

China Insurance

Life premiums up by double digits for the first time in 3 years; P&C growth dragged by non-auto

Strong savings demand propelled a double-digit growth of cum. personal life premiums, which rose by 10.2% YoY in FY23, for the first time in three years amid the prolonged low-risk appetite. Life premiums rose by 12.8% YoY to RMB2.76tn in FY23, posting the highest growth over the past three years although curving down a bit from the 7M23 peak (+15% YoY) after the pricing rate cut. On a monthly basis, China Life (2628 HK) and CPIC (2601 HK) were the only two listed insurers turning positive to double-digit premium growth, by +13.0%/+16.7% YoY in Dec 2023, outpacing the industry level of +1.1% YoY ([Fig.8](#)). The cum. growth of P&C premiums trended downward to end at +6.7% YoY, primarily dragged by the slowdown in non-auto segment (+8.1% YoY in FY23, vs +12.8% YoY in FY22, [Fig.15](#)), given proactive scaling back of high-loss businesses (i.e. liability and credit), and soft recovery in A&H. Auto premiums flattened at +5.6% YoY in 2023, in line with our estimate of long-term auto growth at ~6%, as stated in 2024 outlook ([link](#)).

- **Life: Solid total growth, yet mixed across insurers.** We see sustained demand for savings-typed life products, i.e. 3.0% increasing sum-assured whole-life products (IWFP) amid a prolonged low-risk appetite against the banks' 5-year lump-sum deposit rate down to 2.0% ([Fig.57](#)). China Life and CPIC Life were the only two players seeing positive growth in double digits, by +13.0%/16.7% YoY in Dec, vs -1.2%/-19.0% YoY in Nov. Ping An (2318 HK)/New China Life (1336 HK)/PICC Life (1339 HK) declined by -1.6%/-2.9%/-16.4% YoY in Dec. We estimate that China Life sprinted on a year-end sales driven by its leverage on a sector-leading agency scale which has stabilized at 661,000 since 3Q23, and CPIC's gains could be driven by improved efficiency from the *Changhang* pivot, in our view.
- **P&C: Auto dragged by Dec passenger car sales; soft A&H recovery.** In 2023, cum. P&C premiums rose by 6.7% YoY, reflecting +3.3% YoY in Dec. The slower growth in Dec was due to slowdowns in both auto and non-auto to +3.8%/+2.2% YoY vs +5.6%/+6.3% YoY in Nov. Auto growth eased due to a decline in passenger car sales growth to +9.1% YoY (vs +26.0% in Nov, [Fig.55](#)). Non-auto lines slowed as well owing to: 1) insurers' proactive contraction of corporate business, i.e. liability and credit, and 2) sluggish recovery in A&H. PICC P&C (2328 HK) has recorded enlarged monthly declines in non-auto premiums since Oct, with liability down by 11.6% YoY in Dec. Ping An P&C delivered a higher-than-sector-average auto growth at +6.2% YoY in 2023, contributing 71% of total P&C premiums ([Fig.41](#)). Its non-auto premiums fell 8.7% YoY, and if excluding A&H premiums, the segment dropped 11.2% YoY. CPIC P&C premiums rose 11.4% YoY in 2023, largely enhanced by both segments' resilience shown in 2H23.
- **Positive on 1Q24 life growth; expect P&C increments.** With a low base in 1Q23, we expect life premiums to deliver decent growth in 1Q24 by low teens, underpinning a single-digit VNB growth across the sector. For P&C, we expect increments on higher penetration of NEVs and A&H, driven by the policy support of *Huiminbao* and integration of medical and commercial insurance data. Given a benign competitive landscape, we believe the top P&C insurers enjoy ample room to narrow the non-auto CoR below 100%.
- We like **PICC P&C (2328 HK)**, for its sector-leading pricing capability to continuously trim the comprehensive CoR, and a balanced underwriting structure of 55%/45% in auto/non-auto segments ([Fig.40](#)). We believe the insurer is capable of meeting the guidance to keep the auto and non-auto CoR below 97%/100%. We forecast the CoR of auto and non-auto to be 96.9%/99.8%. Maintain BUY, with a target price at HK\$11.7, implying 1.0x FY24E P/BV. The stock is now trading at 0.8x FY24E P/BV.

OUTPERFORM
(Maintain)

China Insurance Sector

Nika MA

(852) 3900 0805
nikama@cmbi.com.hk

Miao ZHANG

(852) 3761 8910
zhangmiao@cmbi.com.hk

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1. China Insurance – Optimized solvency measurement opens room for insurance funds participation in equity investment, 13 Sep 2023 ([link](#))
2. China Insurance - Life growth narrowed in line; P&C growth diverged in auto & non-auto, 19 Oct 2023 ([link](#))
3. China Insurance – 9M23 Monthly: Life reversed negative monthly Y/Y, PC uptrend continued, 31 Oct 2023 ([link](#))

Life:

- **FYP growth:** Listed insurers logged positive first-year premium (FYP) growth in FY23, evidenced by CPIC/Ping An/PICC Life (+29%/+24.3%/11.1% YoY, versus -20.9%/-10.4%/-5.2% YoY in FY22). Noticeably, PICC Life optimized the FYP structure to a greater extent relative to peers, with its first-year regular premiums (FYRP) up by +105% YoY to RMB857mn in Dec, making up 63.2% of total FYP ([Fig.48](#)).
- **Market share:** China Life continued to stay ahead of peers by taking 23.2% of total market share by end-2023, although slightly down from 25.2% in 1H23 ([Table 1](#)). Ping An Life ranked second with its share climbing to 16.9% from 13.9% at the beginning of the year, and CPIC Life stabilized at 7%-8% throughout the year. Including Sunshine Life, a domestic insurance group listed in Dec 2022, the combined market share of the top 7 listed life insurers shrank to 61% in FY23, vs 72%/69% in FY21/FY22 (incl. Taiping Life). We think this implies a more diverse competitive landscape ([Fig.9](#)), where small- and mid-sized insurance companies strive to offer more innovative initiatives to gain appeal and win market share.

P&C:

- **Auto vs non-auto:** Ping An P&C relied more on auto among the top 3 P&C firms, as 71% of the insurer's total premium income came from the auto segment by end-2023 ([Fig.41](#)). PICC P&C and CPIC P&C had more balanced underwriting structures, given auto/non-auto contributions at 55%/45% and 54%/46% in FY23 ([Fig.40](#) / [Fig.42](#)).
- **Market share:** PICC P&C remained at the top with 1/3 of total market share ([Fig.19](#)), far ahead of the other two players Ping An P&C and CPIC P&C, as shown in [Table 2](#). Given the nature of counter-cyclical and stability of P&C business, which provides products functioning more as necessities rather than discretionary items, e.g. compulsory auto insurance, and targets rigid demands of individuals and corporates, we believe the logic that "the strong will always be strong" should remain self-evident. Recommend BUY on **PICC P&C (2328 HK)**, with target price at HK\$11.7, which implies 1.0x FY24E P/BV.

Table 1: Seven listed life insurers' market share in Jan-Dec 2023, by cum. premium income

Market share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
China Life	27.3%	25.7%	26.7%	25.6%	25.2%	25.2%	24.4%	24.3%	24.3%	24.0%	23.5%	23.2%
Ping An Life	13.9%	14.2%	14.0%	14.9%	15.5%	15.3%	15.7%	16.0%	16.1%	16.4%	16.6%	16.9%
CPIC Life	7.1%	7.3%	7.9%	7.8%	7.9%	8.3%	8.5%	8.6%	8.6%	8.6%	8.6%	8.4%
New China Life	4.7%	4.8%	5.3%	5.5%	5.6%	5.8%	5.8%	5.8%	6.0%	6.1%	6.1%	6.0%
Taiping Life	4.4%	4.2%	4.6%	4.9%	5.1%	5.5%	5.5%	5.6%	5.8%	6.0%	0.0%	0.0%
PICC Life	5.3%	5.2%	4.8%	4.6%	4.4%	4.2%	4.1%	4.0%	3.8%	3.8%	3.7%	3.6%
Sunshine Life	2.4%	2.6%	2.5%	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%	2.6%	2.6%	2.7%
Total	65.1%	64.0%	65.8%	65.9%	66.3%	66.7%	66.5%	66.7%	67.2%	67.5%	61.2%	60.9%

Source: Company data, HKEx, CMBIGM

Note: Taiping (966 HK) did not disclose premium income for Nov and Dec 2023. The combined market share of the top 6 life insurers, excl. Taiping Life, was 66%/62% in FY21/FY22.

Table 2: Six listed P&C insurers' market share in Jan-Dec 2023, by cum. premium income

Market share	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
PICC P&C	33.4%	34.1%	35.9%	34.7%	34.0%	34.3%	33.5%	33.1%	33.1%	32.8%	32.5%	32.5%
Ping An + CPIC	30.3%	29.5%	28.8%	29.2%	29.6%	29.5%	29.9%	30.1%	30.2%	30.6%	30.8%	31.0%
Ping An P&C	17.5%	17.0%	16.5%	17.0%	17.6%	17.6%	17.9%	18.1%	18.2%	18.6%	18.8%	19.0%
CPIC P&C	12.7%	12.5%	12.3%	12.1%	12.0%	12.0%	12.0%	11.9%	12.0%	12.0%	12.0%	12.0%
Taiping (TPI)	2.0%	1.9%	1.8%	1.8%	1.9%	1.9%	1.9%	1.9%	1.9%	1.9%	0.0%	0.0%
Zhong An	1.1%	1.3%	1.3%	1.4%	1.6%	1.6%	1.8%	1.9%	1.9%	1.9%	1.9%	1.9%
Sunshine P&C	2.2%	2.2%	2.3%	2.4%	2.5%	2.5%	2.6%	2.7%	2.7%	2.7%	2.8%	2.8%
Total	69.1%	69.1%	70.1%	69.5%	69.6%	69.8%	69.7%	69.6%	69.8%	69.8%	67.9%	68.2%

Source: Company data, HKEx, CMBIGM

Note: Taiping (966 HK) was not included in market share calculation for Dec 2023.

Table 3: Top 5 listed life insurers' premium income, cumulative & monthly basis

Life insurer	Ticker	1-12M23 premiums (RMB bn)	1-12M23 Cumulative YoY%	Dec monthly premiums (RMB bn)	Dec monthly YoY%	MoM% vs Nov
China Life	2628 HK	641.5	4.3%	26.9	13.0%	14.2 pct
Ping An Life	2318 HK	466.5	6.2%	32.6	-1.6%	-4.6 pct
CPIC Life	2601 HK	233.1	4.9%	9.2	16.7%	35.8 pct
New China Life	1336 HK	165.9	1.7%	6.2	-2.9%	9.3 pct
PICC Life	1339 HK	100.6	8.6%	3.4	-16.4%	-19.2 pct
Life Top 5		1,607.7	4.9%	78.2	4.0%	8.1 pct

Source: Company data, HKEx, CMBIGM

Note: Taiping (966 HK) did not disclose premium income for Nov and Dec 2023, and hence was excluded for comparison of monthly premium income with other peers.

Table 4: Top 4 listed P&C insurers' premium income, cumulative & monthly basis

P&C insurer	Ticker	1-12M23 premiums (RMB bn)	1-12M23 Cumulative YoY%	Dec monthly premiums (RMB bn)	Dec monthly YoY%	MoM% vs Nov
PICC P&C	2328 HK	515.8	6.3%	43.1	0.8%	-0.3 pct
Ping An P&C	2318 HK	302.2	1.4%	28.5	0.9%	0.7 pct
CPIC P&C	2601 HK	190.3	11.4%	15.6	7.8%	-4.3 pct
P&C Top 3		1,008.3	5.7%	87.2	2.0%	-0.7 pct
Zhong An	6060 HK	29.5	24.7%	2.1	4.0%	-18.6 pct
Total		1,037.8	6.1%	89.3	2.1%	-1.2 pct

Source: Company data, HKEx, CMBIGM

Note: Taiping (966 HK) did not disclose premium income for Nov and Dec 2023, and hence was excluded for comparison of monthly premium income with other peers.

Table 5: Top 5 listed life insurers' premium income, quarterly basis

Life insurers	Ticker	4Q23 premiums (RMB bn)	4Q23 quarterly YoY%	QoQ% vs 3Q23
China Life	2628 HK	62.7	2.6%	7.7 pct
Ping An Life	2318 HK	83.9	-0.1%	-5.1 pct
CPIC Life	2601 HK	28.4	-12.9%	-35.0 pct
New China Life	1336 HK	23.0	-9.1%	-8.7 pct
PICC Life	1339 HK	9.4	-8.6%	-28.2 pct
Life Top 5		207.3	-2.8%	-6.1 pct

Source: Company data, HKEx, CMBIGM

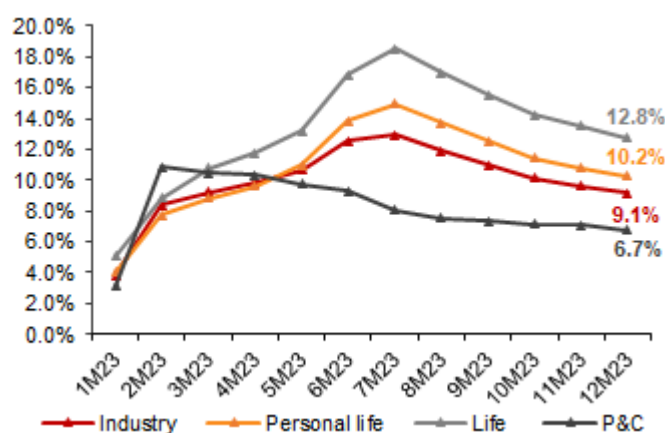
Table 6: Top 5 listed life insurers' premium income, quarterly basis

P&C insurers	Ticker	4Q23 premiums (RMB bn)	4Q23 quarterly YoY%	QoQ% vs 3Q23
PICC P&C	2328 HK	106.2	1.7%	-2.4 pct
Ping An P&C	2318 HK	76.2	0.3%	4.8 pct
CPIC P&C	2601 HK	41.9	9.9%	3.6 pct
P&C Top 3		224.3	2.7%	1.1 pct
Zhong An	6060 HK	6.5	12.6%	-3.1 pct
Total		230.8	2.9%	0.9 pct

Source: Company data, HKEx, CMBIGM

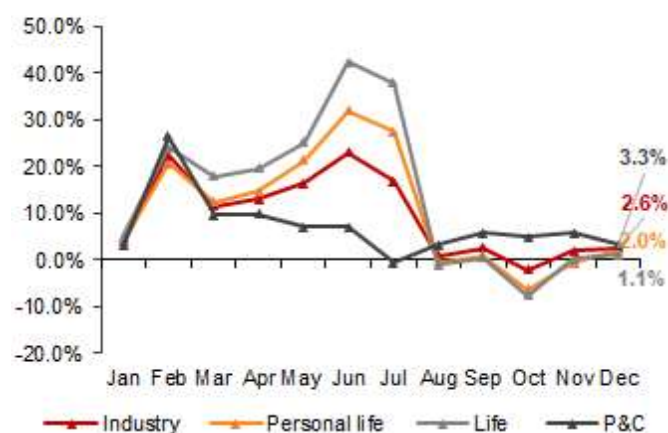
Focus charts

Fig 1: Personal life & life achieved double-digit YoY%



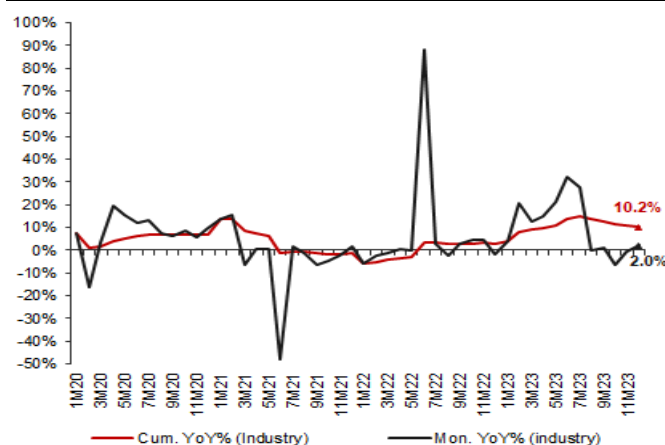
Source: NAFR (National Administration of Financial Regulation), CMBIGM

Fig 2: P&C grew the fastest in Dec 2023, mon. YoY %



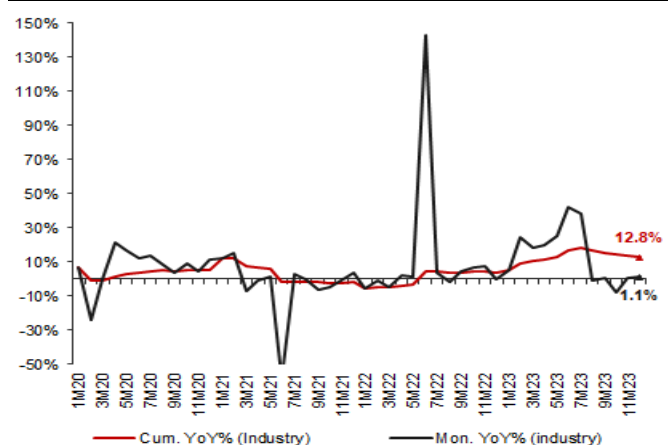
Source: NAFR, CMBIGM

Fig 3: Personal life premiums cum. / mon. YoY%



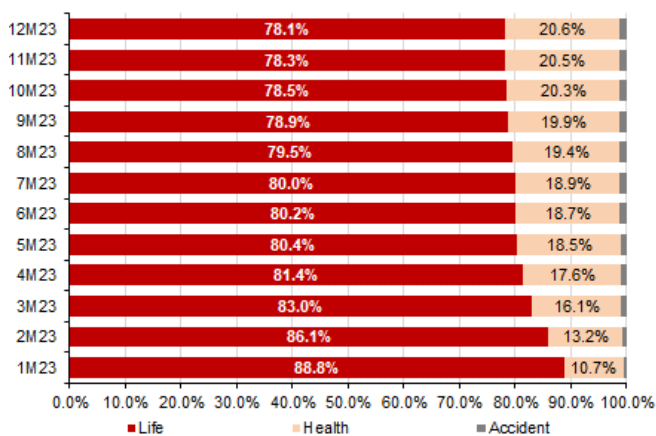
Source: NAFR, CMBIGM

Fig 4: Life premiums cum. / mon. YoY%



Source: NAFR, CMBIGM

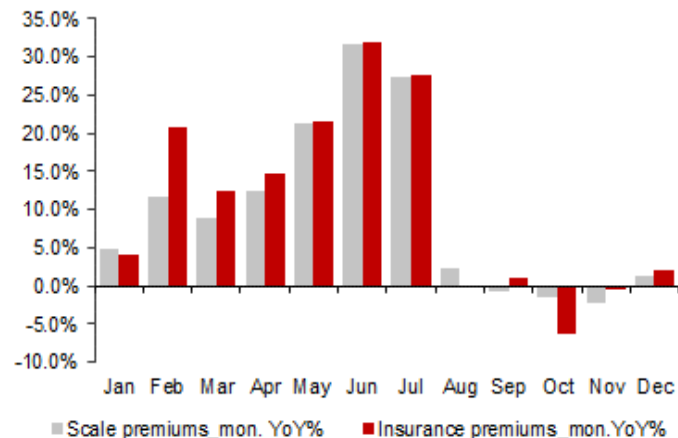
Fig 5: Life made up 78% of personal life premiums



Source: NAFR, CMBIGM

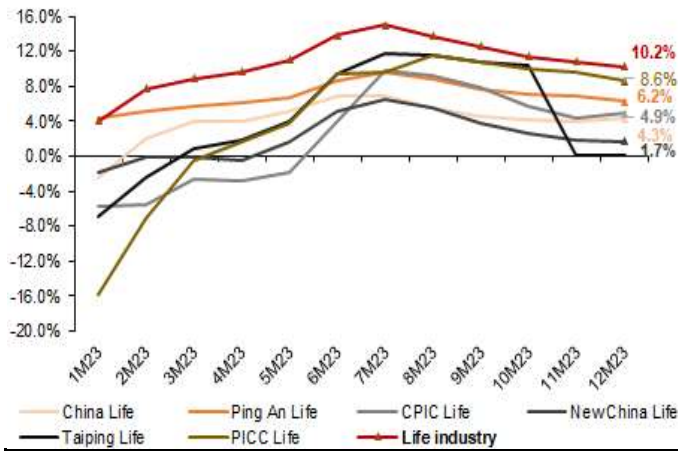
Note: the composition of personal life premium income based on a cumulative basis.

Fig 6: Insurance premiums increase better than Scale

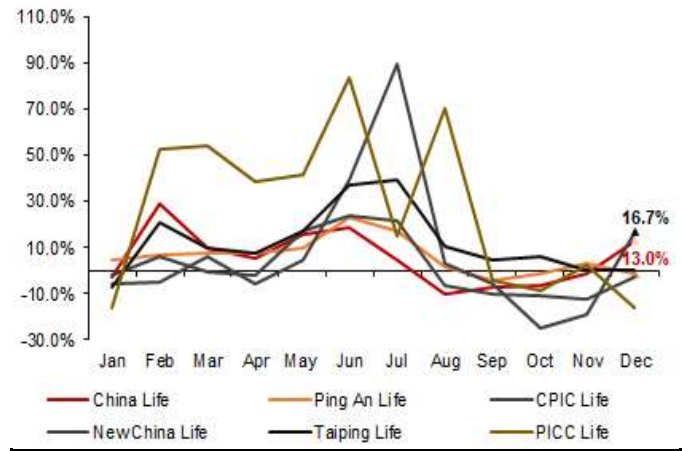


Source: NAFR, CMBIGM

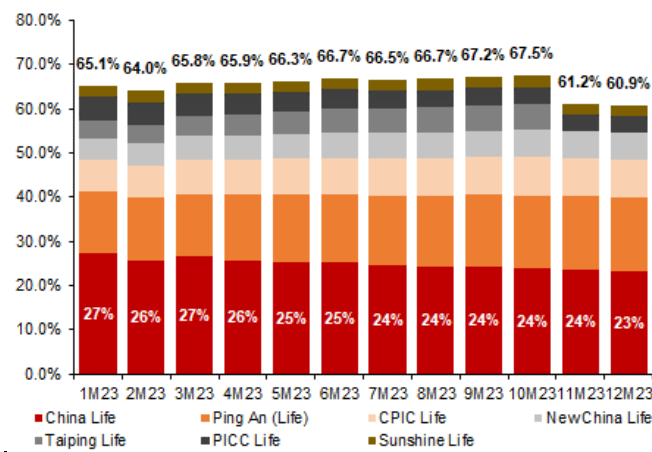
Note: scale premiums incl. personal life premiums and investment income (i.e. universal and unit-linked products), on a monthly basis.

Fig 7: Listed life insurers grew more slowly than the industry, cum. YoY %


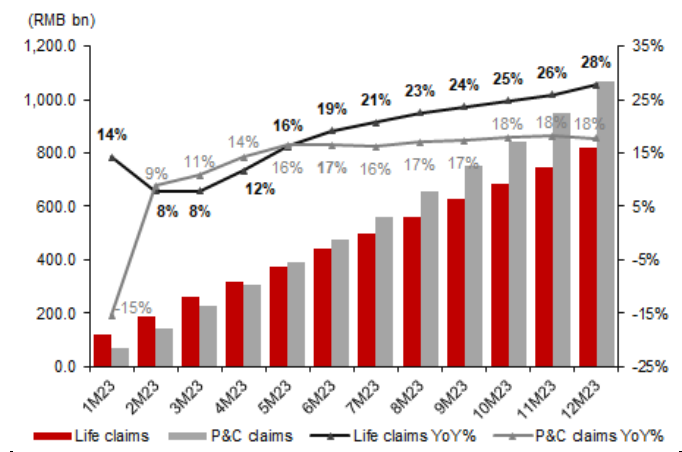
Source: Company data, NAFR, CMBIGM

Fig 8: Only China Life & CPIC delivered double-digit growth, mon. YoY %


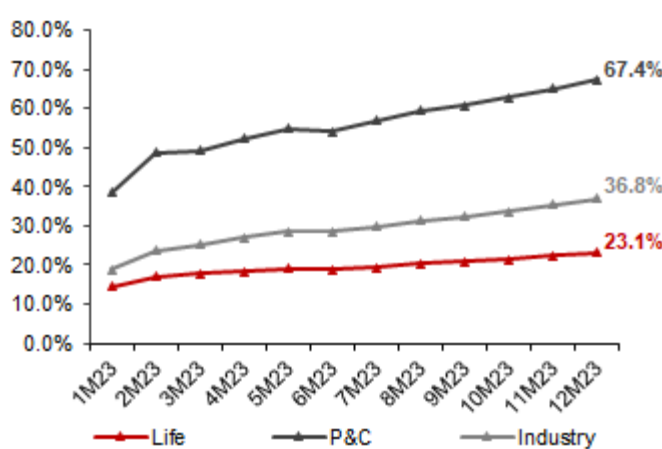
Source: Company data, NAFR, CMBIGM

Fig 9: Life insurers' market share by cum. premiums


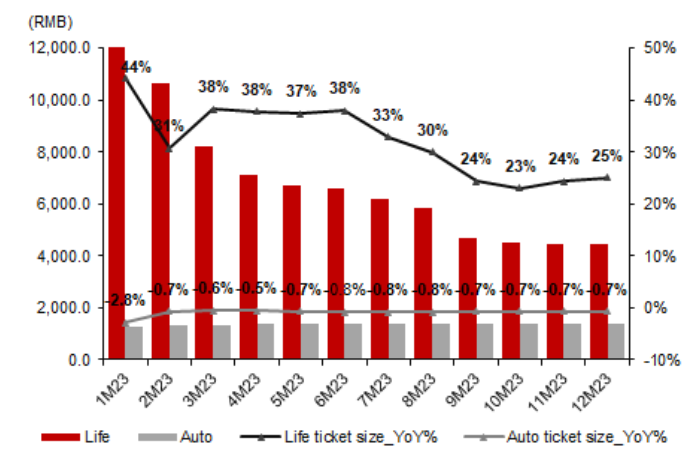
Source: Company data, NAFR, CMBIGM

Fig 10: Life and P&C claims and YoY%


Source: NAFR, CMBIGM

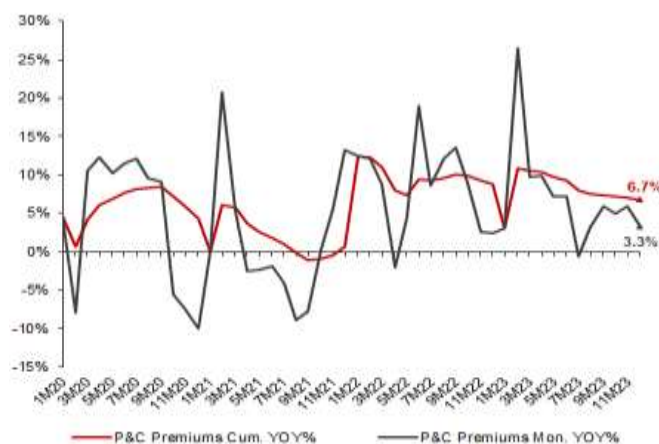
Fig 11: P&C loss ratio significantly moved higher


Source: NAFR, CMBIGM

Fig 12: Life and P&C auto ticket size, industry level


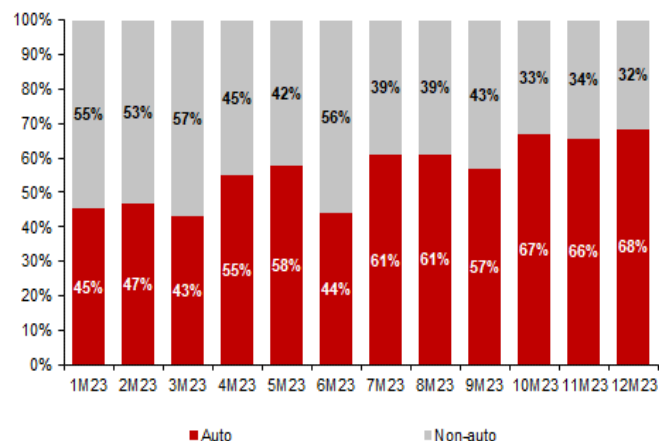
Source: NAFR, CMBIGM

Fig 13: P&C premiums cum. YoY% & Mon. YoY%



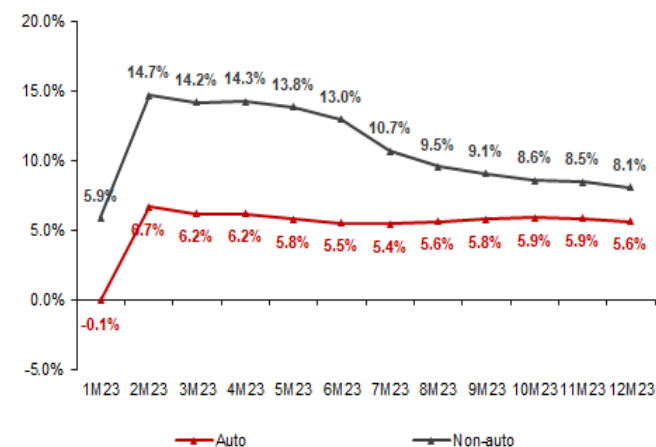
Source: NAFR, CMBIGM

Fig 14: P&C industry auto & non-auto mix (%)



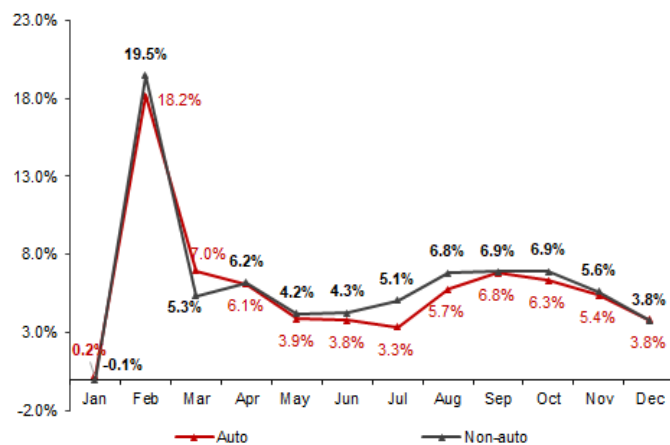
Source: NAFR, CMBIGM

Fig 15: P&C auto & non-auto premiums cum. YoY%



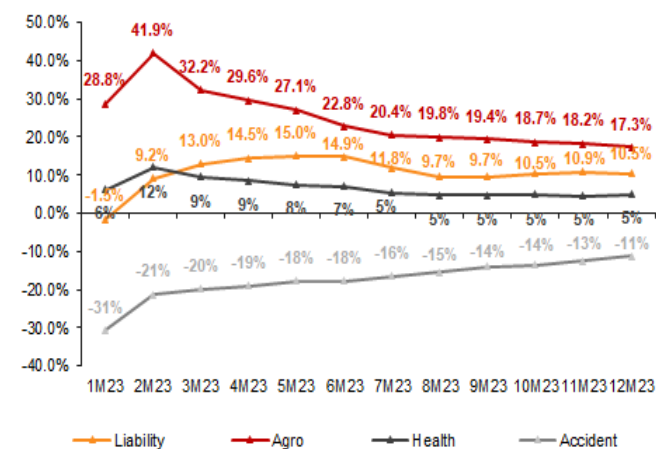
Source: NAFR, CMBIGM

Fig 16: P&C auto & non-auto premiums mon. YoY%



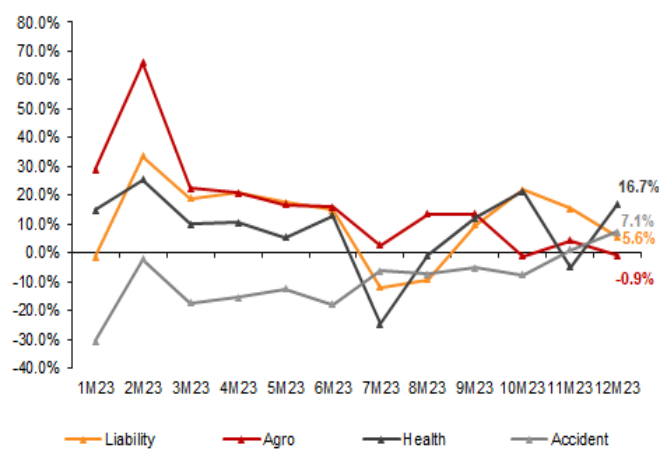
Source: NAFR, CMBIGM

Fig 17: Non-auto insurance premiums cum. YoY%

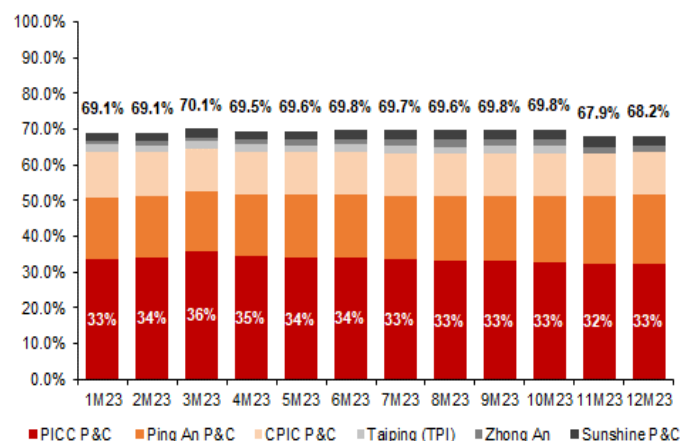


Source: NAFR, CMBIGM

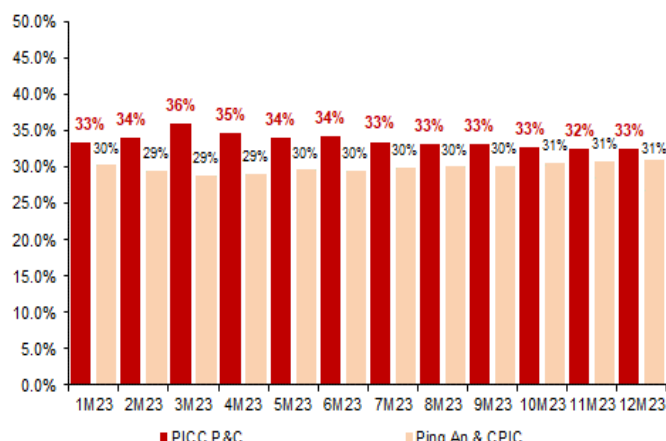
Fig 18: Non-auto insurance premiums cum. YoY%



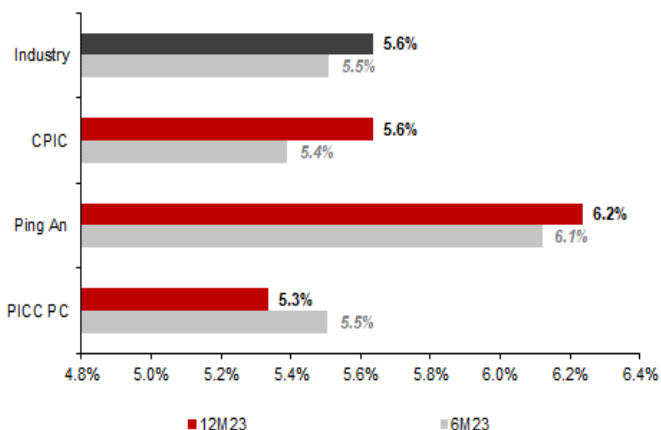
Source: NAFR, CMBIGM

Fig 19: P&C insurers' market share by cum. premiums

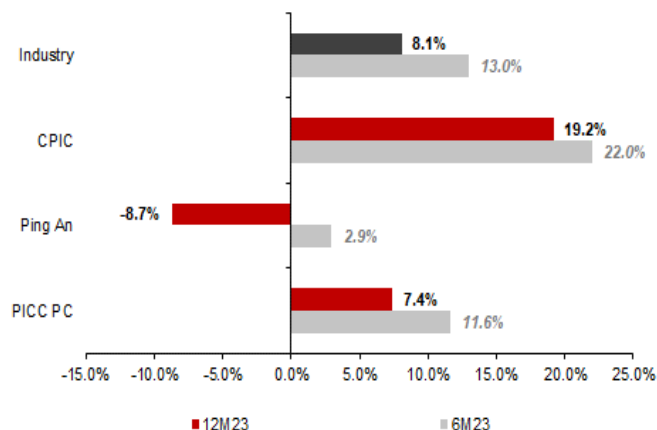
Source: Company data, NAFR, CMBIGM

Fig 20: PICC P&C market share vs Ping An & CPIC

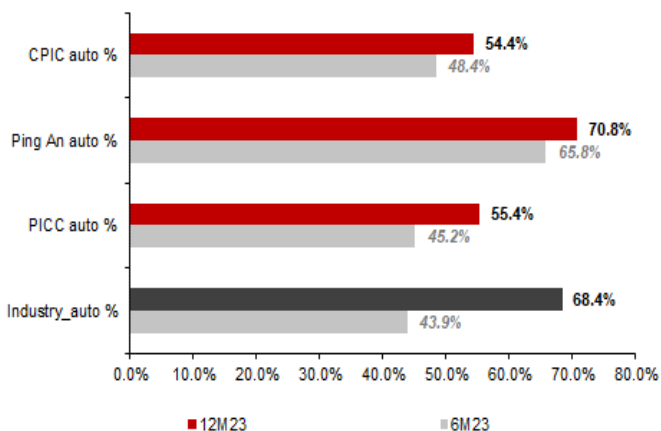
Source: Company data, NAFR, CMBIGM

Fig 21: Top 3 P&C insurers' auto YoY% vs industry

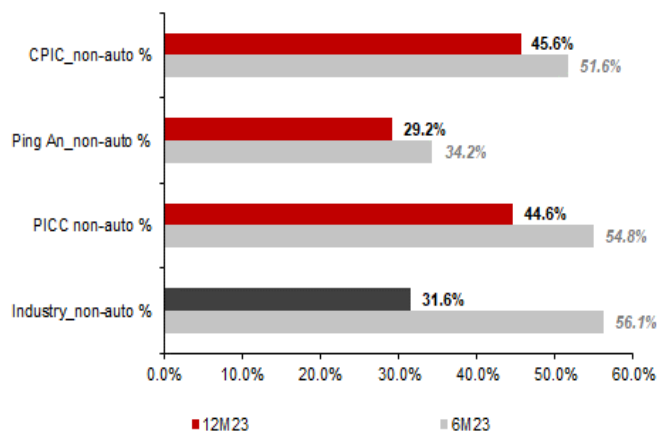
Source: Company data, NAFR, CMBIGM

Fig 22: Top 3 insurers' non-auto YoY% vs industry

Source: Company data, NAFR, CMBIGM

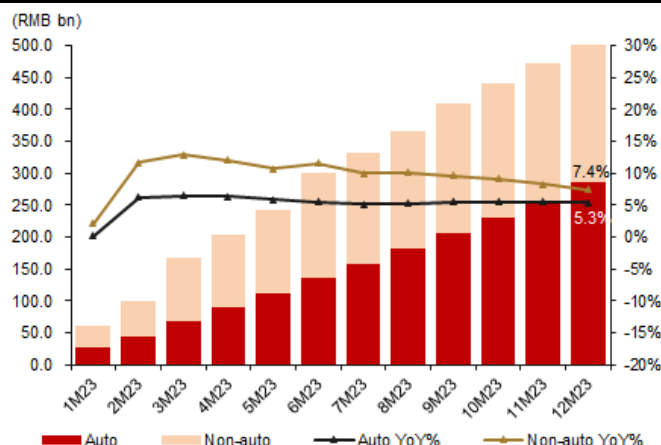
Fig 23: Top 3 P&C insurers' auto mix% vs industry

Source: Company data, NAFR, CMBIGM

Fig 24: Top 3 insurers' non-auto mix% vs industry

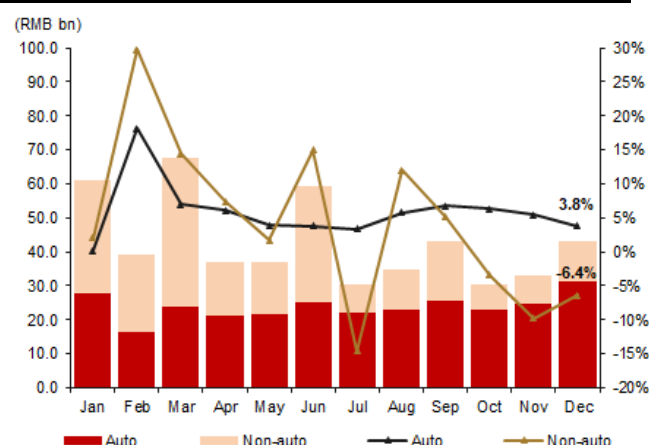
Source: Company data, NAFR, CMBIGM

Fig 25: PICC P&C auto & non-auto cum. YoY%, 2023



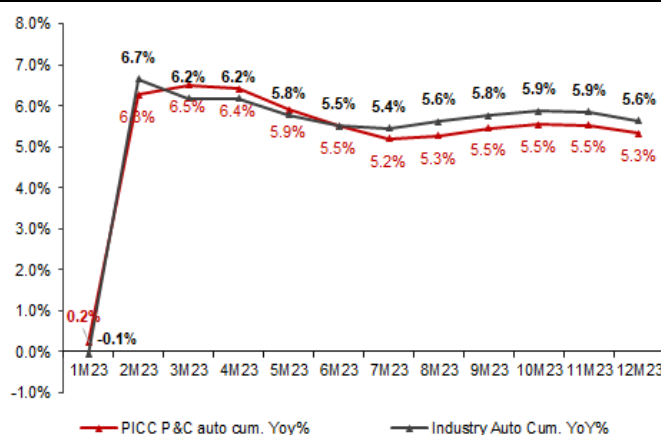
Source: Company data, CMBIGM

Fig 26: PICC P&C auto & non-auto mon. YoY%, 2023



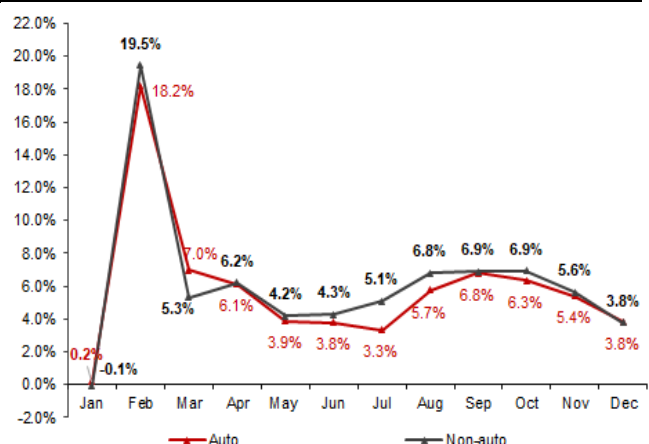
Source: Company data, CMBIGM

Fig 27: PICC P&C auto vs industry cum. YoY%



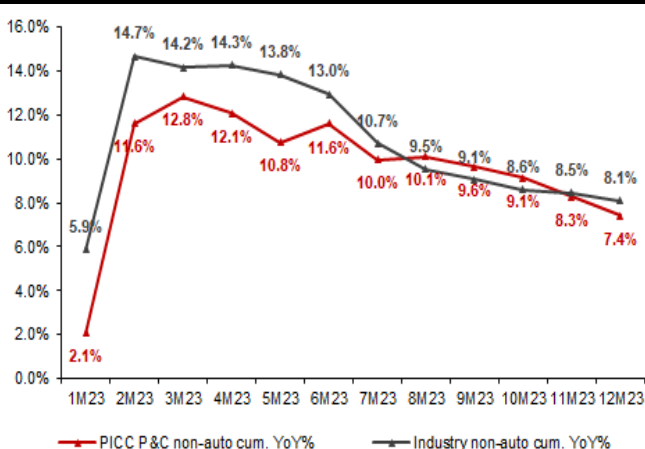
Source: Company data, NAFR, CMBIGM

Fig 28: PICC P&C non-auto vs industry mon. YoY%



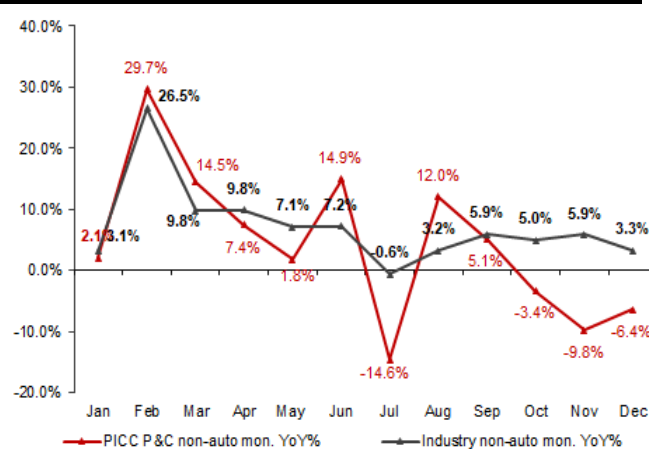
Source: Company data, NAFR, CMBIGM

Fig 29: PICC P&C non-auto vs industry, cum. YoY%

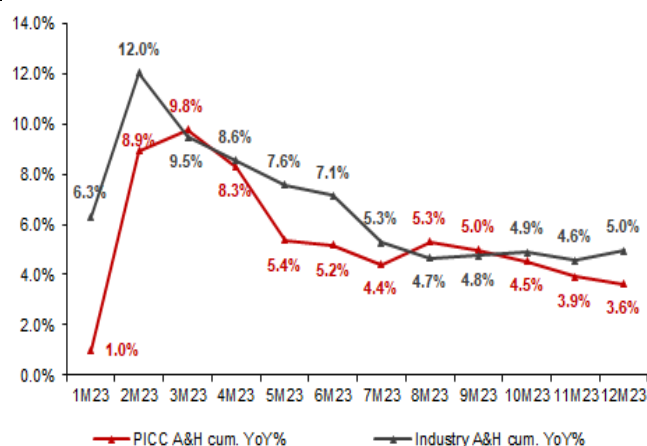


Source: Company data, NAFR, CMBIGM

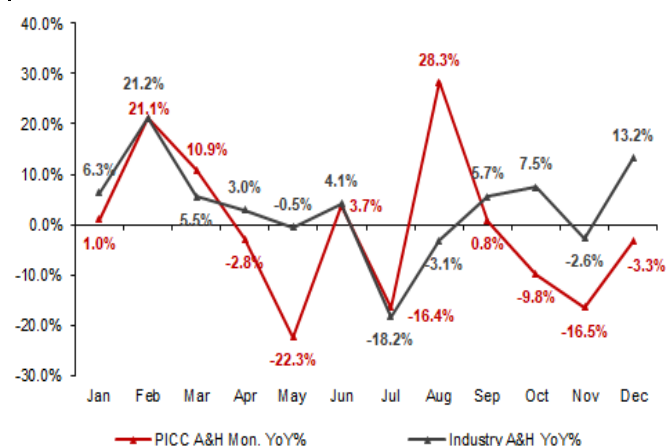
Fig 30: PICC P&C non-auto vs industry, mon. YoY%



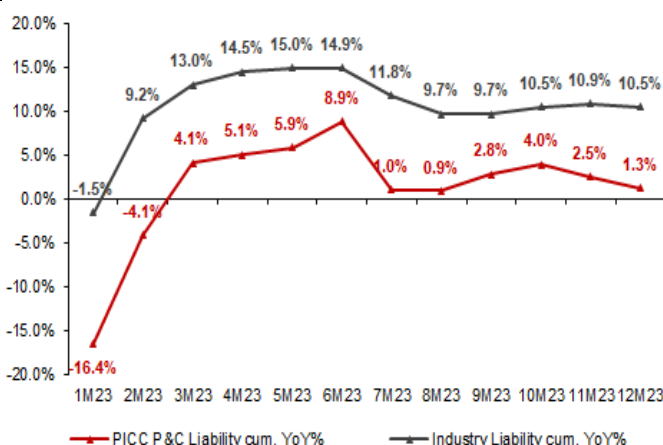
Source: Company data, NAFR, CMBIGM

Fig 31: PICC P&C A&H vs industry cum. YoY%

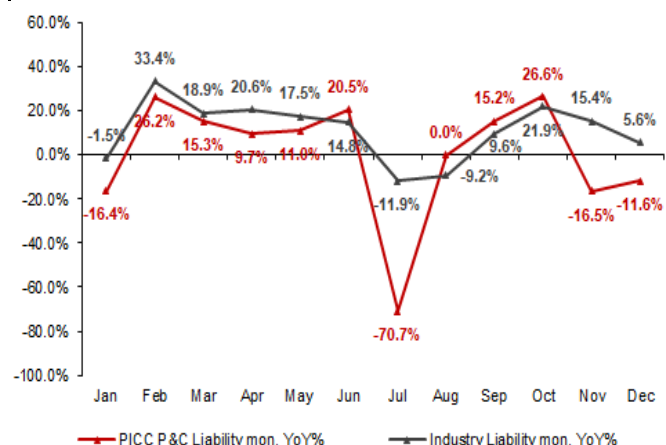
Source: Company data, CMBIGM

Fig 32: PICC P&C A&H vs industry mon. YoY%

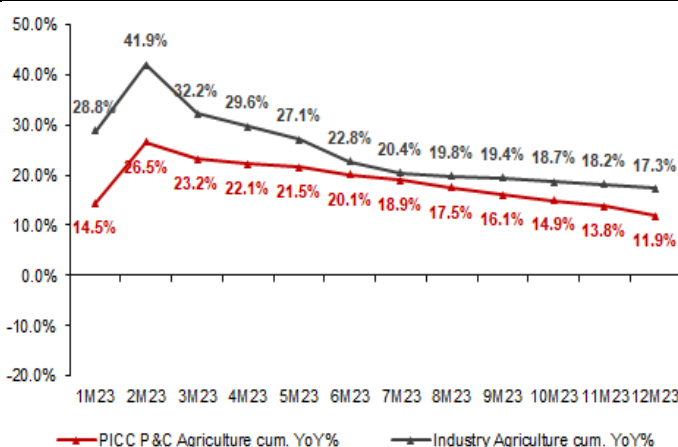
Source: Company data, CMBIGM

Fig 33: PICC P&C liability vs industry cum. YoY%

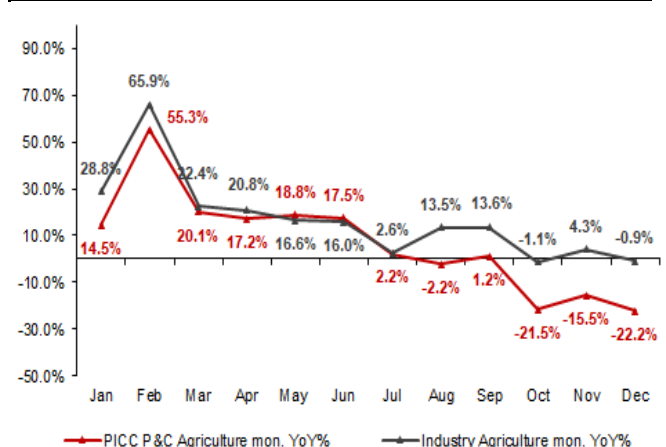
Source: Company data, CMBIGM

Fig 34: PICC P&C liability vs industry mon. YoY%

Source: Company data, CMBIGM

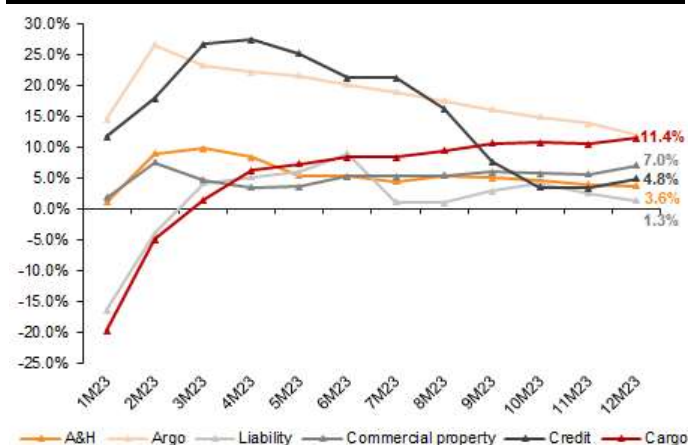
Fig 35: PICC P&C agriculture vs industry cum. YoY%

Source: Company data, CMBIGM

Fig 36: PICC P&C agriculture vs industry mon. YoY%

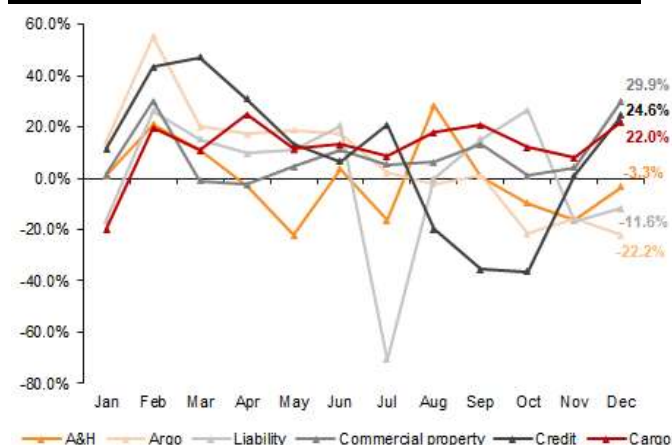
Source: Company data, Wind, CMBIGM

Fig 37: PICC P&C non-auto lines cum. YoY%, 2023



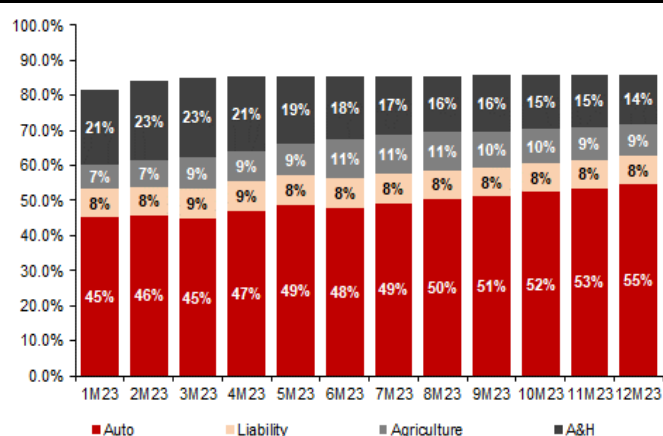
Source: Company data, CMBIGM

Fig 38: PICC P&C non-auto lines mon. YoY%, 2023



Source: Company data, CMBIGM

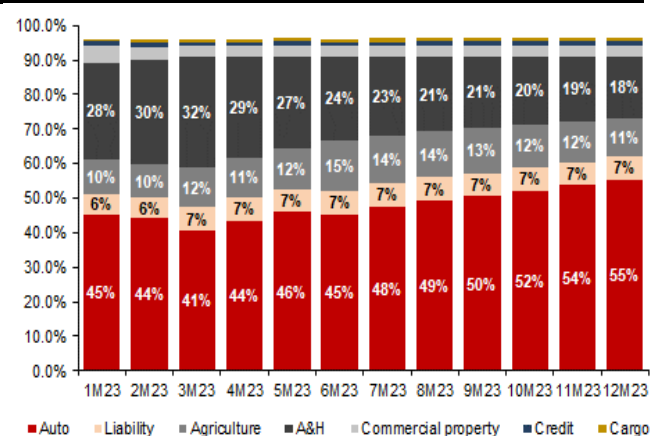
Fig 39: P&C industry premium mix by lines



Source: NAFR, CMBIGM

Note: P&C industry market share calculated by cumulative premiums data for comparison purpose.

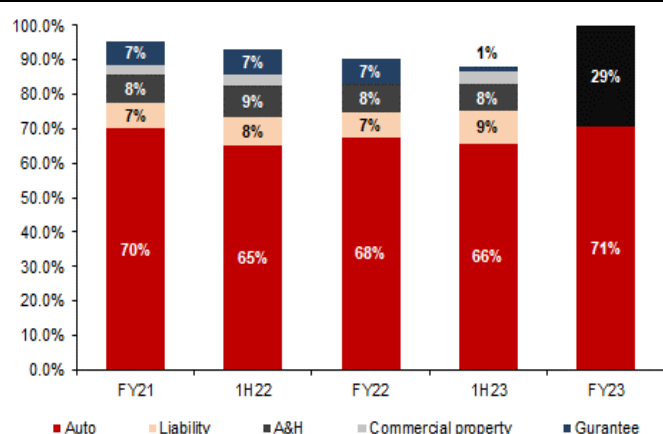
Fig 40: PICC P&C premium mix by lines



Source: Company data, CMBIGM

Note: PICC P&C market share calculated by cumulative premiums data for comparison purpose.

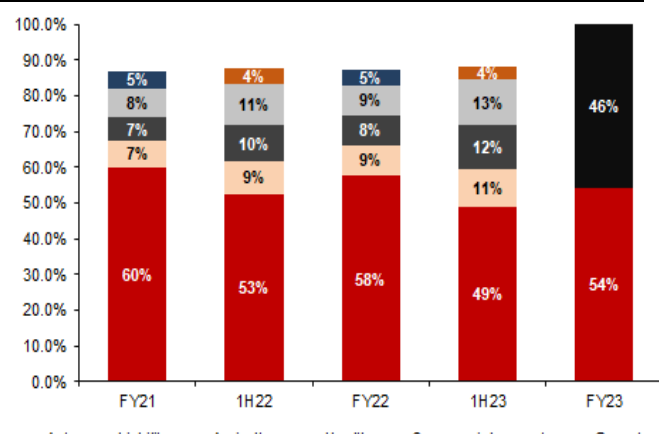
Fig 41: Ping An P&C premium mix by lines, semi-annual



Source: Company data, HKEx, CMBIGM

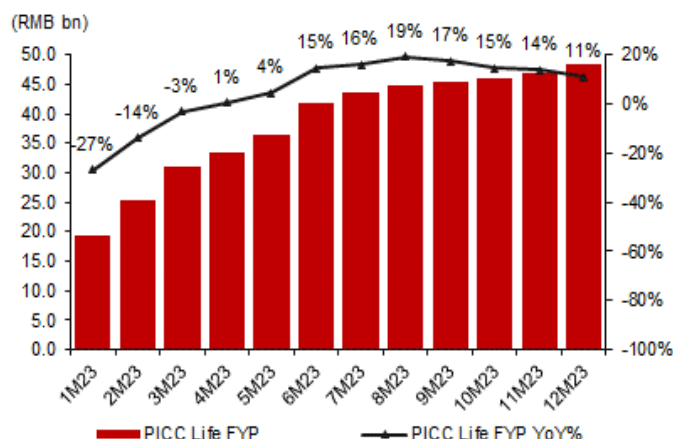
Note: historical data for specific business lines derived from interim and annual reports; market share calculated by cumulative premiums.

Fig 42: CPIC P&C premium mix by lines, semi-annual

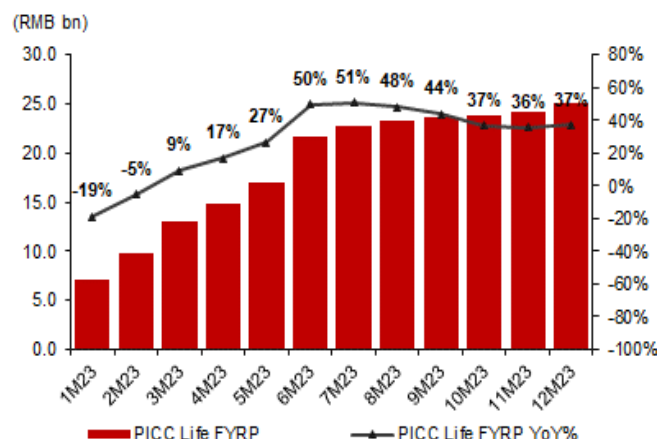


Source: Company data, HKEx, CMBIGM

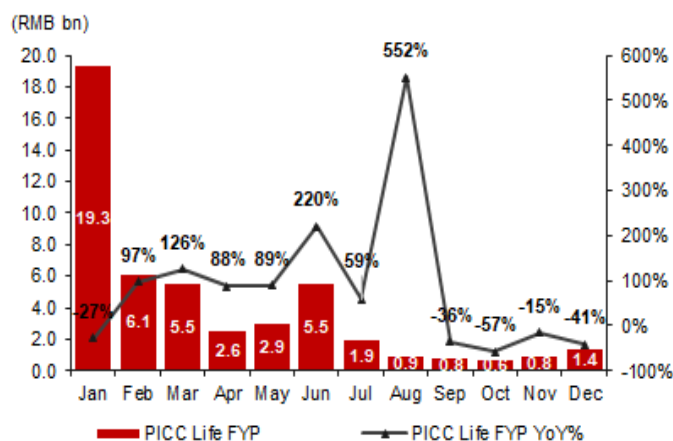
Note: historical data for specific business lines derived from interim and annual reports; market share calculated by cumulative premiums.

Fig 43: PICC Life FYP & FYP cum. YoY%

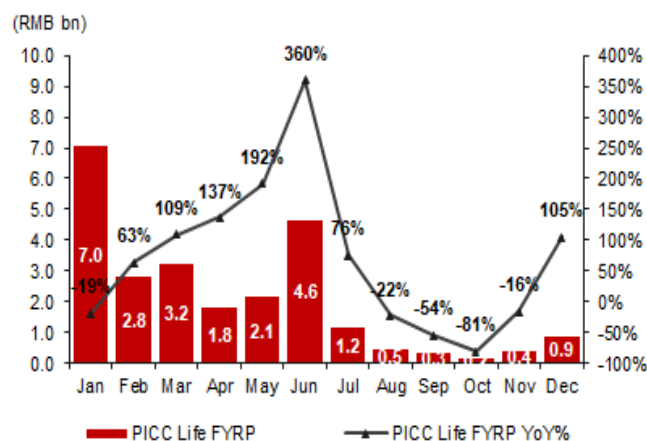
Source: Company data, HKEx, CMBIGM

Fig 44: PICC Life FYRP & FYRP cum. YoY%

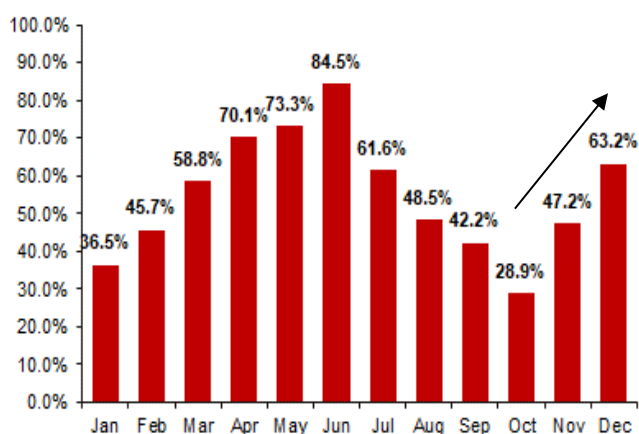
Source: Company data, HKEx, CMBIGM

Fig 45: PICC Life FYP & FYP mon. YoY% in 2023

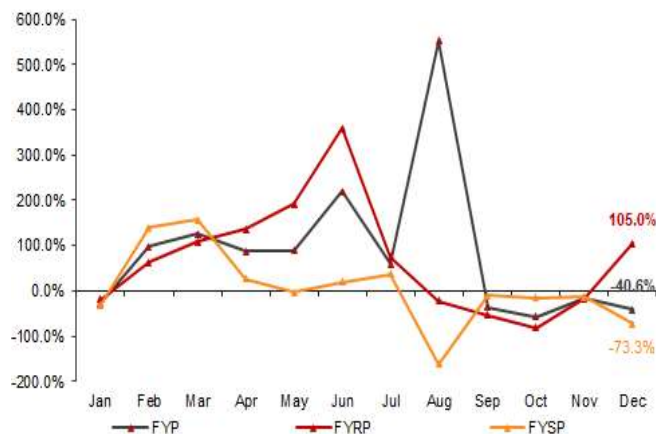
Source: Company data, HKEx, CMBIGM

Fig 46: PICC Life FYRP & FYRP mon. YoY% in 2023

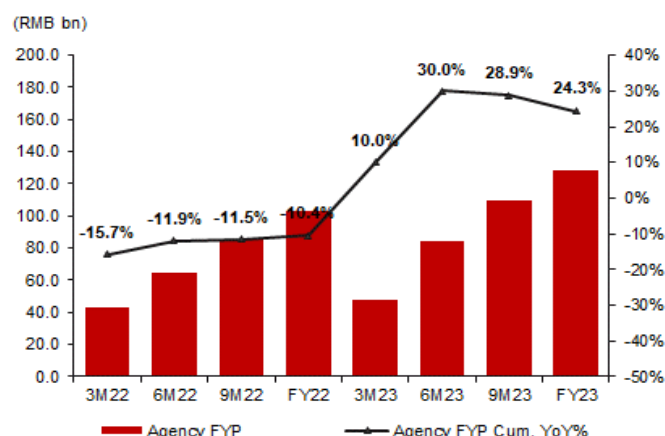
Source: Company data, HKEx, CMBIGM

Fig 47: PICC Life FYRP/FYP% rose to 63.2% in Dec 23

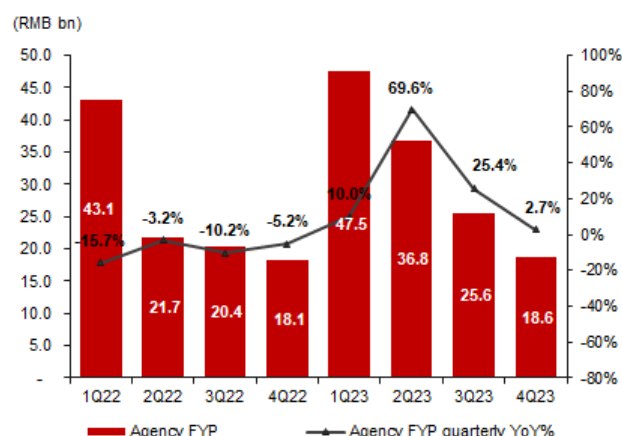
Source: Company data, CMBIGM

Fig 48: PICC FYP optimized with FYRP +105% YoY

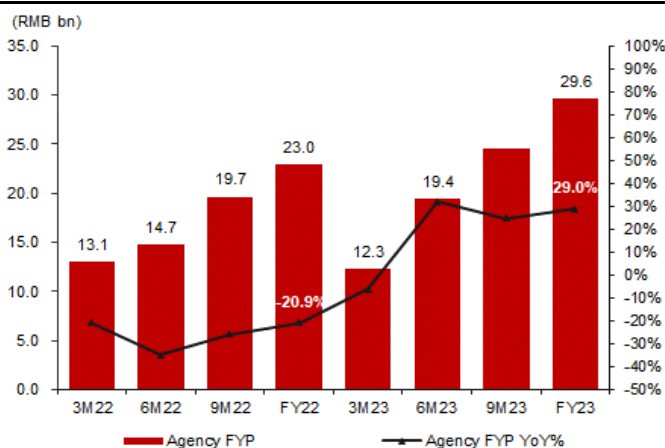
Source: Company data, CMBIGM

Fig 49: Ping An agency FYP & cum. YoY%

Source: Company data, HKEx, CMBIGM

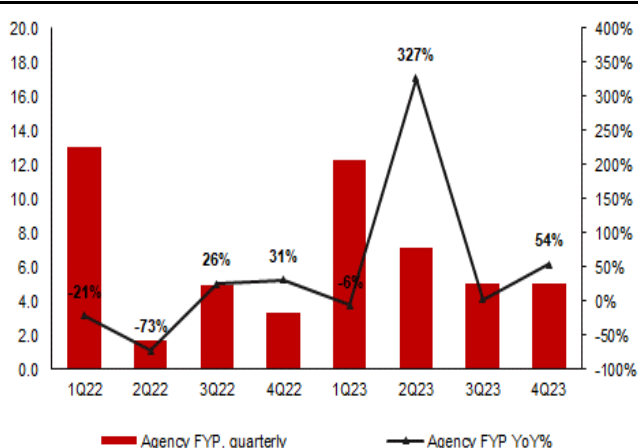
Fig 50: Ping An agency FYP & quarterly YoY%

Source: Company data, HKEx, CMBIGM

Fig 51: CPIC Life FYP & FYP cum. YoY%

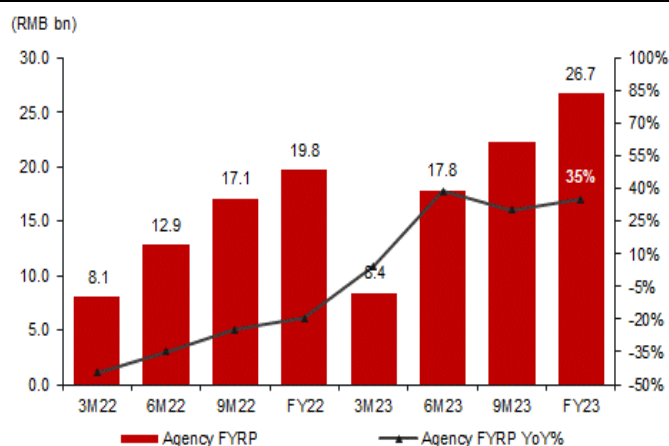
Source: Company data, HKEx, CMBIGM

Note: CPIC 9M23 FYP and FYP YoY growth based on our estimates, as the figures were not disclosed.

Fig 52: CPIC Life agency FYP & quarterly YoY%

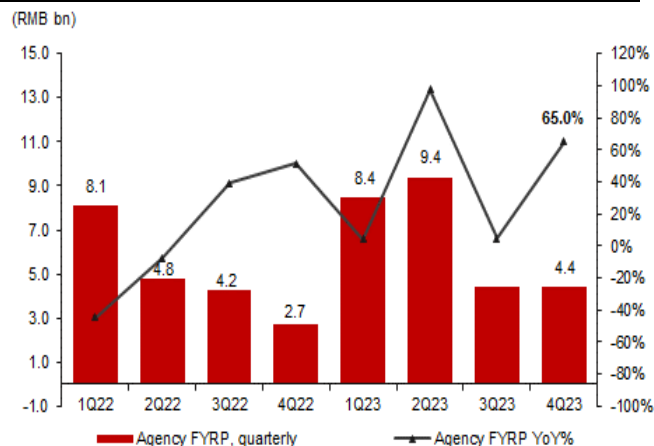
Source: Company data, HKEx, CMBIGM

Note: CPIC 3Q23 FYP and YoY growth are based on our estimates, as the figures were not disclosed.

Fig 53: CPIC Life FYRP & FYRP cum. YoY%

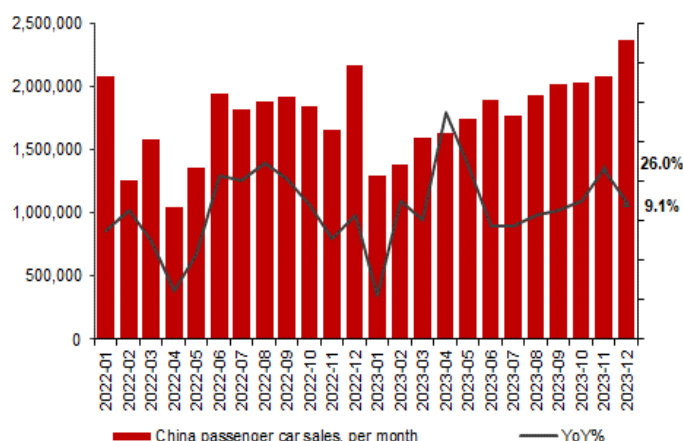
Source: Company data, HKEx, CMBIGM

Note: CPIC 9M23 FYRP and FYRP YoY growth are based on our estimates, as the figures were not disclosed.

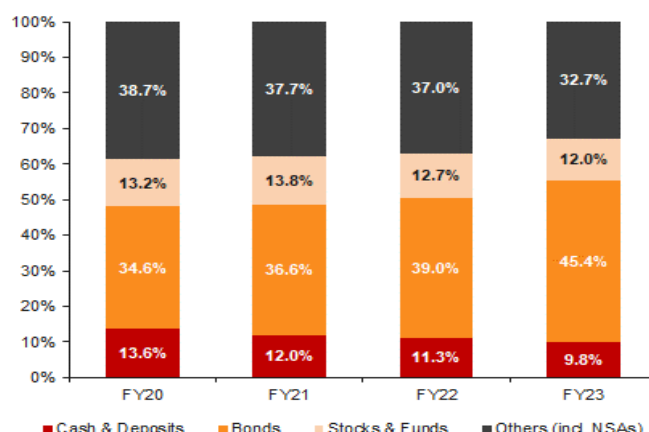
Fig 54: CPIC Life FYRP & FYRP quarterly YoY%

Source: Company data, HKEx, CMBIGM

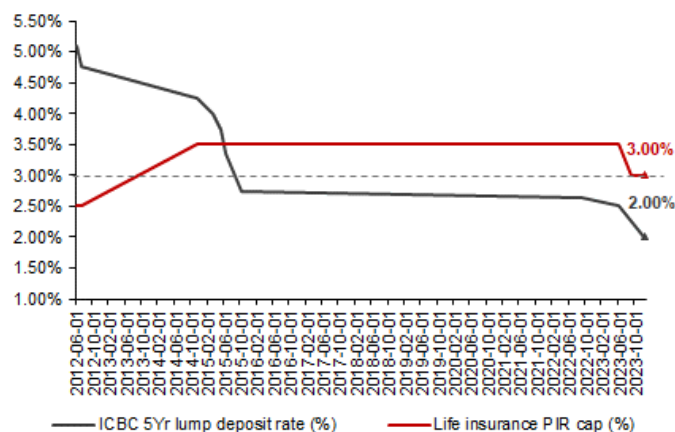
Note: CPIC 3Q23 FYRP and YoY growth are based on our estimates, as the figures were not disclosed.

Fig 55: China passenger car sales & YoY%, per month

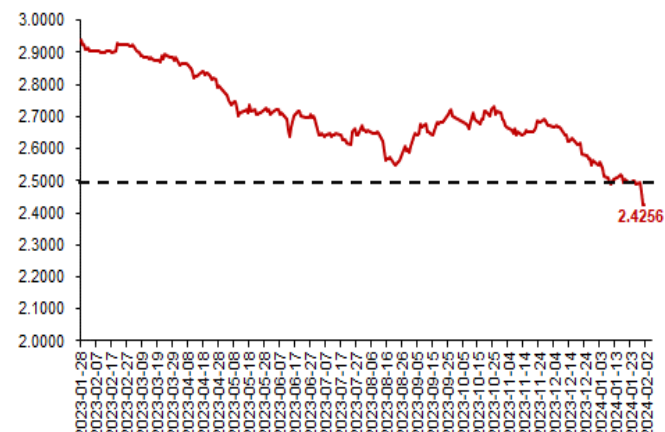
Source: Wind, CMBIGM

Fig 56: Insurance funds allocation by year-end

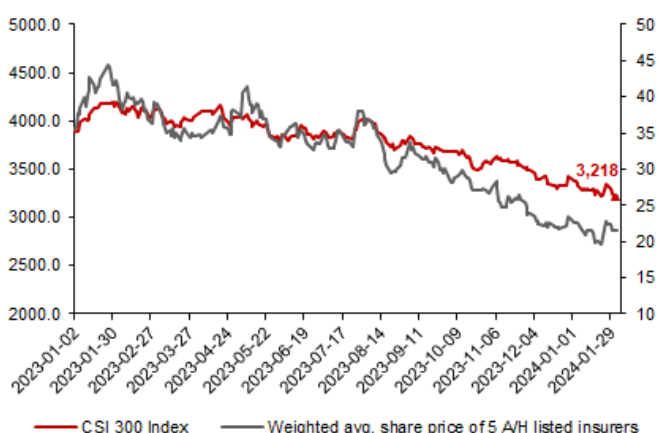
Source: NAFR, CMBIGM

Fig 57: PIR cut to 3.0% since Jul 23, still comparatively attractive vs SOE banks' 5YR lump-sum deposit rate

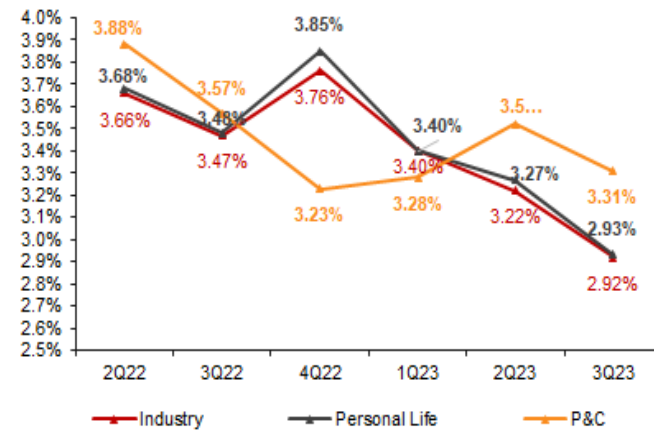
Source: Wind, CMBIGM

Fig 58: China 10YR government bond yield trending downward to < 2.5%

Source: Wind, CMBIGM

Fig 59: CSI 300 trending downward to approach 3,200

Source: Wind, CMBIGM

Fig 60: 3Q23 financial rate of return slid to 2.92%

Source: NAFR, CMBIGM

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