

China Insurance

5M24 Monthly: life growth stayed resilient; P&C auto premiums sequentially rebounded

China listed insurers reported monthly premiums in May, showing resilience of top life peers despite a high base under the pricing interest rate (PIR) cut last year. P&C growth marginally improved thanks to a sequential rebound in auto and certain lines' recovery in non-auto segment. Chinese regulator recently guided some insurance companies to lower the upper limit of PIR of increasing sum assured whole life plans (IWLPs) to 2.75% (vs now: 3.0%) with an intention to further reduce the cost of liabilities of the insurance industry. The 3.0%-priced products are no longer sold since July 1, 2024. We view this as a positive signal for the industry, esp. for the small- to mid-sized insurers to lower their cost of liabilities under a pressured investment environment to avoid risks of spread loss. On P&C front, sector-wise catastrophic claims were 63% lower to RMB3.2bn in May, conducive to the insurers' CoR mgt. from a top-down level. As NEV sales volumes recovered, auto premiums shall see sequential improvement heading to our long-term growth of 5% driven by both pricing release and volume rises. For 1H24, we think the resilient life growth could underpin the 1H24 NBV increase with continued margin expansions, varying from a high-single-digit to low-double-digit growth. Maintain BUY on CPIC (2601 HK, TP: HK\$ 24.8) and PICC P&C (2328 HK, TP: HK\$ 11.9) for an offensive and defensive strategy.

- **Life growth stayed resilient in May.** Ping An/China Life/CPIC sustained solid growth by +10.6%/+7.7%/+7.4% YoY in May ([Fig.1](#)). Sunshine Life and PICC Life maintained strong growth by +35.5%/+23.0% YoY (vs Apr: +13.7%/+23.6% YoY, [Fig.16](#)), and New China Life trimmed the decline to -6.2% YoY in May (vs Apr: -11.6% YoY) showing the insurer's product mix transition continued to optimize in value creation. Total premiums of top 5 life insurers amounted to RMB936.8bn in 5M24, indicating +1.1% YoY (vs 4M24: +0.2%) and +7.9% YoY in May (vs Apr: +7.6%, [Fig.9](#)). We see the premium uptrend sustained in May partially subject to more diverse product mix and recovering demands for health and medical types. Looking ahead, we view the high base effect to be more evident in Jun /Jul given the PIR cut by end-Jul 23, and yet the guide-down of PIR to 2.75% since this July could stimulate certain demands for the currently on-shelf 3.0%-priced products.
- **P&C prints expect to recover in 2Q24.** Top P&C insurers picked up growth in May with PICC P&C/Ping An/CPIC up by 4.4%/5.3%/6.7% YoY (vs Apr: -1.4%/+4.1%/+4.7% YoY, [Fig.32](#)). Auto segment sequentially improved given the monthly auto growth of PICC P&C by +4.4% YoY in May, the highest rise since year-start, driven by recovery of passenger car sales (+8.5% YoY in 5M23) and deepening NEV penetration to 39.5% by end-May (vs Apr: 36.0%). Total P&C premiums of top 3 were RMB79.1bn, suggesting a rise of 5.1% YoY in May (vs Apr: +1.5% YoY, [Fig.26](#)). According to data from the MEM, total direct economic losses dropped 63% YoY in May, which reduced P&C claims from a top-down perspective, beneficial to the insurers' CoR mgt. in 1H24. For non-auto segment, we see premium rebounds in A&H, Liability and Others for PICC P&C, which grew by +5.5%/+17.1%/+19.3% YoY, bolstering non-auto growth by +4.3% YoY in May (vs Apr: -7.8% YoY, [Fig.34](#)). With reduced claims and picked-up auto premiums, we expect P&C players to achieve better-than-expected 2Q results and transfer to 1H24.
- **Valuation:** The H-share insurance sector is now trading at 0.1x-0.4x FY24E P/EV and 0.3x-0.9x P/BV, near historical troughs despite recent stock price rally underpinned by a series of policy support. Recommend BUY on CPIC (2601 HK, TP: HK\$ 24.8, implying 0.4x FY24E P/EV) for its better-than-peers financial resilience, and positive transition to agency NBV contributions; and PICC P&C (2328 HK, TP: HK\$ 11.9, implying 1.0x FY24E P/BV) for the potential of its long-term value generation with exp.12%-13% FY24-26E ROE.

OUTPERFORM
(Maintain)

China Insurance Sector

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Valuation

H-share listed 6 life insurers' valuation traded within 0.1x-0.4x FY24E P/EV

Company	Last price (HKD)	FY24E EVPS (RMB)	FY24E P/EV(x)
China Life (2628 HK)	10.78	45.6	0.22x
Ping An (2318 HK)	36.10	79.7	0.42x
CPIC (2601 HK)	19.96	58.0	0.32x
NCI (1336 HK)	15.72	87.5	0.17x
China Taiping (966 HK)	8.53	86.2	0.10x
PICC Group (1339 HK)	2.69	7.5	0.33x
Sunshine Group (6963 HK)	2.53	9.4	0.25x

Source: Bloomberg, CMBIGM estimates | Note: China Taiping (966 HK) disclosed reporting currency in HKD; Sunshine Group (6963 HK) is non-rated and thus adopted the EVPS as Bloomberg consensus; stock price as of market close at 4:00pm on 18 Jun 2024.

H-share 5 listed P&C insurers' valuation traded within 0.3x-0.9x FY24E P/B

Company	Last price (HKD)	FY24E BPS (RMB)	FY24E P/BV(x)
PICC P&C (2328 HK)	9.94	11.3	0.82x
Ping An (2318 HK)	36.10	52.2	0.64x
CPIC (2601 HK)	19.96	27.2	0.68x
China Taiping (966 HK)	8.53	27.0	0.32x
ZhongAn (6060 HK)	14.58	15.1	0.90x
Sunshine Group (6963 HK)	2.53	5.4	0.43x

Source: Bloomberg, CMBIGM estimates | Note: China Taiping (966 HK) disclosed reporting currency in HKD; Sunshine Group (6963 HK) is non-rated and thus adopted the EVPS as Bloomberg consensus; stock price as of market close at 4:00pm on 18 Jun 2024.

H-share listed insurers' stock price returns vs HSI

	China Life	Ping An	CPIC	NCL	Taiping	PICC Group	PICC P&C	Zhong An	AIA	Prudential	HSI
1Q21	-6.1%	-2.6%	1.0%	-0.5%	13.3%	2.4%	14.8%	29.6%	-0.7%	16.8%	4.2%
2Q21	-4.1%	-17.8%	-20.2%	-12.0%	-18.4%	2.8%	0.9%	-6.3%	2.3%	-10.4%	1.6%
3Q21	-17.0%	-30.0%	-5.3%	-13.2%	-8.4%	-6.6%	11.0%	-27.1%	-6.8%	-0.3%	-14.8%
4Q21	1.1%	5.4%	-8.6%	-9.3%	-9.6%	-2.5%	-15.6%	-15.4%	-12.6%	-11.5%	-4.8%
1Q22	-6.8%	-0.9%	-9.6%	5.0%	-10.4%	8.9%	25.9%	-1.5%	4.9%	-13.4%	-6.0%
2Q22	13.5%	-4.1%	0.3%	0.7%	0.9%	-6.6%	1.7%	-4.3%	3.2%	-17.3%	-0.6%
3Q22	-26.4%	-26.5%	-24.6%	-32.1%	-31.7%	-5.0%	-0.2%	-31.1%	-23.0%	-19.1%	-21.2%
4Q22	33.2%	31.8%	20.2%	27.5%	47.0%	13.6%	-9.0%	22.2%	32.6%	42.5%	14.9%
1Q23	-3.7%	-1.1%	20.0%	-2.3%	-14.2%	1.2%	8.1%	15.1%	-4.8%	-3.4%	3.1%
2Q23	1.2%	-2.4%	-2.9%	10.7%	-2.4%	8.4%	8.7%	-13.9%	-4.3%	1.0%	-7.3%
3Q23	-6.6%	-10.0%	-3.2%	-8.6%	-4.2%	-1.1%	15.5%	8.5%	-19.3%	-20.9%	-5.9%
4Q23	-17.0%	-21.2%	-19.6%	-19.4%	-13.8%	14.6%	-7.8%	-22.8%	6.6%	3.1%	-4.3%
1Q24	-7.2%	-6.5%	-13.1%	-8.9%	1.9%	4.2%	11.2%	-29.9%	-22.8%	-16.2%	-3.0%
4M24	11.0%	8.8%	26.1%	9.1%	5.1%	3.2%	-5.3%	6.1%	10.0%	-4.6%	7.4%
5M24	6.3%	10.0%	18.1%	5.7%	17.4%	5.4%	4.0%	0.3%	4.6%	6.0%	1.8%
YTD	6.5%	2.1%	26.6%	3.3%	26.9%	12.1%	7.1%	-18.3%	-18.9%	-20.3%	5.1%

Source: Wind, CMBIGM | Note: Area in green implies that stock return outperformed the Hang Seng Index (HSI) in the respective period. Stock price as of market close at 4:00pm on 18 Jun 2024.

H-share listed insurers' stock price returns vs HSCIF Index

	China Life	Ping An	CPIC	NCL	Taiping	PICC Group	PICC P&C	Zhong An	AIA	Prudential	HSI
1Q21	-6.1%	-2.6%	1.0%	-0.5%	13.3%	2.4%	14.8%	29.6%	-0.7%	16.8%	6.7%
2Q21	-4.1%	-17.8%	-20.2%	-12.0%	-18.4%	2.8%	0.9%	-6.3%	2.3%	-10.4%	-4.2%
3Q21	-17.0%	-30.0%	-5.3%	-13.2%	-8.4%	-6.6%	11.0%	-27.1%	-6.8%	-0.3%	-8.0%
4Q21	1.1%	5.4%	-8.6%	-9.3%	-9.6%	-2.5%	-15.6%	-15.4%	-12.6%	-11.5%	-0.8%
1Q22	-6.8%	-0.9%	-9.6%	5.0%	-10.4%	8.9%	25.9%	-1.5%	4.9%	-13.4%	4.4%
2Q22	13.5%	-4.1%	0.3%	0.7%	0.9%	-6.6%	1.7%	-4.3%	3.2%	-17.3%	-2.9%
3Q22	-26.4%	-26.5%	-24.6%	-32.1%	-31.7%	-5.0%	-0.2%	-31.1%	-23.0%	-19.1%	-21.6%
4Q22	33.2%	31.8%	20.2%	27.5%	47.0%	13.6%	-9.0%	22.2%	32.6%	42.5%	18.8%
1Q23	-3.7%	-1.1%	20.0%	-2.3%	-14.2%	1.2%	8.1%	15.1%	-4.8%	-3.4%	1.8%
2Q23	1.2%	-2.4%	-2.9%	10.7%	-2.4%	8.4%	8.7%	-13.9%	-4.3%	1.0%	0.6%
3Q23	-6.6%	-10.0%	-3.2%	-8.6%	-4.2%	-1.1%	15.5%	8.5%	-19.3%	-20.9%	-7.7%
4Q23	-17.0%	-21.2%	-19.6%	-19.4%	-13.8%	14.6%	-7.8%	-22.8%	6.6%	3.1%	-1.0%
1Q24	-7.2%	-6.5%	-13.1%	-8.9%	1.9%	4.2%	11.2%	-29.9%	-22.8%	-16.2%	-5.4%
4M24	11.0%	8.8%	26.1%	9.1%	5.1%	3.2%	-5.3%	6.1%	10.0%	-4.6%	9.1%
5M24	6.3%	10.0%	18.1%	5.7%	17.4%	5.4%	4.0%	0.3%	4.6%	6.0%	4.4%
YTD	6.5%	2.1%	26.6%	3.3%	26.9%	12.1%	7.1%	-18.3%	-18.9%	-20.3%	5.6%

Source: Wind, CMBIGM | Note: Area in green implies that stock return outperformed the Hang Seng Index (HSI) in the respective period. Stock price as of market close at 4:00pm on 18 Jun 2024.

1-5M24 H-share listed Life and P&C insurers' premiums

Figure 1. CN listed life insurers: 5M24 premiums and cum. & mon. YoY% vs Apr 24

Life insurers	Ticker	1-5M24 Cum. premiums (RMB bn)	5M24 Cumulative YoY%	May 24 premiums (RMB bn)	May 24 Monthly YoY	May YoY chg. (vs Apr YoY)
China Life	2628 HK	415.7	4.3%	44.5	7.7%	-3.9 pct
Ping An Life	2318 HK	253.2	3.2%	41.0	10.6%	3.9 pct
CPIC Life	2601 HK	122.3	-2.1%	17.8	7.4%	-4.9 pct
New China Life	1336 HK	78.6	-10.9%	11.3	-6.2%	5.4 pct
PICC Life	1339 HK	67.1	-3.6%	6.6	23.0%	-0.6 pct
Sunshine Life	6963 HK	44.5	9.8%	6.0	35.5%	21.8 pct
Total		981.4	1.5%	127.3	8.9%	1.0 pct
Top 5 life insurers		936.8	1.1%	121.3	7.9%	0.3 pct

Source: Company data, HKEx, 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.

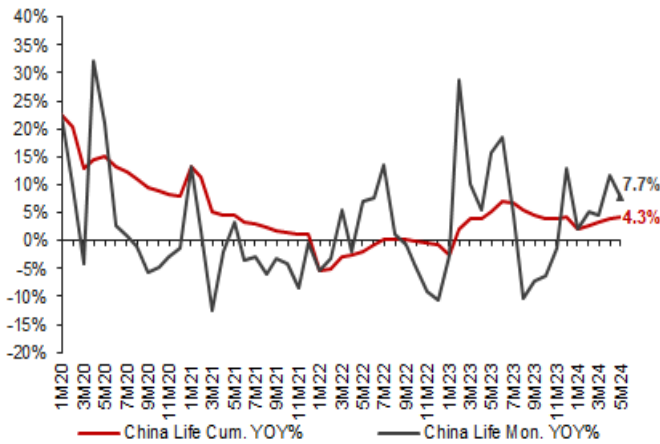
Figure 2. CN listed P&C insurers: 5M24 premiums and cum. & mon. YoY% vs Apr 24

PC insurers	Ticker	1-5M24 Cum. premiums (RMB bn)	5M24 Cumulative YoY%	May 24 premiums (RMB bn)	May 24 Monthly YoY	May YoY chg. (vs Apr YoY)
PICC P&C	2328 HK	249.1	3.1%	38.6	4.4%	5.7 pct
Ping An P&C	2318 HK	129.3	3.5%	25.7	5.3%	1.3 pct
CPIC P&C	2601 HK	91.9	7.6%	14.8	6.7%	2.0 pct
Zhong An	6060 HK	12.4	10.5%	2.7	-2.1%	-8.4 pct
Sunshine P&C	6963 HK	20.3	14.8%	4.0	9.1%	-1.2 pct
Total		503.0	4.6%	85.8	5.0%	3.0 pct
Top 3 P&C insurers		470.3	4.1%	79.1	5.1%	3.6 pct

Source: Company data, HKEx, 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.

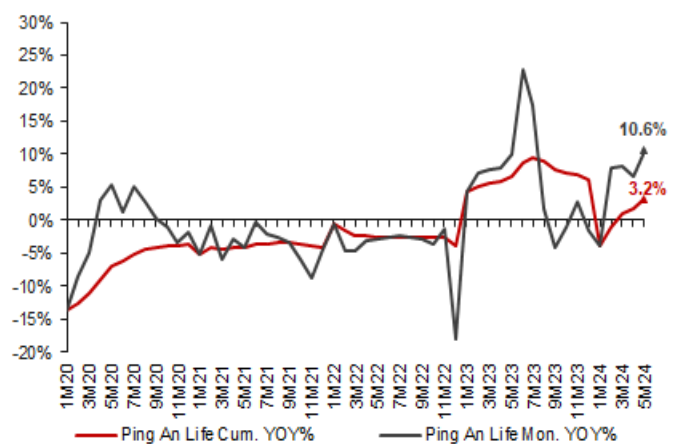
Focus Charts

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



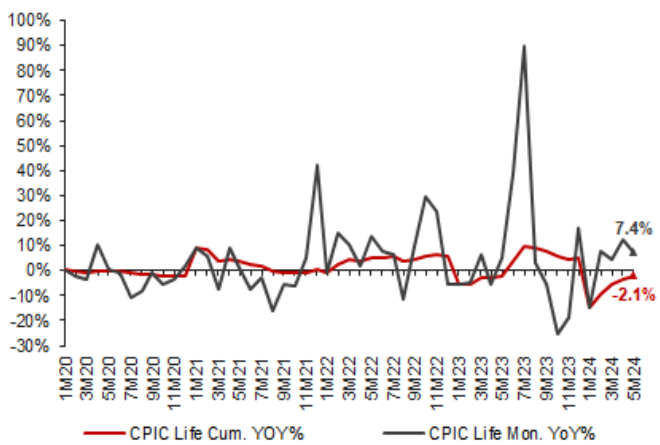
Source: Company data, HKEx, and CMBIGM

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



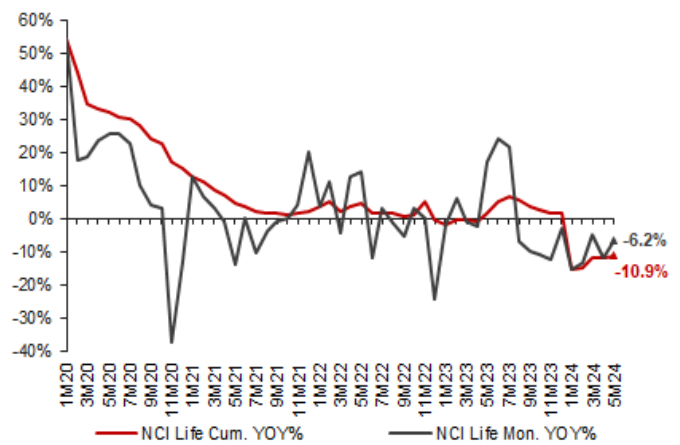
Source: Company data, HKEx, and CMBIGM

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



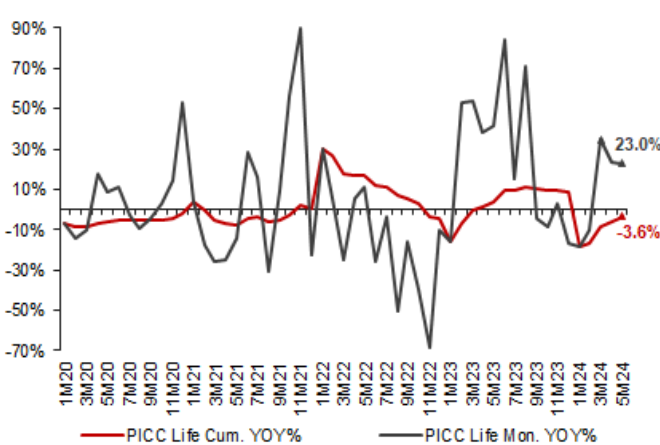
Source: Company data, HKEx, and CMBIGM

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



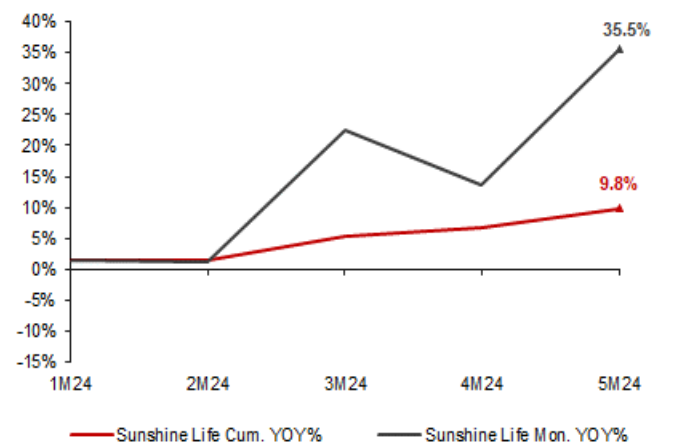
Source: Company data, HKEx, and CMBIGM

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



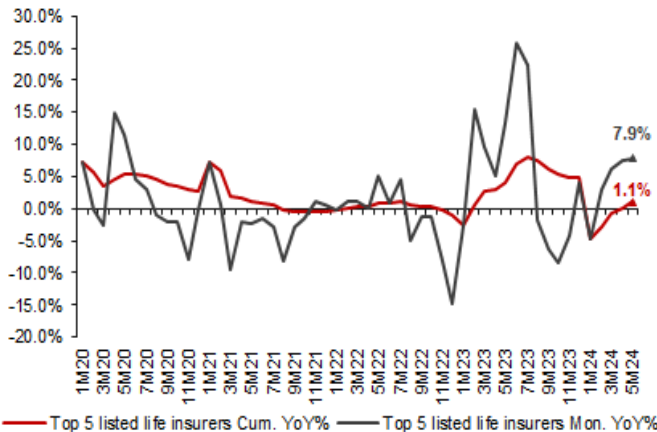
Source: Company data, HKEx, and CMBIGM

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



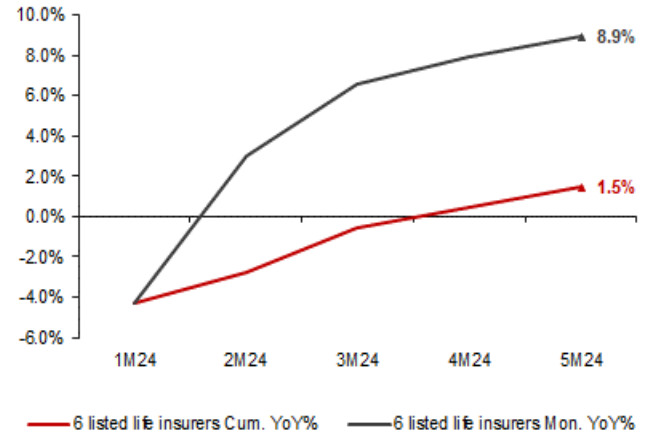
Source: Company data, HKEx, and CMBIGM | Note: Sunshine Group (6963 HK) listed in Dec-22 and disclosed monthly premium since 1M23.

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



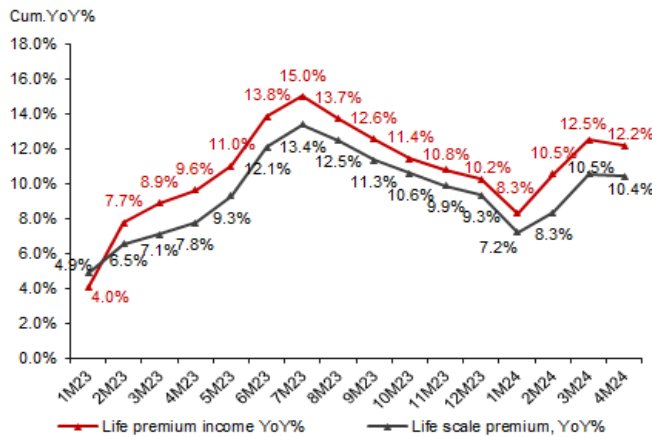
Source: Company data, HKEx, CMBIGM | Note: Top 5 listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI and PICC Life; Taiping Life did not disclose monthly premiums since Nov 2023.

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



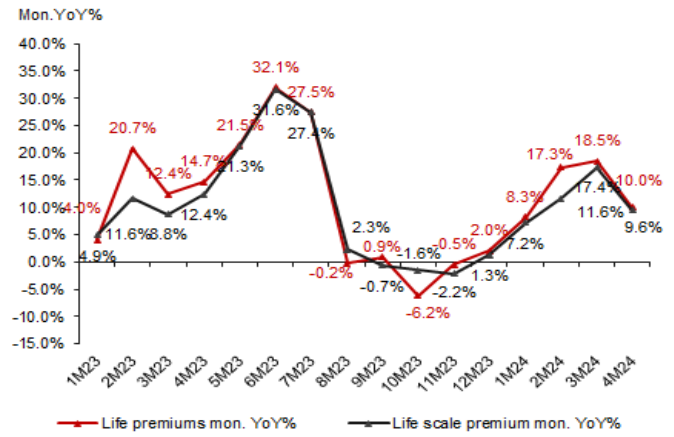
Source: Company data, HKEx, CMBIGM | Note: Six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life, and Sunshine Life; Taiping Life did not disclose premiums since Nov 2023.

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



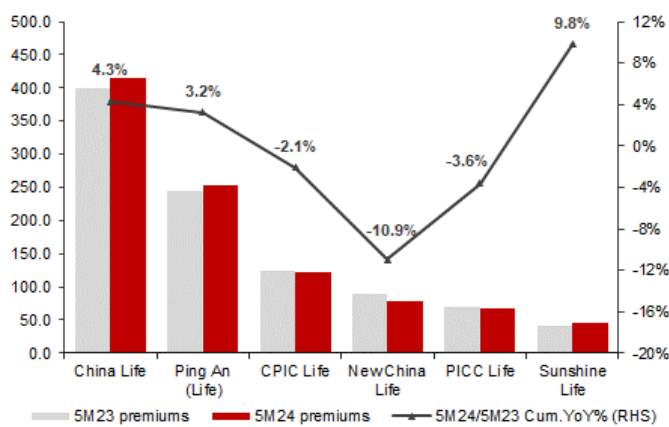
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

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



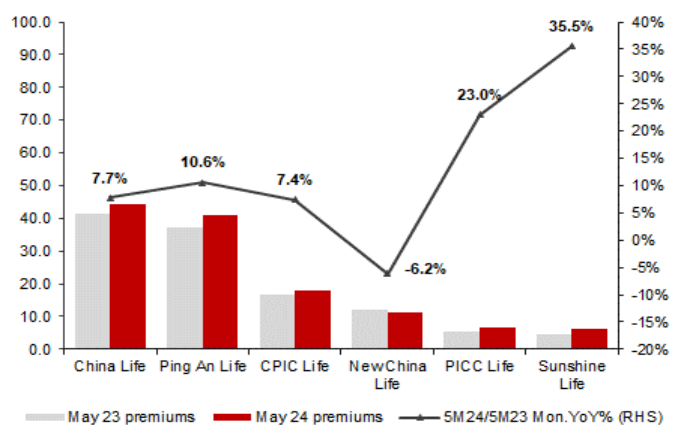
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

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



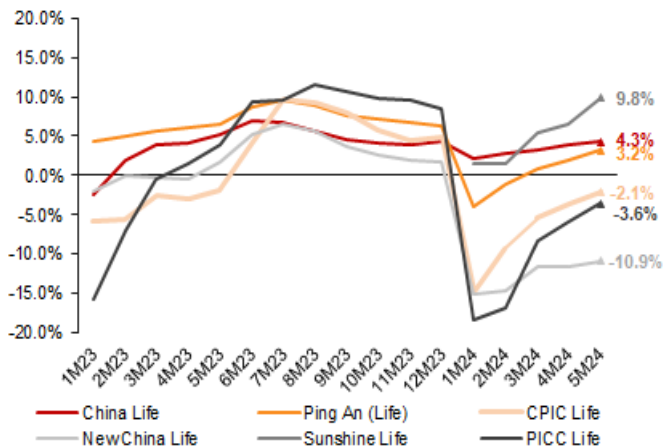
Source: Company data, HKEx, CMBIGM

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



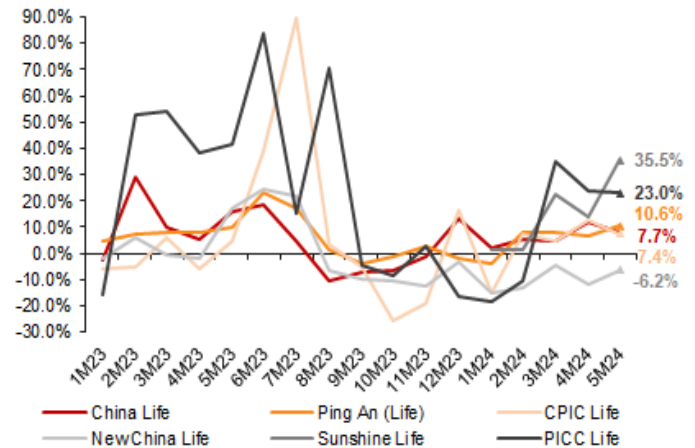
Source: Company data, HKEx, CMBIGM

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



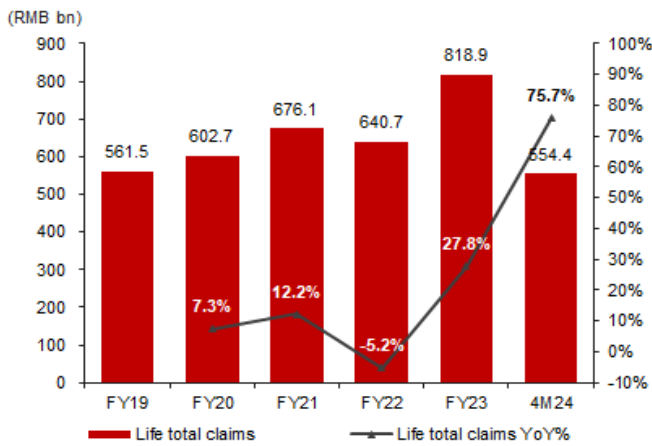
Source: Company data, HKEx, CMBIGM | Note: Six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life, and Sunshine Life. Taiping Life did not disclose premiums since Nov 2023.

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



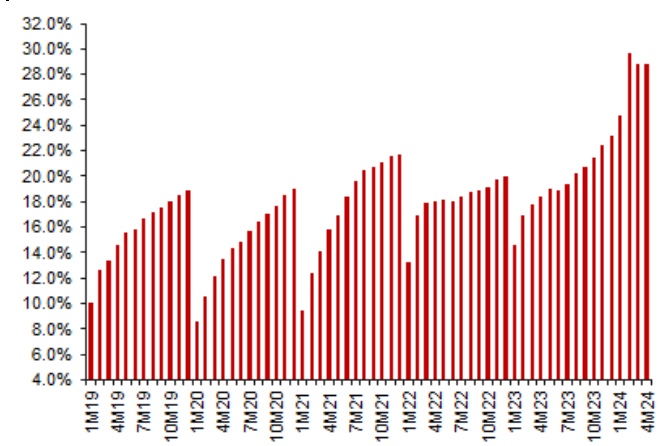
Source: Company data, HKEx, CMBIGM | Note: Six listed life insurers incl. China Life, Ping An Life, CPIC Life, NCI, PICC Life, and Sunshine Life. Taiping Life did not disclose premiums since Nov 2023.

Fig 17: Personal life industry total claims and YoY%



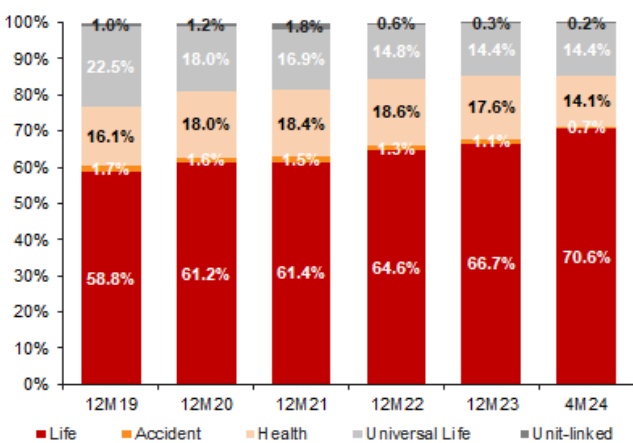
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

Fig 18: Personal life industry loss ratio, FY19-4M24 (%)



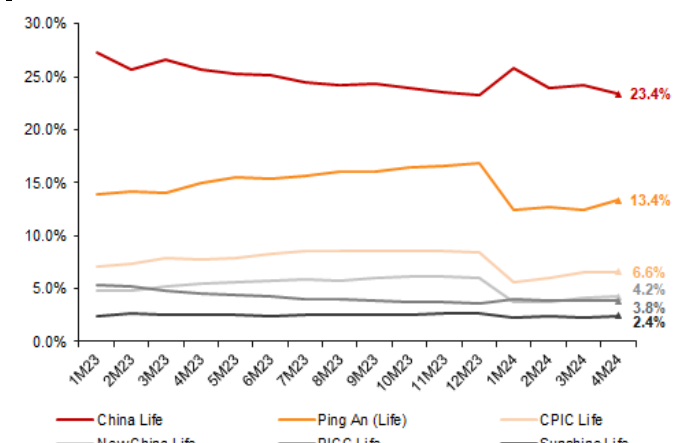
Source: NFRA, CMBIGM estimates | Note: insurance premium data dated end Apr, 2024.

Fig 19: Personal life premium mix by lines, FY19-4M24



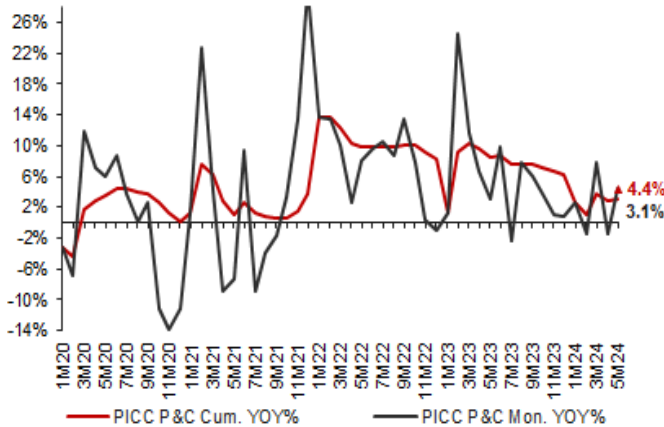
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

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



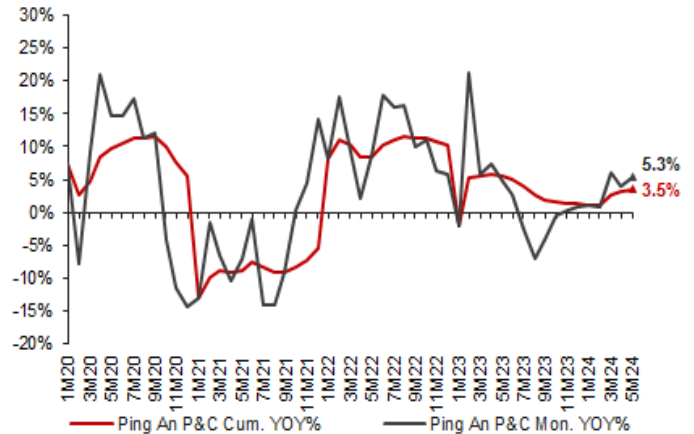
Source: Company data, NFRA, HKEx, CMBIGM | Note: life insurers' market share calculated based on total life industry premiums disclosed by NFRA; insurance premium data dated end Apr, 2024.

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



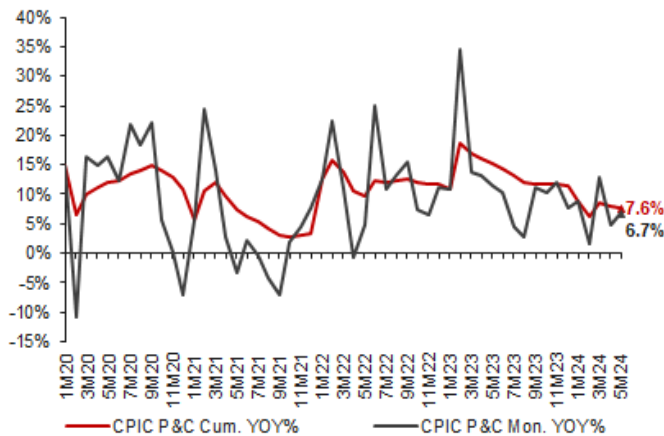
Source: Company data, HKEx, CMBIGM

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



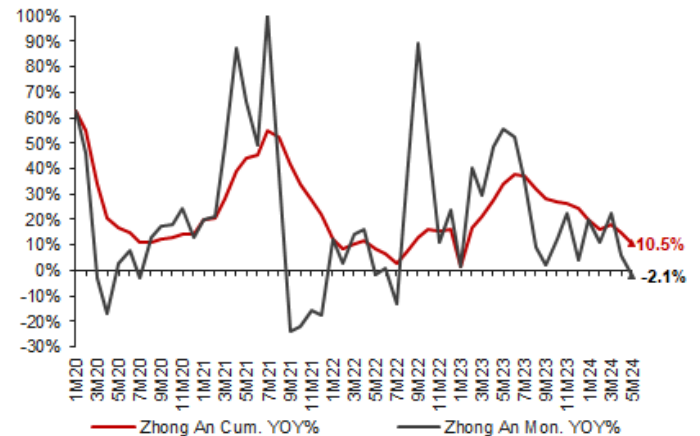
Source: Company data, HKEx, CMBIGM

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



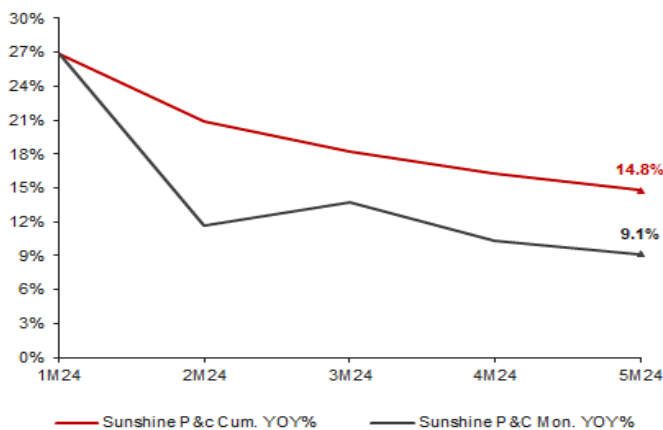
Source: Company data, HKEx, CMBIGM

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



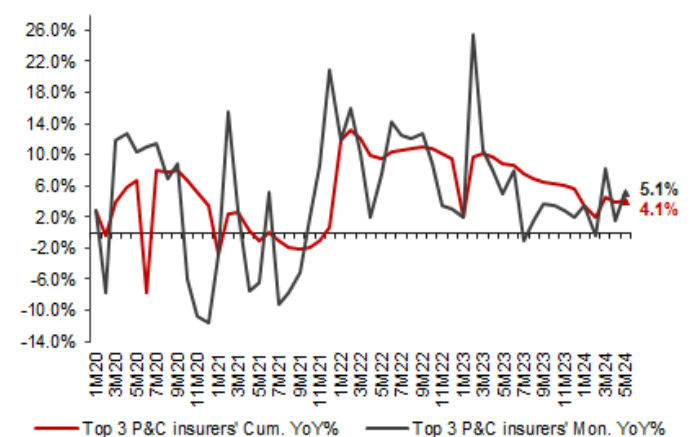
Source: Company data, HKEx, CMBIGM

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



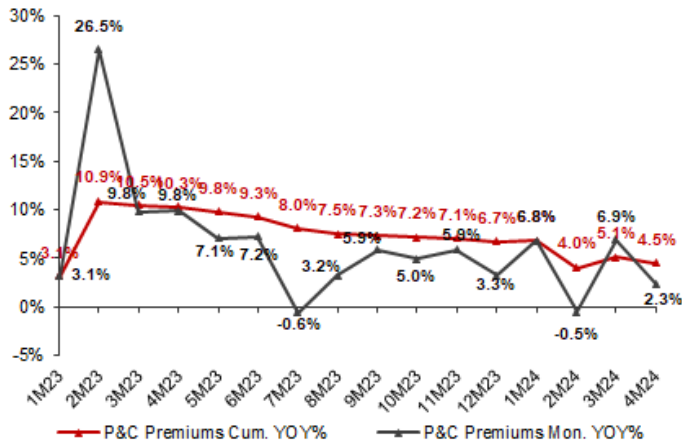
Source: Company data, HKEx, CMBIGM

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



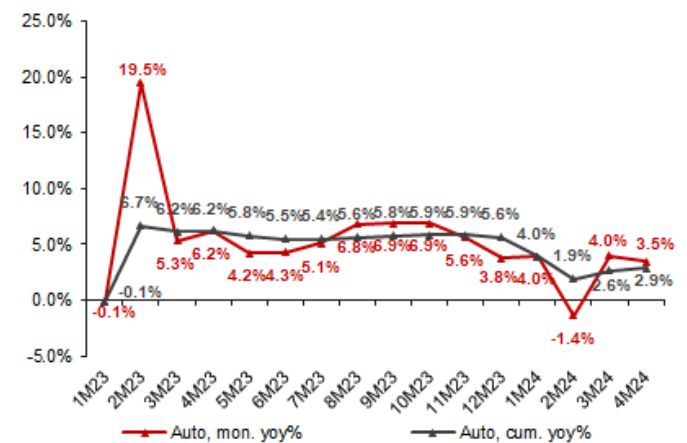
Source: Company data, HKEx, CMBIGM | Note: Top 3 listed P&C insurers incl. PICC P&C, Ping An P&C, and CPIC P&C.

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



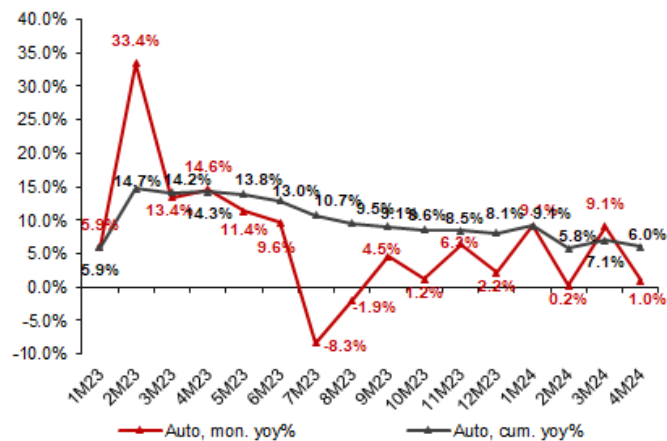
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

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



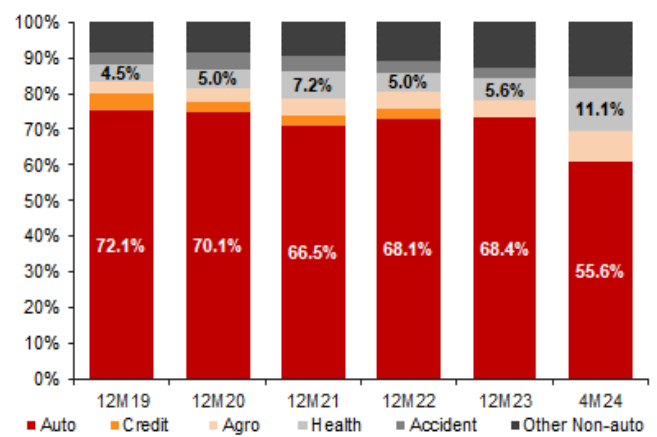
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

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



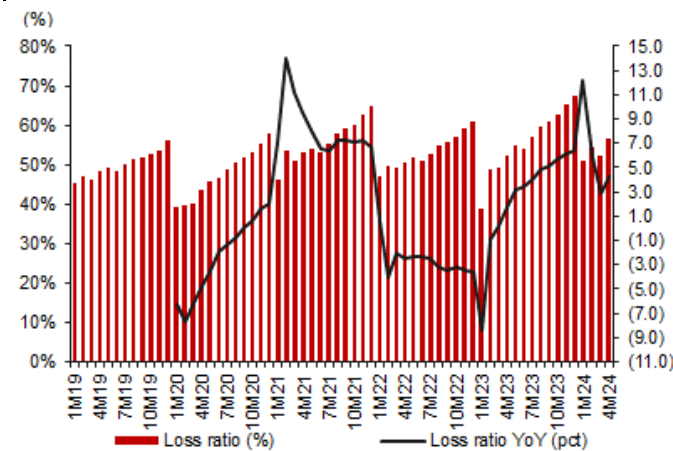
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

Fig 30: P&C premiums mix by lines, % (FY19-4M24)



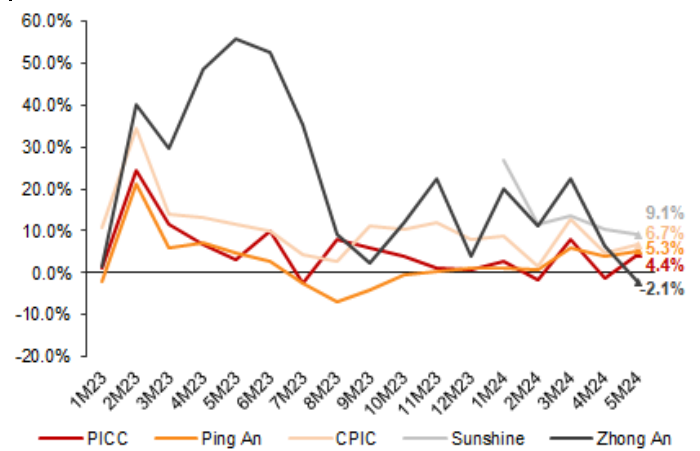
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

Fig 31: P&C industry loss ratio, FY19-4M24 (%)



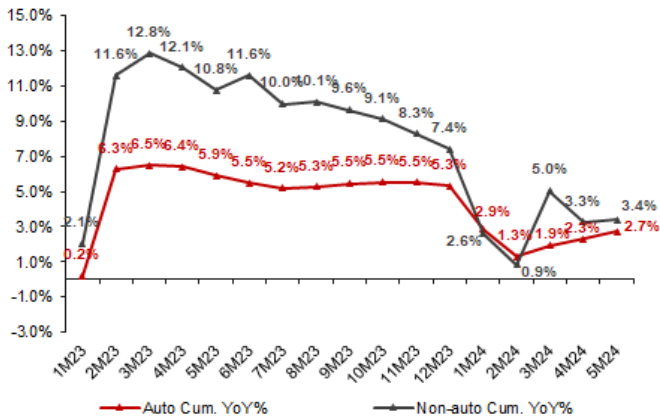
Source: NFRA, CMBIGM | Note: insurance premium data dated end Apr, 2024.

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



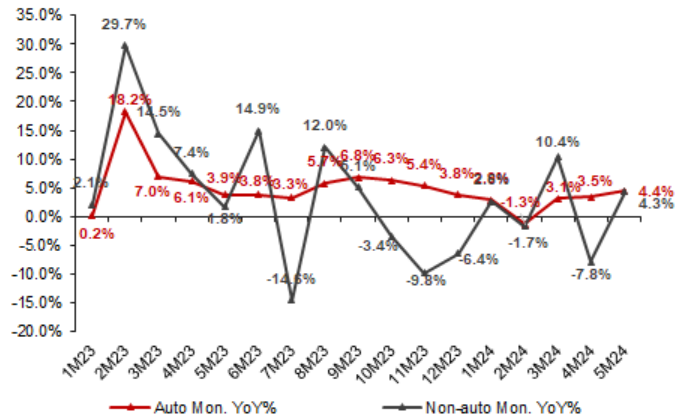
Source: Company data, HKEx, CMBIGM

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



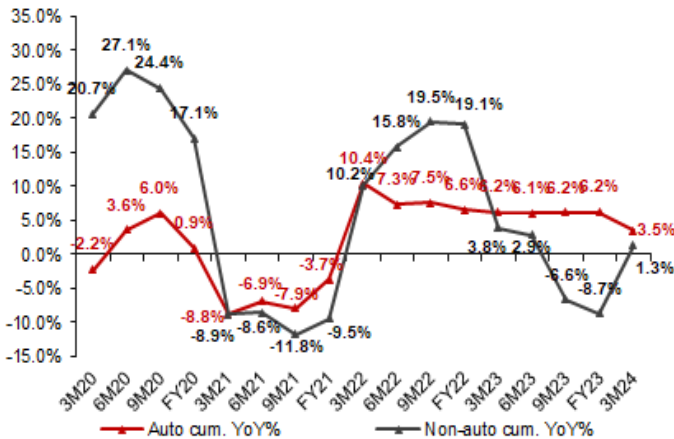
Source: Company data, HKEx, CMBIGM

Fig34: PICC P&C Auto & Non-auto premium Mon. YoY%



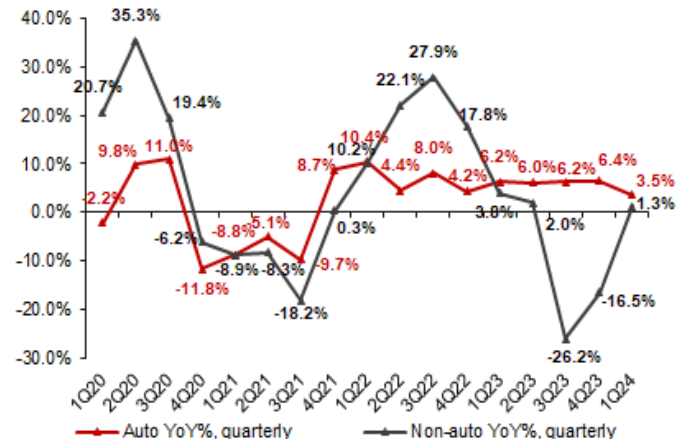
Source: Company data, HKEx, CMBIGM

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



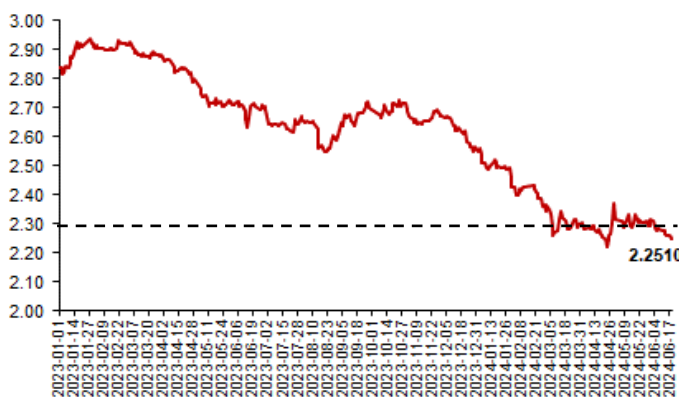
Source: Company data, HKEx, CMBIGM | Note: Ping An P&C disclosed quarterly auto and non-auto premium data since Jun 2021.

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



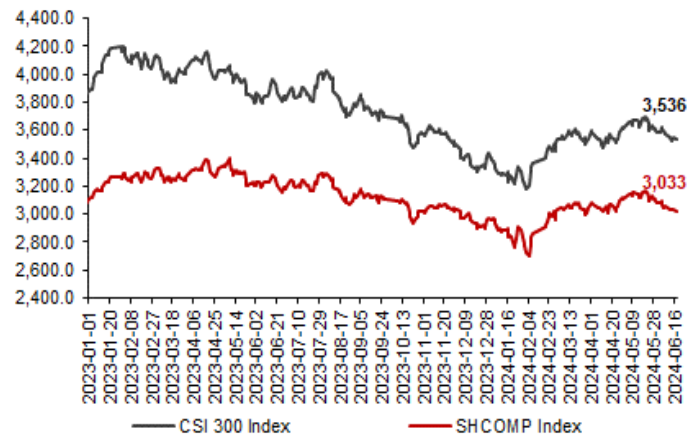
Source: Company data, HKEx, CMBIGM | Note: Ping An P&C disclosed quarterly auto and non-auto premium data since Jun 2021.

Fig 37: CN 10Yr govt. bond yield lingering around 2.3%



Source: Wind, CMBIGM | Note: Data as of market close on 18/6/2024.

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



Source: Wind, CMBIGM | Note: Data as of market close on 18/6/2024.

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