

China Insurance

Dec Life and P&C premiums marginally improved

OUTPERFORM
 (Maintain)

The NFRA announced Dec premiums for life and P&C segments. Total premiums reached RMB 6.11tn as of year-end, up 7.4% YoY on top of a high base, translating to 5.4% YoY increase in Dec to RMB 357bn, reversing the monthly downward trend since Sep 2025. Personal life and P&C premiums scaled up by 9.1%/2.6% YoY to RMB 4.65tn/1.47tn as of end-FY25, implying a rise of 6.3%/3.8% YoY in Dec 2025, marginally improving by 6.9pct/3.8pct MoM respectively. We see key trends in Dec including 1) Life premiums sustained solid growth, up by 11.4% YoY to RMB3.56tn, with the rise in Dec returning to a double-digit of 10.1% YoY after declines for three consecutive months (Sep/Oct/Nov: -4.6%/-5.1%/-2.3% YoY); 2) P&C maintained in a low-single digit rise yet marginally improved in the last month thanks to non-auto contributions; 3) Health and accident premiums eased in Dec, with the health down 3.6% YoY (vs. Nov: +3.3% YoY) and the accident staying flat (+0.4% YoY); 4) Loss ratio climbed on a monthly basis yet improved 0.5pct YoY compared to a high base; 5) Total assets amounted to RMB41.3tn, with personal life and P&C's AUM making up 88.1%/7.5% of total. Net asset rallied 10.2% YoY to RMB3.66tn as of year-end.

■ Personal life stayed resilient thanks to a double-digit life premium rebound.

In 2025, personal life insurance premiums amounted to RMB4.65tn, up by 9.1% YoY, translating into a 6.3% YoY increase in Dec to RMB229bn back to a growth trajectory (vs. Nov: -0.6% YoY). Life premium was a highlight in Dec, rebounding to a double-digit rise of 10.1% YoY to RMB168bn after falling in three consecutive months (i.e. Sep/Oct/Nov: -4.6%/-5.1%/-2.3% YoY), making up 74% of total personal life premiums, up 6.9pct MoM. The sluggish life premium in 4Q25 was due to the front-loaded demands released in Aug 2025 triggered by the PIR cut, yet we think the return of life premiums to growth in Dec may signal that the dampening demand for life insurance products after the PIR cut is being digested. Looking into 2026, we think the IRR of PAR policies still look appealing to capture the demands for residential wealth reallocation contributing to a robust FYP uplift.

■ P&C eased on a low-single digit rise; more to expect on non-auto CoR. P&C

premiums grew 2.6% YoY to RMB1.47tn in 2025, implying a rise of 3.8% YoY in Dec to RMB128bn. The rebound in Dec was also a highlight, indicating resilience in non-auto segment. Auto premiums rose 3.0% YoY to RMB941bn in 2025, upon a lift of 2.2% YoY in Dec to RMB97.7bn. Non-auto premiums increased 5.0% YoY by year-end to RMB816bn, supported by a jump of 9.6% YoY in Dec to RMB44bn thanks to rebounds in agriculture (+1.99x YoY), health and accident (+9.7% YoY), and liability (+7.7% YoY). The doubled agriculture premiums in Dec could be due to a low base effect and improved underwriting pace for policy-oriented products. P&C claims ratio dropped 0.7pct YoY to 67.8% in FY25 driven by lower NAT CAT losses. In 2026E, we expect non-auto CoR to improve on tightening cost controls.

■ Health slowed in Dec yet enjoy headroom for growth on supportive policies.

Health premiums grew 2.0% YoY to RMB997.3bn by 2025, with the Dec premium falling 3.6% YoY to RMB53.4bn (vs. Nov: +3.3% YoY). Despite the monthly ease, we remain positive on growth in the market size of commercial health insurance supported by favourable policies. On Jan 22, the Insurance Association of China held a [symposium on high-quality development of health insurance](#) to promote for the development of commercial health insurance and deepening exchanges and cooperation between commercial insurance and medical and pharmaceutical fields. It is said that over the past 10 years, the average CAGR of commercial health insurance has exceeded 20%; and by 2025, the total compensations paid by commercial health insurance for innovative drugs and medical devices have reached RMB14.7bn, indicating a four-year CAGR of 70%. Looking into 2026E, we believe the policy-led integration of medical insurance and commercial health insurance could underpin growth in the TAM of commercial health insurance, and enhance the accurate pricing capabilities for insurers amid coverage expansion.

■ Maintain sector OUTPERFORM and BUY on industry leaders. The sector is trading at 0.2-0.7x FY26E P/EV and 0.6-1.4x FY26E P/B, with a yield ranging at 2%-6%. Maintain sector OUTPERFORM, and reiterate BUY on Ping An (2318 HK, BUY), PICC P&C (2328 HK, BUY) and AIA (1299 HK, BUY).

■ Downside risks: 1) extensive regulatory tightening on life insurance or financial conglomerates; 2) heightened equity market volatilities; 3) prolonged low-interest rate environment; 4) intensified pricing competitions in P&C industry; and 5) asset quality deterioration, etc.

China Insurance Sector

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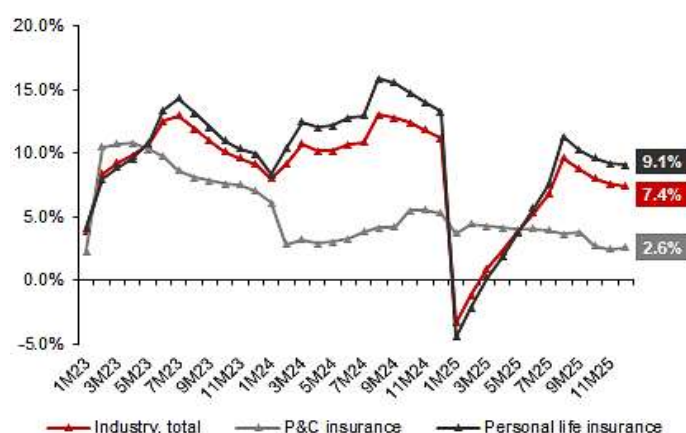
Valuation

Company	Ticker	Rating	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	70.70	1,280	0.69x	0.64x	0.97x	0.89x	4.6%	4.9%
CPIC	2601 HK	BUY	38.36	369	0.49x	0.46x	1.02x	0.94x	4.1%	4.7%
NCI	1336 HK	BUY	61.30	191	0.56x	0.51x	1.43x	1.26x	4.0%	4.0%
China Taiping	966 HK	BUY	24.68	89	0.22x	0.20x	1.02x	0.91x	1.6%	1.7%
PICC Group	1339 HK	BUY	6.57	291	0.43x	0.40x	0.75x	0.70x	4.7%	4.9%
PICC P&C	2328 HK	BUY	15.80	351	n.a	n.a	1.04x	0.96x	5.5%	6.2%
ZhongAn Online	6060 HK	BUY	16.08	27	n.a	n.a	0.97x	0.94x	0.0%	0.0%
Sunshine Group	6963 HK	NR	4.05	47	0.30x	0.27x	0.62x	0.58x	6.0%	6.5%
Average					0.45x	0.42x	1.00x	0.91x	3.8%	4.1%
Regionals:										
AIA	1299 HK	BUY	89.05	936	1.39x	1.22x	2.43 x	2.17 x	2.4%	2.6%
Prudential	2378 HK	BUY	128.70	327	1.00x	0.88x	2.09 x	1.84 x	1.8%	2.1%
Average					1.20x	1.05x	2.26x	2.00x	2.1%	2.4%

Source: Bloomberg, CMBIGM estimates | Note: stock price data quoted by market close on 2 Feb 2026 (Mon); earnings forecast for Sunshine Group (6963 HK, NR) is based on the Bloomberg consensus.

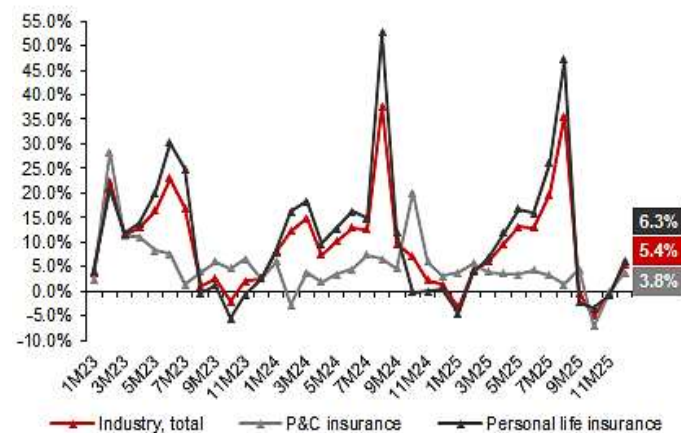
Focus Charts

Figure 1: Insurance premium growth, cum. YoY%



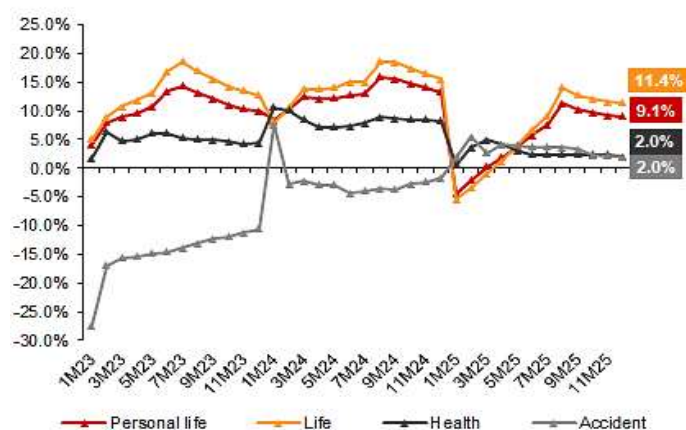
Source: The NFRA, CMBIGM

Figure 2: Insurance premium growth, mon. YoY%



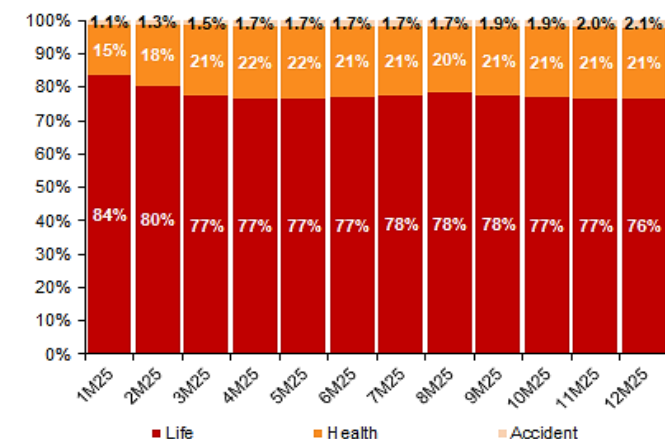
Source: The NFRA, CMBIGM

Figure 3: Personal life growth by types, cum. YoY%



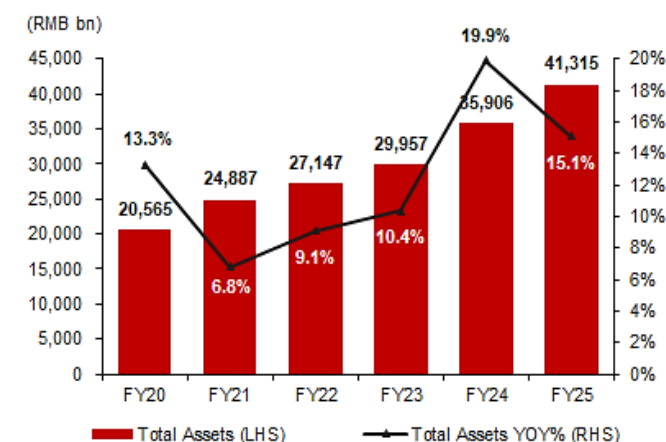
Source: The NFRA, CMBIGM | Note: Personal life insurance includes life, health and accident insurance as disclosed by the NFRA.

Figure 4: Personal life premiums composition mix%



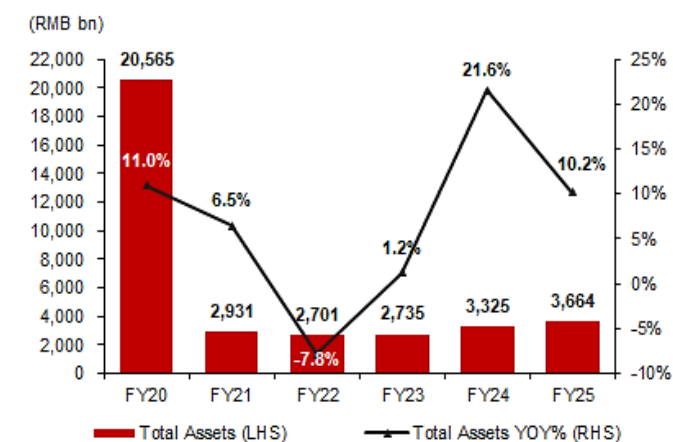
Source: The NFRA, CMBIGM | Note: Personal life insurance includes life, health and accident insurance as disclosed by the NFRA.

Figure 5: Total assets and YoY%



Source: The NFRA, CMBIGM

Figure 6: Net assets and YoY%



Source: The NFRA, CMBIGM

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