

China Insurance

9M23 CN Insurers Monthly: Life growth narrowed in line; P&C growth diverged in auto & non-auto

Major listed Chinese insurers announced 1-9M23 premium income with life premiums growth further narrowed from 8M23 as expected, given retained product transitions under the regulatory cap of assumed interest rate on traditional life products to 3.0% (vs 3.5% cap before Jul 31). P&C premiums showed divergent growth as auto mildly picked up in 3Q while the non-auto descended for top players under proactive structural changes and increasing catastrophic claims in the third quarter. Top 6 life insurers recorded +6.5% YoY in cumulative growth in 1-9M23 (-1.2pct from 1-8M23), with total monthly premiums of -5.2% YoY in 9M23 vs -0.8% YoY in 8M23 ([Fig.1](#)). The widening declines in life premium in 9M23 were as expected, and we believe to large extent price in given: 1) the regulatory cap on assumed interest rate from 3.5% to 3.0% advanced some portions of demands for life products in July; and 2) 3Q traditionally served as a transition period for life insurers on agency training and product preps for the next-year Jumpstart sales. With NBV turnaround for major life insurers in 1H23, we believe negative impacts from monthly declines of 9M23 to be limited. Besides, the earlier-than-before launch of 2024 Jumpstart sales is expected to outperform in 4Q over a low base.

■ **Life growth narrowed in 9M23 as expected.** The cumulative life premiums growth of top six Chinese life insurers decreased in 1-9M23 versus 1-8M23. China Life/ Ping An /CPIC /NCL / TPL/ PICC Life each recorded cum. growth of +4.5%/+7.7%/+7.9%/+3.7%/+10.8%/+10.7% YoY, narrowed from 8M23 as shown in [Fig.1](#). Ping An / CPIC/ PICC Life reverted positive growth in 8M23 to -4.1%/-5.5%/-4.6% YoY in 9M23, and two pure life insurers China Life / NCL continued downturn to -7.2%/-9.9% YoY. TPL +4.9% in monthly YoY (-5.3pct vs 8M23) as a result of a low base. Although the monthly downtrend continued in 9M23, the 3Q quarterly reads for CPIC/ PICC Life/ TPL/ Ping An stayed positive with +22.1%/+19.6%/+15.0%/+4.9% YoY growth as in [Fig.3](#). Looking forward, we expect the transitional decline in life premiums to be temporary, as: 1) most life insurers finished annual goals in 1H23 driven by incremental sales on savings products; 2) earlier-than-before 2024 Jumpstart sales support growth in 4Q23 to 1Q24; 3) some insurers have refocused on sales of critical illness products since Aug that would help improve full-year NBV margin; 4) low yields on term deposits (3yr term deposits yield at 2.75%, [Fig.28](#)) and non-guaranteed returns on wealth management schemes further boost the appeal of regular life products even if capping down to 3.0%.

■ **P&C divergence enhanced in auto vs non-auto segment.** Top 3 P&C insurers reported total monthly premiums growth by +3.7% YoY in 9M23. Among which, PICC P&C (2328 HK) / CPIC +6.1%/+11.2% YoY while Ping An -4.1% YoY in 9M23 as in [Fig.2](#), dragged by -26.2% YoY in 3Q for non-autos. In 9M23, listed P&C insurers' auto rose on track, in line with the domestic automobile sales recovery in 3Q underpinned by policy support. PICC P&C's auto +6.8% YoY in 9M23 (+1.1pct vs 8M23 [Fig.20](#)), highlighting its market leading position and Ping An's auto +6.2% YoY in 3Q23. Non-autos growth decreased to +5.1% YoY in 9M23 for PICC P&C (vs +12.0% YoY in 8M23) whereas -6.6%/-26.2% YoY in 1-9M23/3Q23 for Ping An ([Fig.24](#)). The increase in catastrophic claims in 3Q i.e. Typhoon Doksuri caused COR to rise, yet proactive shifts by cutting business of higher claim ratios (e.g. credit insurance) could help net off the UW profit declines.

■ **Valuation:** Chinese life insurers is now trading at 0.1-0.5x FY23E P/EV and 0.4x-0.8x FY23E P/B. We maintain positive on China Life (2628 HK) for its leading role in the 2024 Jumpstart sales. Maintain BUY with TP at HK\$17.81. Recommend to follow Ping An (2318 HK) and CPIC (2601 HK) on 3Q results.

OUTPERFORM
(Maintain)

China Insurance Sector

Nika MA

(852) 3900 0805

nikama@cmbi.com.hk

Miao ZHANG

(852) 3761 8910

zhangmiao@cmbi.com.hk

Related Reports:

1. China Insurance – Optimized solvency measurement opens room for insurance funds participation in equity investment, 13 Sep 2023 ([link](#))
2. Ping An (2318 HK) – 1H23 NBV beat consensus; interim dividend up 1.1% YoY reinforcing a long-run growth story, 4 Sep 2023 ([link](#))
3. Zhong An (6060 HK) – Strong investment and UW profits drive 1H23 earnings turnaround, Aug 29 2023 ([link](#))
4. China Life (2628 HK) – Outpaced VNB growth in 1H23; short-term NP pushback not affect value growth, Aug 25 2023 ([link](#))

Valuation Table

Company	Ticker	Price (LC)	Mkt Cap (LC bn)	P/EV		P/B FY23E	ROE FY23E
				FY23E	FY24E		
China Life	2628 HK	12.26	932.0	0.24x	0.23x	0.8x	11.8%
Ping An	2318 HK	42.50	862.2	0.54x	0.49x	0.6x	15.4%
CPIC	2601 HK	20.65	278.9	0.32x	0.29x	0.7x	12.5%
New China Life	1336 HK	19.78	103.2	0.21x	0.20x	0.5x	15.4%
China Taiping	966 HK	7.91	28.4	0.13x	0.12x	0.4x	12.7%
PICC P&C	2328 HK	9.72	216.2	-	-	0.8x	13.8%
Zhong An	6060 HK	22.25	32.7	-	-	1.6x	9.2%

Source: Company data, CMBIGM estimates

■ **Catalysts:** 1) 3Q23 earnings release on 24-31 Oct ([Fig.30](#)); 2) China Life/Ping An/PICC Group's Corporate Day in late Oct-early Nov; 3) ongoing progress on 2024 Jumpstart sales for life insurers.

■ **Risks:** 1) new business sales underperformed; 2) macro recovery slower-than-expected; 3) increased equity market volatilities that weaken net profit.

Figure 1. CN Life insurers: 1-9M23/9M23 premiums, Cum YoY% and Mon. YoY%

Life insurance companies	Ticker	1-9M23 Cumulative premiums (RMB bn)	9M23 Cumulative YoY%	9M23 Monthly premiums (RMB bn)	9M23 Monthly YoY%	Monthly YoY%: 9M23 vs 8M23
China Life	2628 HK	578.8	4.5%	45.2	-7.2%	3.1 pct
Ping An Life	2318 HK	382.7	7.7%	30.3	-4.1%	-5.8 pct
CPIC Life	2601 HK	204.7	7.9%	15.9	-5.5%	-8.9 pct
New China Life	1336 HK	142.9	3.7%	15.0	-9.9%	-3.1 pct
Taiping Life	0966 HK	137.6	10.8%	14.9	4.9%	-5.3 pct
PICC Life	1339 HK	91.3	10.7%	4.0	-4.6%	-75.3 pct
Total		1,538.0	6.5%	125.3	-5.2%	-4.4 pct

Source: Company data, CMBIGM

Figure 2. CN P&C insurers: 1-9M23/9M23 premiums, Cum YoY% and Mon. YoY%

PC insurance companies	Ticker	1-9M23 Cumulative premiums (RMB bn)	9M23 Cumulative YoY%	9M23 Monthly premiums (RMB bn)	9M23 Monthly YoY%	Monthly YoY%: 9M23 vs 8M23
PICC P&C	2328 HK	409.6	7.5%	43.3	6.1%	-1.7 pct
Ping An P&C	2318 HK	225.9	1.8%	25.6	-4.1%	3.0 pct
CPIC P&C	2601 HK	148.5	11.8%	16.4	11.2%	8.5 pct
Taiping P&C	0966 HK	23.6	7.6%	2.7	-2.1%	-7.6 pct
Zhong An	6060 HK	23.0	28.5%	2.3	2.1%	-7.1 pct
Total		830.6	7.1%	90.3	3.5%	1.5 pct
Top 3 insurers		784.0	6.5%	85.3	3.7%	2.1 pct

Source: Company data, CMBIGM | Note: top 3 P&C insurers ranked by market shares by 1H23 implying PICC P&C, Ping An and CPIC.

Figure 3. CN Life insurers: 3Q23 quarterly premiums and YoY%

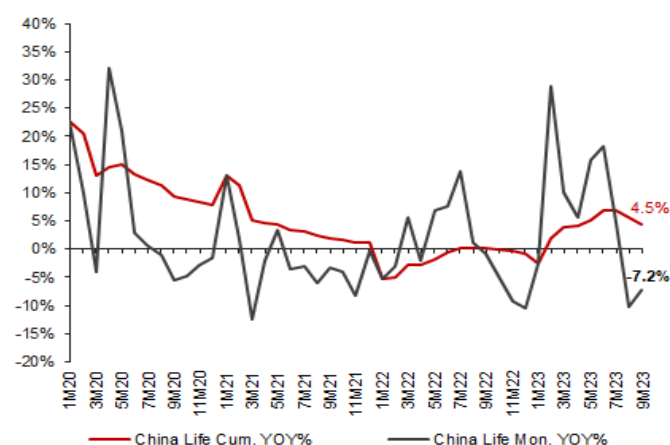
Life insurance companies	Ticker	3Q23 Quarterly premiums (RMB bn)	3Q23 Quarterly YoY%	3Q23 Quarterly YoY% vs 2Q23
China Life	2628 HK	108.6	-5.1%	-19.7 pct
Ping An Life	2318 HK	96.4	4.9%	-8.6 pct
CPIC Life	2601 HK	49.7	22.1%	4.9 pct
New China Life	1336 HK	35.1	-0.4%	-14.7 pct
Taiping Life	0966 HK	35.4	15.0%	-7.5 pct
PICC Life	1339 HK	12.5	19.6%	-38.2 pct
Total		337.6	4.4%	-12.5 pct

Source: Company data, CMBIGM

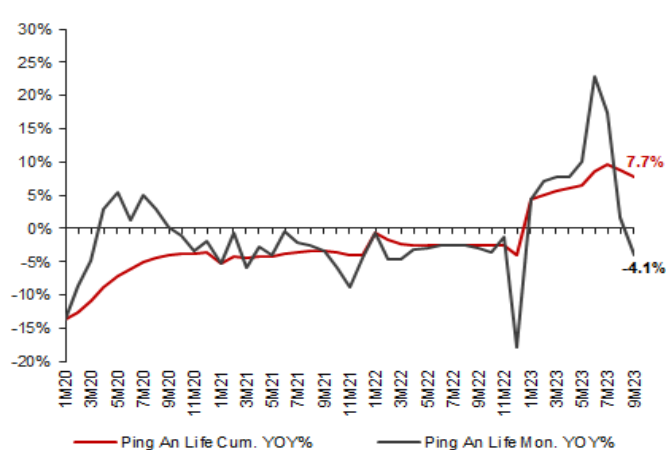
Figure 4. CN P&C insurers: 3Q23 quarterly premiums and YoY%

PC insurance companies	Ticker	3Q23 Quarterly premiums (RMB bn)	3Q23 Quarterly YoY%	3Q23 Quarterly YoY% vs 2Q23
PICC P&C	2328 HK	108.6	4.1%	-2.9 pct
Ping An P&C	2318 HK	71.8	-4.6%	-9.2 pct
CPIC P&C	2601 HK	43.5	6.4%	-5.1 pct
Taiping P&C	0966 HK	7.3	0.0%	-1.7 pct
Zhong An	6060 HK	8.5	15.6%	-36.8 pct
Total		239.7	2.0%	-5.9 pct
Top 3 insurers		223.9	1.6%	-5.5 pct

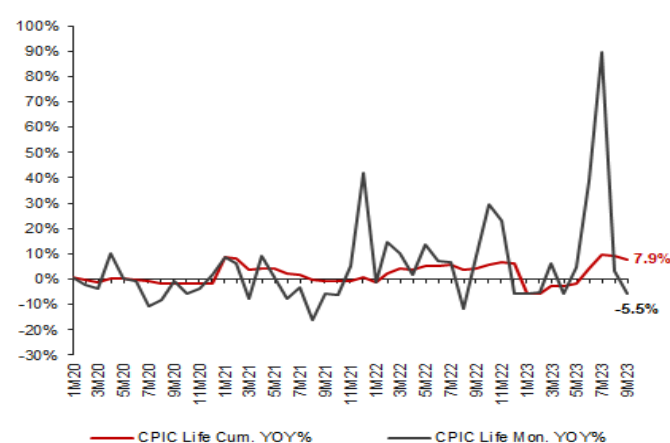
Source: Company data, CMBIGM | Note: top 3 P&C insurers ranked by market shares by 1H23 implying PICC P&C, Ping An and CPIC.

Figure 5: China Life Premiums Cum. YoY% & Mon. YoY%

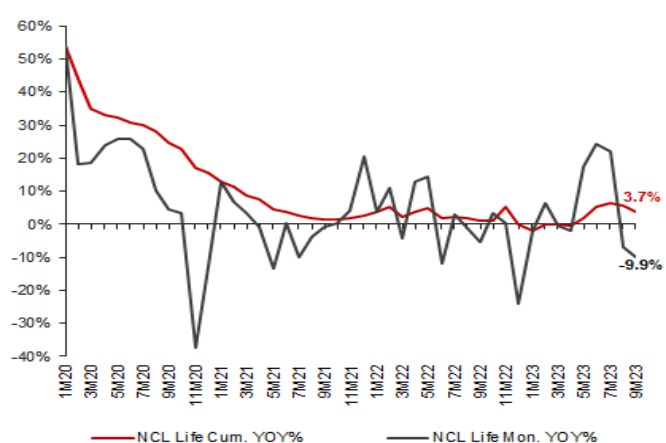
Source: Company data, CMBIGM

Figure 6: Ping An Premiums Cum. YoY% & Mon. YoY%

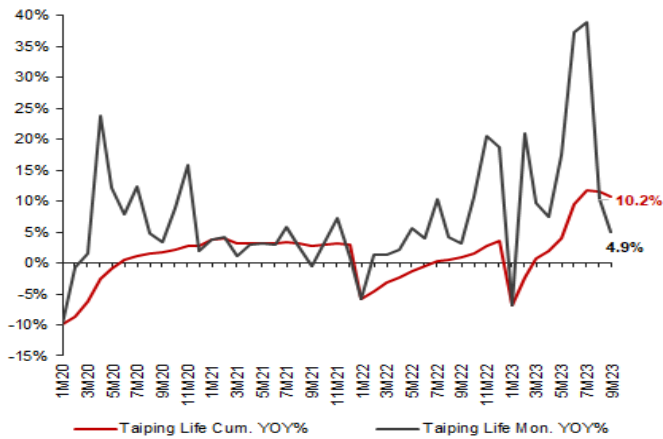
Source: Company data, CMBIGM

Figure 7: CPIC Premiums Cum. YoY% & Mon. YoY%

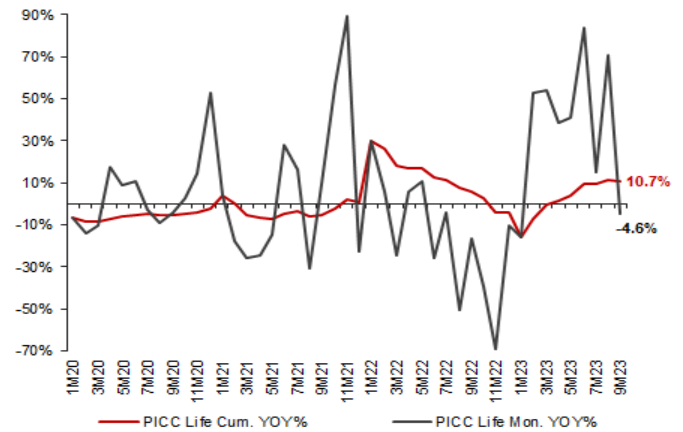
Source: Company data, CMBIGM

Figure 8: NCL Premiums Cum. YoY% & Mon. YoY%

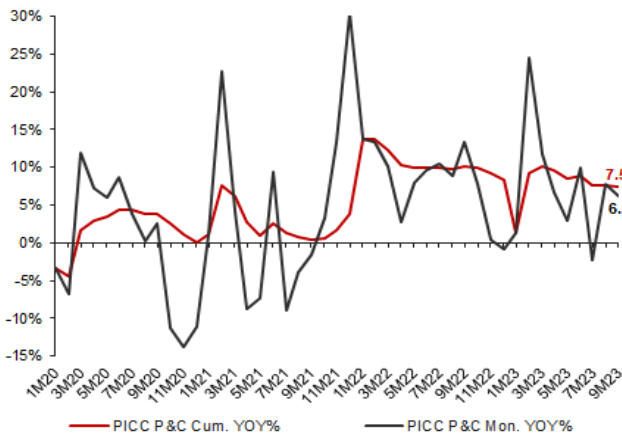
Source: Company data, CMBIGM

Figure 9: Taiping Life Premiums Cum. YoY% & Mon. YoY%

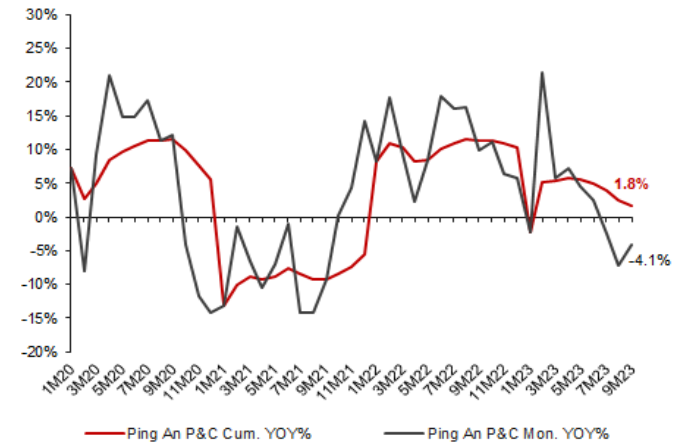
Source: Company data, CMBIGM

Figure 10: PICC Life Premiums Cum. YoY% & Mon. YoY%

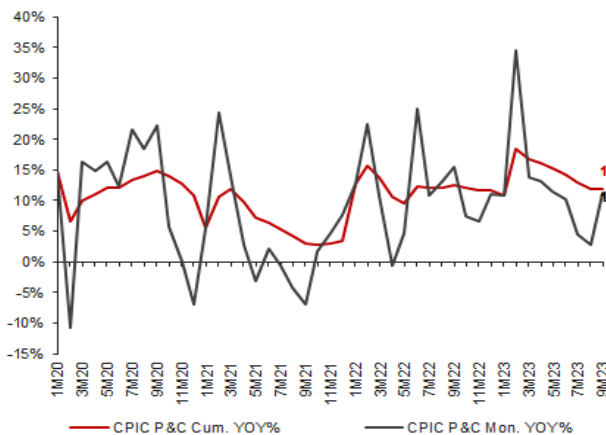
Source: Company data, CMBIGM

Figure 11: PICC P&C Premiums Cum. YoY% & Mon. YoY%

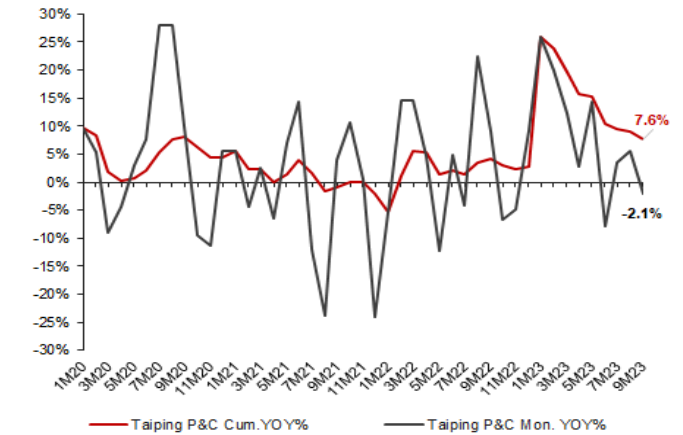
Source: Company data, CMBIGM

Figure 12: Ping An PC Premiums Cum. YoY% & Mon. YoY%

Source: Company data, CMBIGM

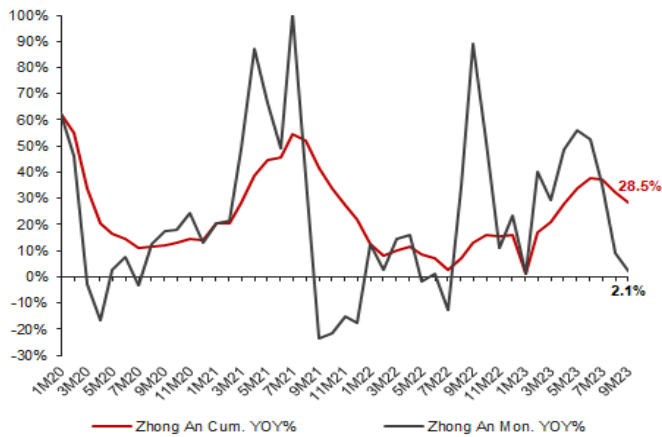
Figure 13: CPIC P&C Premiums Cum. YoY% & Mon. YoY%

Source: Company data, CMBIGM

Figure 14: Taiping PC Premiums Cum. YoY% & Mon. YoY%

Source: Company data, CMBIGM

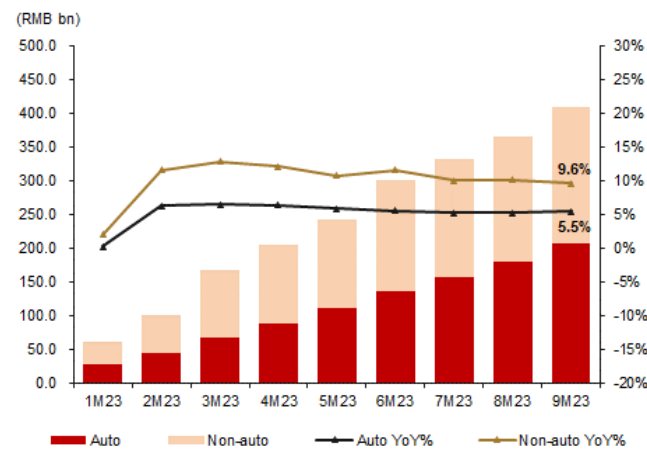
Figure 15: Zhong An Premiums Cum. YoY% & Mon. YoY%



Source: Company data, CMBIGM

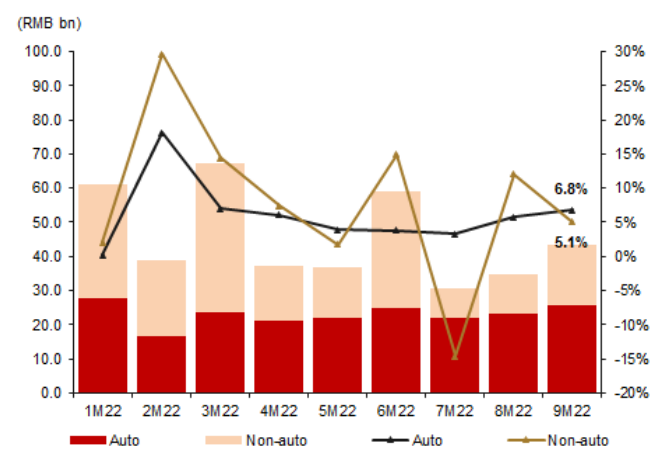
By companies

Figure 16: PICC PC Auto & Non-auto FYP & FYP Cum. YoY%



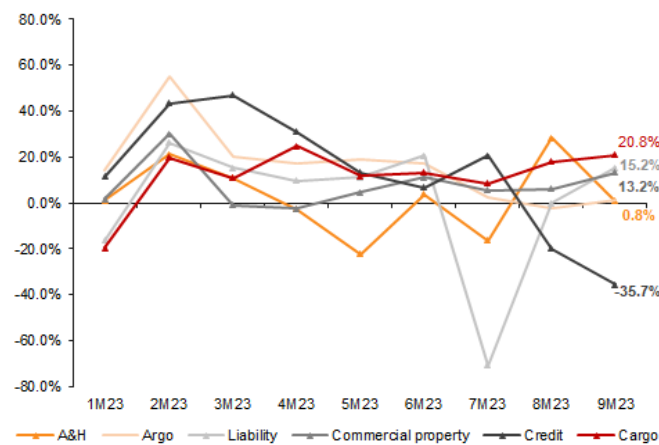
Source: Company data, CMBIGM

Figure 17: PICC PC Auto & Non-auto FYP & FYP Mon. YoY%



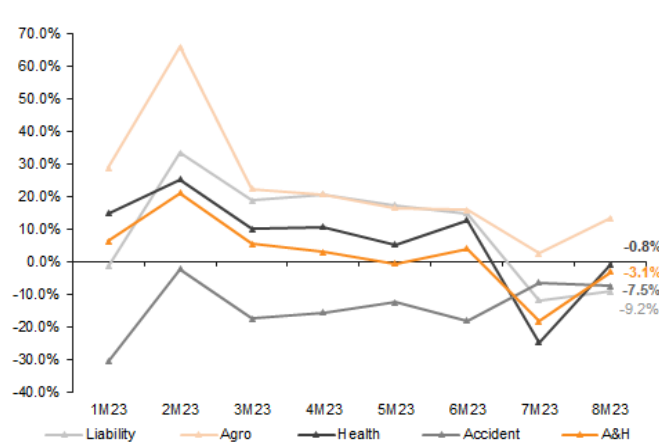
Source: Company data, CMBIGM

Figure 18: PICC PC Non-auto premiums Mon. YoY% by lines



Source: Company data, CMBIGM

Figure 19: PC Industry Non-auto Mon. YoY% by lines, 8M23



Source: Company data, CMBIGM

Figure 20. PICC P&C Non-auto premiums Mon. YoY%, by segments

Monthly YoY %	1M23	2M23	3M23	4M23	5M23	6M23	7M23	8M23	9M23	9M23 vs 8M23
Auto	0.2%	18.2%	7.0%	6.1%	3.9%	3.8%	3.3%	5.7%	6.8%	1.1pct
Non-auto	2.1%	29.7%	14.5%	7.4%	1.8%	14.9%	-14.6%	12.0%	5.1%	-6.9pct
A&H	1.0%	21.1%	10.9%	-2.8%	-22.3%	3.7%	-16.4%	28.3%	0.8%	-27.5pct
Argo	14.5%	55.3%	20.1%	17.2%	18.8%	17.5%	2.2%	-2.2%	1.2%	3.4pct
Liability	-16.4%	26.2%	15.3%	9.7%	11.0%	20.5%	-70.7%	0.0%	15.2%	15.2pct
Enterprise	1.7%	30.1%	-1.1%	-2.4%	4.6%	11.1%	5.5%	6.1%	13.2%	7.1pct
Credit	11.6%	43.6%	47.1%	31.0%	13.3%	6.6%	20.7%	-20.0%	-35.7%	-15.7pct
Cargo	-19.7%	19.7%	11.0%	24.8%	11.6%	13.3%	8.5%	17.9%	20.8%	2.9pct
Others	22.2%	71.3%	35.8%	38.6%	50.3%	39.6%	34.8%	70.2%	20.7%	-49.5pct
Total	1.2%	24.6%	11.7%	6.7%	3.0%	10.0%	-2.3%	7.8%	6.1%	-1.7pct

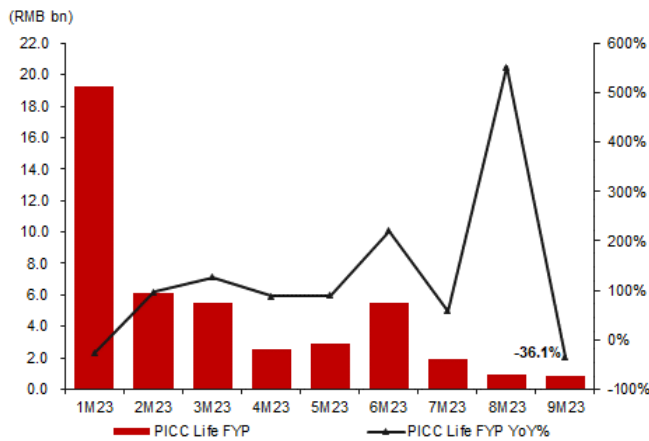
Source: Company data, CMBIGM

Figure 21. PICC P&C Non-auto premiums mix%, by segments

Monthly YoY %	1M23	2M23	3M23	4M23	5M23	6M23	7M23	8M23	9M23	9M23 vs 8M23
Auto	45.2%	42.4%	35.2%	57.0%	59.1%	42.1%	72.5%	66.3%	59.2%	-7.1pct
Non-auto	54.8%	57.6%	64.8%	43.0%	40.9%	57.9%	27.5%	33.7%	40.8%	7.1pct
A&H	27.9%	34.1%	34.3%	17.1%	12.2%	13.6%	7.0%	10.5%	14.2%	3.7pct
Argo	10.0%	8.9%	14.5%	10.7%	14.2%	26.2%	8.5%	8.0%	8.9%	0.9pct
Liability	6.1%	5.9%	8.0%	6.6%	6.4%	8.0%	2.0%	6.5%	9.6%	3.1pct
Enterprise	4.7%	2.4%	2.5%	3.1%	2.9%	3.9%	4.1%	3.3%	2.9%	-0.3pct
Credit	1.5%	0.7%	1.0%	1.0%	1.0%	1.0%	1.5%	1.0%	1.0%	0.1pct
Cargo	0.7%	0.9%	0.9%	1.2%	1.2%	0.9%	1.3%	1.2%	1.2%	-0.1pct
Others	3.9%	4.7%	3.6%	3.3%	2.9%	4.3%	3.1%	3.3%	3.0%	-0.3pct

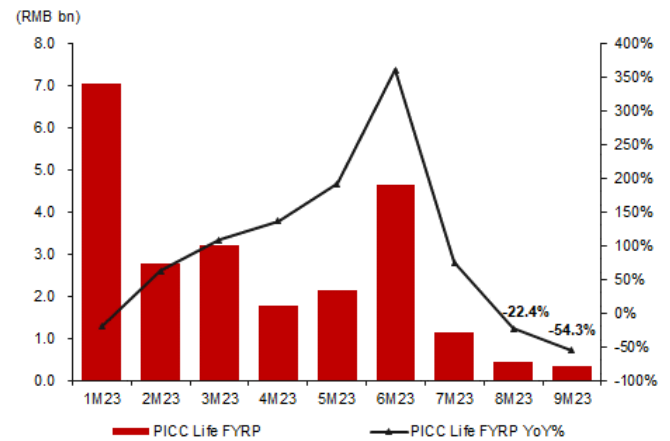
Source: Company data, CMBIGM

Figure 22: PICC Life FYP & FYP Mon. YoY%



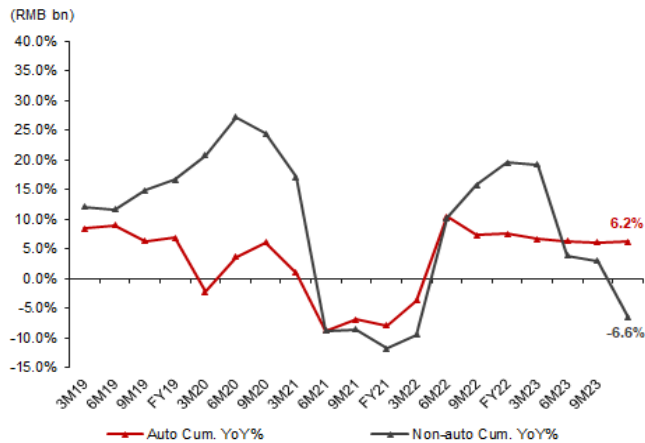
Source: Company data, CMBIGM

Figure 23: PICC Life FYRP & FYRP Mon. YoY%



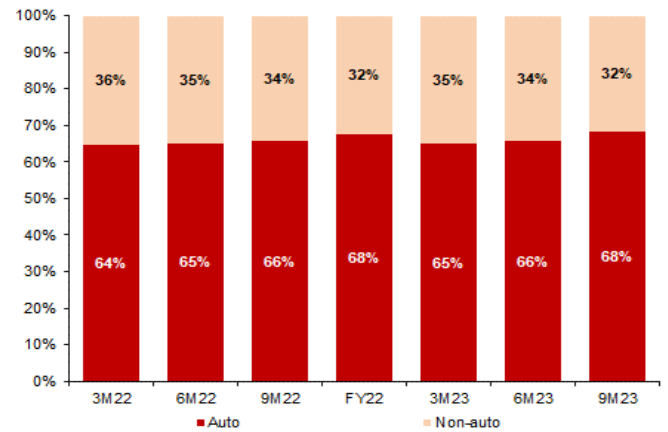
Source: Company data, CMBIGM

Figure 24: Ping An PC Auto & Non-auto FYP and FYP YoY%



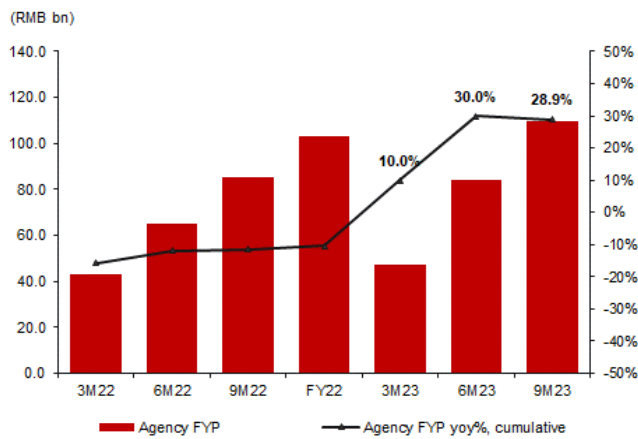
Source: Company data, CMBIGM

Figure 25: Ping An PC Auto VS Non-auto mix%



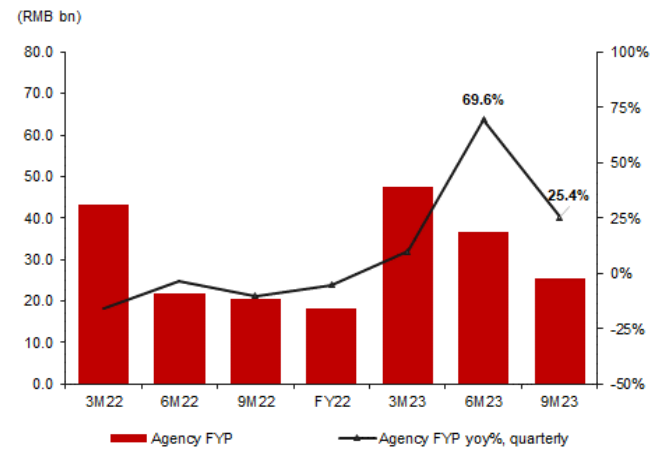
Source: Company data, CMBIGM

Figure 26: Ping An Life Agency FYP & Cum. YoY%



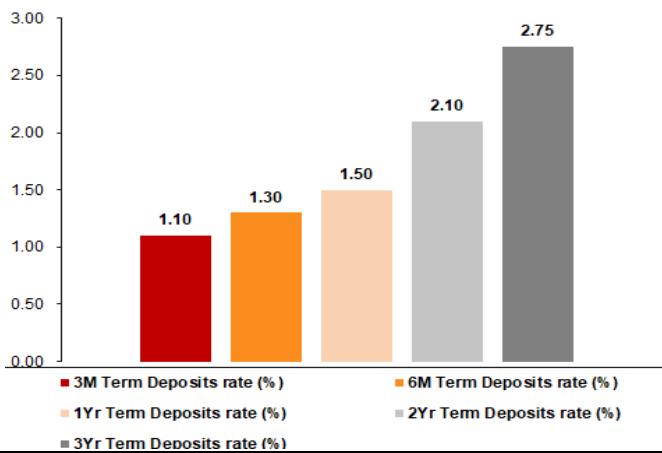
Source: Company data, CMBIGM

Figure 27: Ping An Life Agency FYP & Mon YoY%



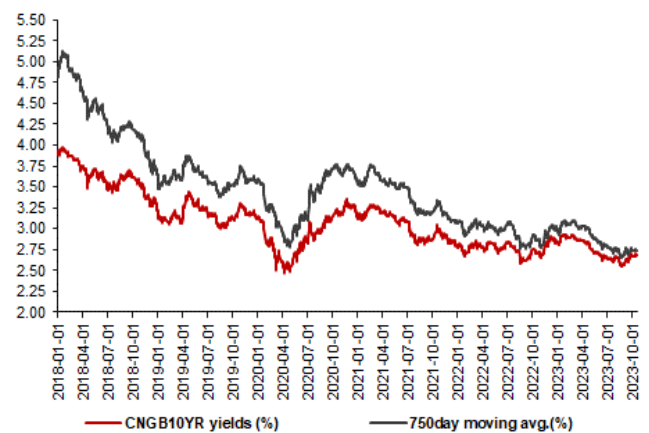
Source: Company data, CMBIGM

Figure 28: CN Term deposit rates in diff. durations, 9M23



Source: Wind, CMBIGM

Figure 29: CNGB10YR yields & 750D Moving Average (%)



Source: Wind, CMBIGM

Figure 30. 3Q23 Earnings results & Corporate Day events calendar

Company	Ticker	3Q23 Earnings results
China Life	2628 HK	26/10/2023 (Thu)
Ping An	2318 HK	27/10/2023 (Fri)
CPIC	2601 HK	27/10/2023 (Fri)
New China Life	1336 HK	27/10/2023 (Sat)
PICC Group /	1339 HK/	31/10/2023 (Tue)
PICC P&C	2328 HK	
Prudential	2378 HK	6/11/2023 (Mon)
Corporate Day		
China Life		31/10/2023 (Tue)
Ping An		6/11/2023 (Mon)
PICC Group		10/11/2023 (Fri)

Source: HKEx, CMBIGM

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.

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

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

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong. Tel: (852) 3900 0888 Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.

This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.

The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.

Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom

This report has been provided only to persons (I) falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time) ("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.") of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States

CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore

This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.