

China Insurance

1-2M26: Life sustained double-digit rise; P&C auto premiums dipped for two consecutive months

In 1-2M26, total insurance premiums amounted to RMB1.64tn, up 8.4% YoY with Feb premium income up 0.8% YoY (vs. Jan: +11.6%) partly due to the impact of Chinese New Year (Feb: 16 working days). Personal life and P&C industry premiums growth diverged by +10.2%/-1.4% YoY to RMB1.4tn/RMB240bn in 1-2M26 given the strength in Life jumpstart sales and weakened UW demands from auto insurance. We have observed three key trends in the industry for the first two months incl. 1) Life growth sustained in double-digit (+10.9%) driven by resilient savings demands amid the trend of deposit migration; 2) P&C weakened (-1.4%) as auto premiums dipped for two consecutive months (Jan/Feb: -0.8%/-1.1%) due to the lackluster new vehicle sales; 3) P&C Health drove non-auto premium growth up by 20.5% YoY in 1-2M26, signalling upside potential amid deepening cooperation between basic medical and commercial health. Looking into 2026E, we expect the mix of participating in new product sales to further tick up from ~50% for major listed life insurers as reported in FY25, and banca NBV to remain as a key driver for growth diversification. On P&C front, non-auto CoR awaits improvement upon completion of expense reporting and implementation. We view the recent stock price fluctuations more affected by trading sentiment, and solid earnings improvement should fuel valuation recovery. Maintain sector **OUTPERFORM**.

- **Life premium sustained double-digit growth.** In 1-2M26, personal life industry premium grew 9.7% YoY to RMB1.31tn, with life/health/accident premiums +10.9%/+3.1%/-12.4% YoY to RMB1.13tn/RMB172bn/RMB6bn. Life premium was +13.8%/+2.5% YoY to RMB861bn/RMB271bn in Jan/Feb 2026, representing a mix of 88%/86% respectively. Top-up premium (mainly from universal life) and unit-linked rose 16.8%/1.7% YoY to RMB239bn/RMB2bn in 1-2M26, with a rise of 2.8%/33.8% YoY in Feb (Jan: +20.4%/-25%). We see the robust jumpstart sales from continued strong onshore savings demands amid the trend of deposit migration. The growth in universal life premiums well tracking that of life insurance, which we expect the line to benefit from an increasing mix of participating policy sales.
- **Lowered illustration rate cap for par to 3.5% may boost short-term sales.** According to *Cailian Press*, Chinese regulars have reduced the illustration rate cap for participating policies to 3.5% from 3.9% ([link](#)). Products with an illustration rate higher than 3.5% must complete the re-filing procedure or discontinue sales before 30 Jun 2026. Also, the industry came into a consensus on the actual dividend level for participating products at 3.2%. We expect the mix of participating in new product sales to further edge up from the ~50% for major listed insurers as reported in FY25 and referring to the ANP performance of HK-listed life insurers in 3Q25, the lowered illustration rate cap for par policies could boost short-term sales due to front-loaded demands (i.e. AIA HK's ANP +37% in 2Q25 vs. +16% 1Q25 according to HKIA).
- **P&C weakened by auto dips and slower non-auto uptick.** P&C premium was RMB331bn in 1-2M26, up 3.5% YoY, with auto/non-auto premium -0.9%/+7% YoY to RMB142bn/RMB190bn, representing a mix of 43%/57%. Auto premium fell 1.1% YoY to RMB53.4bn in Feb (vs. Jan: -0.8%), retreating for two consecutive months as passenger vehicles and NEV sales fell 15.4%/14.2% YoY in Feb, per CAAM. Ticket size could remain relatively stable on prudent expense rate, as we estimate. Non-auto premium was RMB67.2bn in Feb, +0.3% YoY (vs. Jan: +11.1%) mainly driven by P&C health increase. Premiums from health/liability/accident/ agricultural/others were +20.5%/+10.2%/+6.3%/-3.9%/-7.1% YoY in 1-2M26, with only health sustaining growth in Feb, up by 10.2% YoY to RMB35bn. We think the introduction of expense reporting and implementation for non-auto segments could improve CoR over the long run yet may lead to UW sales disruptions in the near term.
- **Health insurance showed strong momentum with premium mix rising to 18%.** Health insurance premium grew 8.1% YoY to RMB254bn in 1-2M26, with Feb rising 1.1% YoY to RMB98.5bn (Jan: +13.1%). Health premium mix was up 3.0pct YoY to 18.1% by 2M26, driven by strong growth from the P&C sector. In FY25, health insurance achieved total premiums of ~RMB1tn, which we expect the market size

OUTPERFORM
(Maintain)

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to further expand in 2026E, on back of in-depth cooperation between medical and commercial health insurance on data sharing, cost efficiency, and precise pricing.

- **Maintain sector OUTPERFORM.** The sector is trading at 0.26x-0.61x FY26E P/EV and 0.58x-1.06x FY26E P/B with a yield of 3.1%-6.5%. We remain constructive on resilient life premium growth amid the transition to participating sales, and view the regulatory actions on lowering the cap of illustration rate to 3.5% as benign to the anti-involution amid industry competitions. Recommend BUY on [Ping An \(2318 HK, TP: HK\\$90\)](#), [China Life \(2628 HK, TP: HK\\$33\)](#), and [AIA \(1299 HK, TP: HK\\$112\)](#).
- **Key risks:** 1) extensive regulatory tightening on life insurance companies and/or financial conglomerates; 2) heightened equity market volatilities; 3) prolonged low-interest rate environment; 4) lower-than-expected new product sales; 5) tumbled agency force; 6) intensified competitions in P&C; and 7) asset quality deterioration.

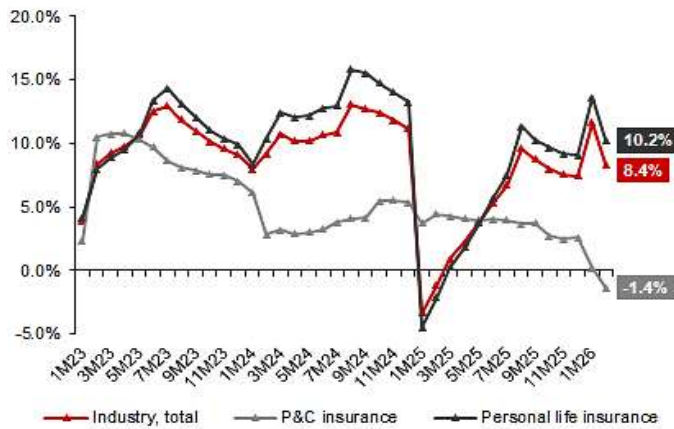
Valuation

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	90.0	1,097	0.61x	0.57x	0.77x	0.72x	5.5%	5.8%
China Life	2628 HK	BUY	33.0	712	0.40x	0.37x	0.89x	0.76x	4.1%	4.3%
CPIC	2601 HK	BUY	40.0	315	0.42x	0.38x	0.78x	0.67x	4.6%	5.3%
NCI	1336 HK	BUY	61.3	146	0.42x	0.38x	1.06x	0.92x	5.6%	5.7%
China Taiping	966 HK	BUY	24.0	76	0.26x	0.23x	0.69x	0.63x	3.1%	3.0%
PICC Group	1339 HK	BUY	7.50	242	0.43x	0.40x	0.60x	0.55x	5.5%	5.6%
PICC P&C	2328 HK	BUY	20.0	325	n.a	n.a	0.93x	0.86x	5.6%	6.3%
ZhongAn Online	6060 HK	BUY	18.0	22	n.a	n.a	0.73x	0.70x	0.0%	0.0%
Sunshine Group	6963 HK	NR	n.a	43	0.28x	0.25x	0.58x	0.54x	6.5%	6.9%
				Average	0.40x	0.37x	0.78x	0.70x	4.5%	4.8%
Regionals:										
AIA	1299 HK	BUY	112.0	936	1.35x	1.20x	2.51x	2.31x	2.4%	2.6%
Prudential	2378 HK	BUY	137.8	327	0.89x	0.77x	1.64x	1.47x	2.1%	2.3%
				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 1 Apr 2026 (Wed); earnings forecast for Sunshine Group (6963 HK, NR) is based on the Bloomberg consensus.

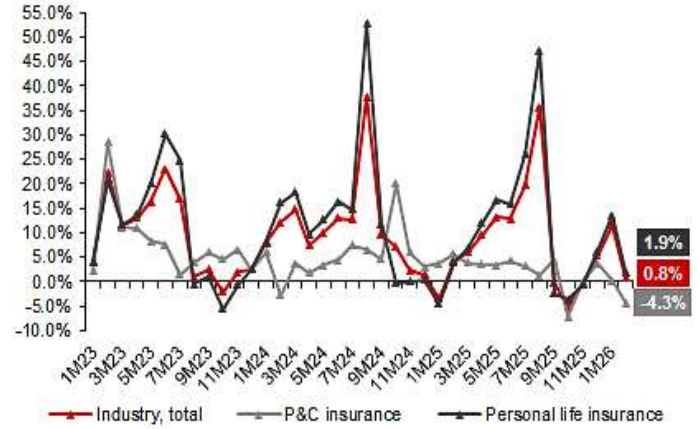
Focus Charts

Fig 1: Industry premium income growth, cum. YoY%



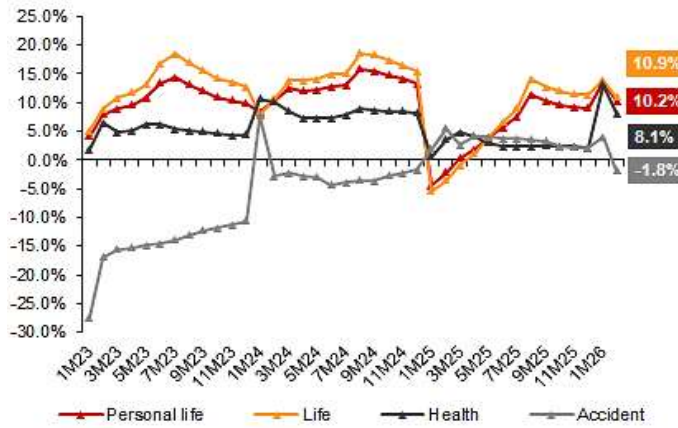
Source: NFRA, CMBIGM

Fig 2: Industry premium income growth, mon. YoY%



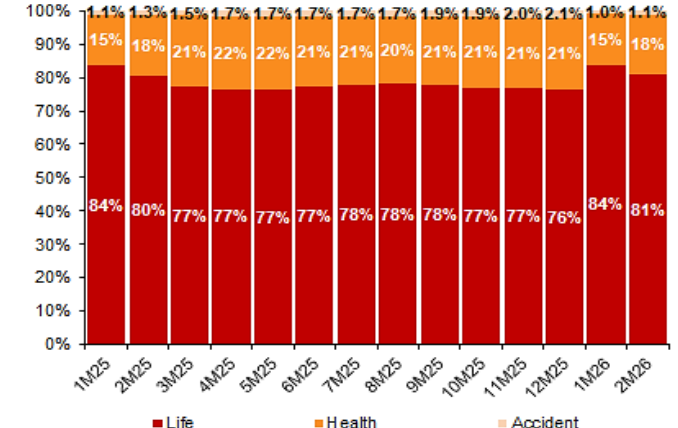
Source: NFRA, CMBIGM

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



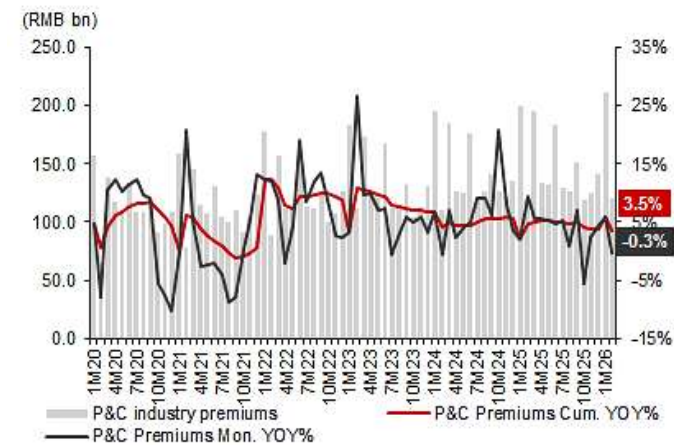
Source: NFRA, CMBIGM

Fig 4: Personal life premium composition mix%



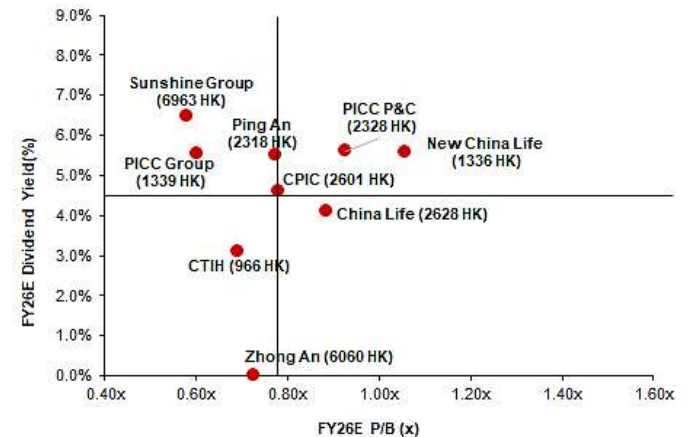
Source: NFRA, CMBIGM

Fig 5: P&C premium income and cum.& mon. YoY%



Source: NFRA, CMBIGM

Fig 6: Chinese Life and P&C insurers' risk-reward



Source: Bloomberg, CMBIGM estimates | Note: stock price data was quoted by market close on 1 Apr 2026 (Wed).

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