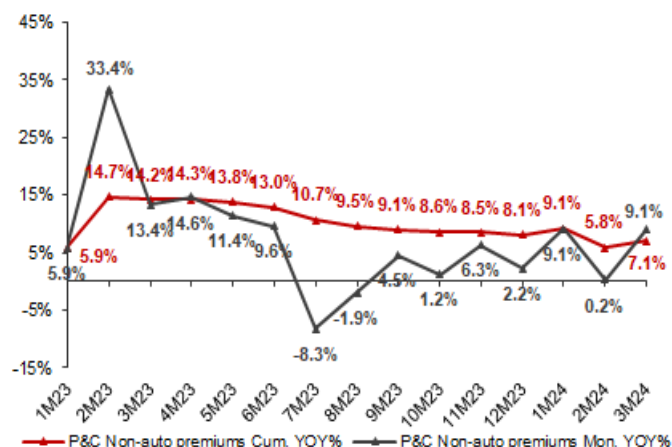
Source: Company data, HKEx, and CMBIGM | Note: Top 3 listed P&C insurers incl. PICC P&C, Ping An P&C, and CPIC P&C.

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

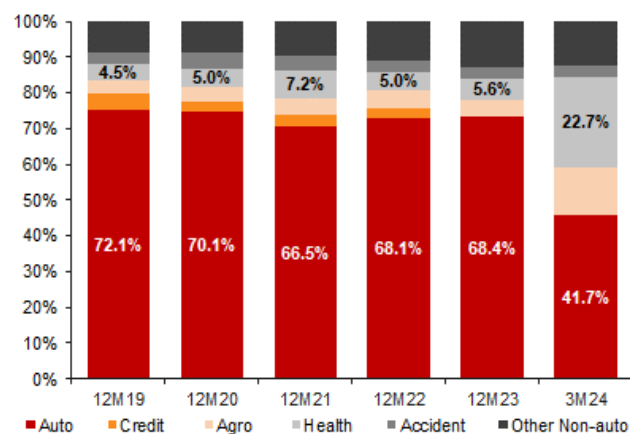
Source: NFRA, CMBIGM

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

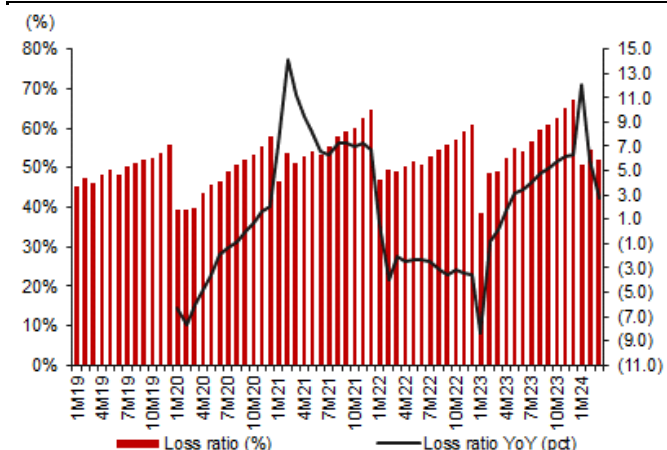
Source: NFRA, CMBIGM

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

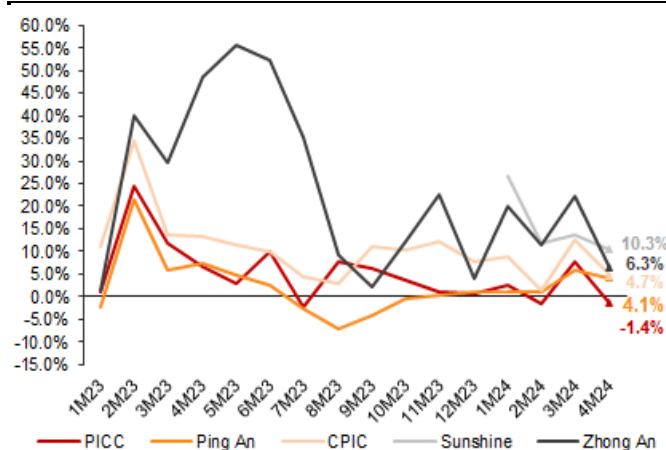
Source: NFRA, CMBIGM

Fig 30: P&C premiums mix by lines, % (FY19-3M24)

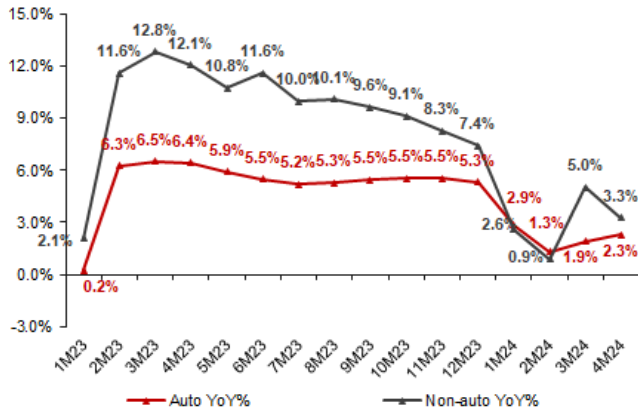
Source: NFRA, CMBIGM

Fig 31: P&C industry loss ratio, FY19-3M24 (%)

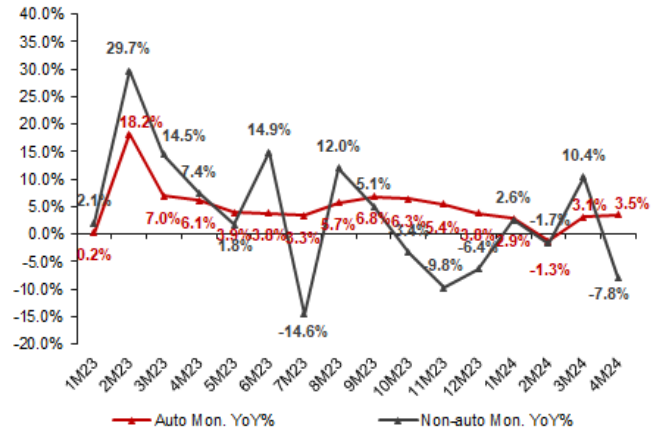
Source: NFRA, CMBIGM

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

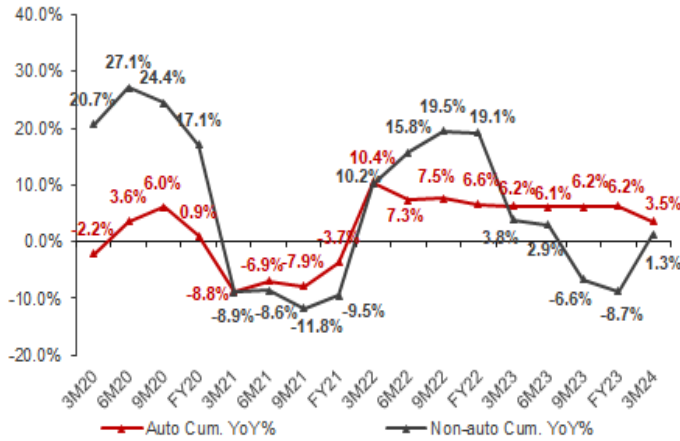
Source: Company data, HKEx, and CMBIGM

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

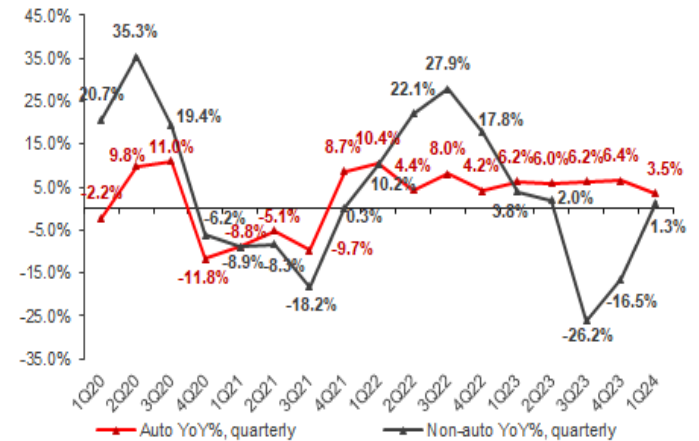
Source: Company data, HKEx, and CMBIGM

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

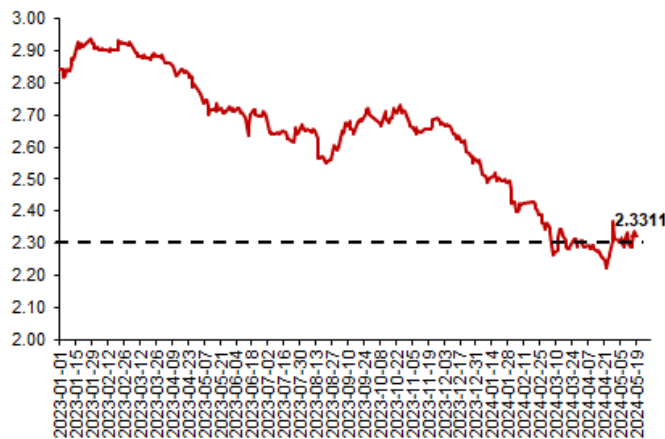
Source: Company data, HKEx, and CMBIGM

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

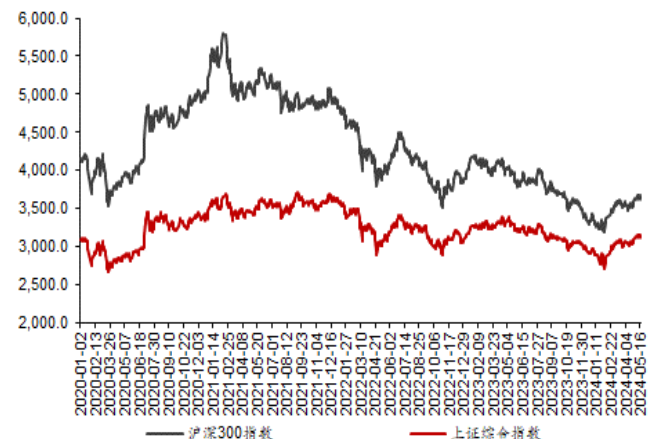
Source: Company data, HKEx, and CMBIGM

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

Source: Company data, HKEx, and CMBIGM

Fig 37: CN 10Yr govt. bond yield returned back above 2.3%

Source: Wind, CMBIGM | Note: Data by market close on 17/5/2024.

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

Source: Wind, CMBIGM | Note: Data by market close on 17/5/2024.

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