

China Insurance

1-8M26: Weak sales momentum persisted in Life and P&C auto insurance

The NFRA reported 1-8M26 premiums. Total insurance premiums stayed broadly flat YoY at RMB4.82tn, with August monthly premium sliding 10.3% YoY to RMB530bn, mainly dragged by the decline in Life (-15.1% YoY) segment. Personal life premiums fell 13.6% YoY to RMB401bn in Aug, sustaining the streak of double-digit declines for two consecutive months (Jul: -15.6% YoY) due to a high base of front-loaded demands in 3Q25 ahead of the PIR cuts in Sep-25 (vs. Jul-/Aug-25: +33.5%/+61.6%). We expect the high-base effect to fade from Sep-26, with the trend of life premium sales to normalize in 4Q26E, alongside the ramp-up of the 2027E jumpstart sales. Cumulative P&C premiums flattened YoY for three consecutive months, with Aug premium rising 1.8% YoY to RMB129bn, mainly supported by health insurance (+29% YoY). Auto premiums slightly dropped in Aug to RMB76.3bn, due to continued weakness in new vehicle sales although the NEV penetration steadily grew to 60.6%. We maintain our views that 1) Life transition to participating/floating-yield products will continue, which could soften the FY26E premium growth to a mid-to-high-single digit (CMBI est vs. FY25: 11.4% YoY); 2) P&C auto premium likely to stay flat YoY in FY26E, affected by sluggish new vehicle sales while partially offset by the increasing NEV penetration; 3) H&A insurance to remain the key growth driver of P&C non-auto premiums, with the scale of health insurance to exceed RMB1tn by end-2026E. Maintain OUTPERFORM.

- **Life: Weak sales momentum persisted in Aug; expect sales normalization in 4Q.** Personal life insurance premiums remained broadly flat at RMB3.57tn in 1-8M26, with Aug premium dropped 13.6% YoY to RMB401bn, mainly dragged by life sales. Life premiums declined 15.1% YoY to RMB338bn in Aug due to a high base ahead of the PIR cuts in Sep-25. We expect the high-base effect to fade from Sep, with the sales trend to normalize in 4Q26. Given a prolonged low-rate environment, we see the life transition to participating/floating-yield products will continue, which could soften the premium growth from a low-teens (FY25: +11.4% YoY) to a mid-to-high-single digit in FY26E (CMBI est). Health/accident/universal life/unit-linked products slid 4.6%/7.0%/7.5%/-68.5% YoY in Aug, showcasing widened declines from Jul-26. In Aug, the CSI300/SHCOMP index dropped 7.1%/2.6% from 1H26.
- **P&C: Auto premium flattened; non-auto bolstered by health insurance.** P&C premiums grew 2.2% YoY to RMB1.25tn in 8M26, of which auto/non-auto premium flattened/+4.4% YoY to RMB601bn/RMB647bn. In Aug, P&C premium marginally rebounded by 1.8% YoY to RMB129bn, with auto premium declining 0.1% YoY to RMB76.3bn (59% mix) due to sluggish new passenger vehicle sales (-6.2% YoY vs. Jul-26: -0.9% YoY), per data of CAAM. NEV sales penetration continued to rise to 60.6% as of end-Aug (vs. Jul-26: 60.4%). Non-auto premiums edged up 4.6% YoY to RMB52.8bn (41% mix) in Aug, mainly driven by the robust growth of health insurance (+28.9% YoY, 10% mix). Liability/Agriculture/Accident/Other premium was +8.7%/-2.9%/+2.5%/-9.0% YoY in Aug. The direct economic loss from natural catastrophes rose 84.2% YoY to RMB36.03bn in Aug per data of Ministry of EM, signalling potential higher claims ratio among the P&C peers in 3Q26. We maintain our view that P&C premium growth may stay at a low-single digit in FY26E, with a flattening auto premium and a rise from non-auto segment bolstered by health.
- **Attractive risk-reward profiles, with sluggish life sales in 3Q largely being priced in.** The sector is trading at 0.22x-0.51x FY26E P/EV and 0.50x-1.03x FY26E P/B, with dividend yield of 4%-7% and avg. 3yr ROE at >15% (Table). The valuation fell back to the post-1Q26 earnings period, given the market factoring in the 3Q NBV high base, a falling yield curve and sluggish 3Q-to-date equity market returns. We remain constructive on improved asset-liability matching to underpin the sector re-rating, and recommend BUY on industry top-runners, including China Life (2628 HK, BUY, TP: HK\$39), Ping An (2318 HK, BUY, TP: HK\$81), and PICC P&C (2328 HK, BUY, TP: HK\$20).
- **Key risks:** 1) regulatory tightening on life insurers and financial conglomerates; 2) heightened equity market volatilities; 3) a prolonged low-interest rate environment; 4) significantly lower-than-expected new policy sales; 5) a sharp decline in agency force; 6) intensified P&C pricing competition; and 7) asset quality deterioration, etc.

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China Insurance Sector

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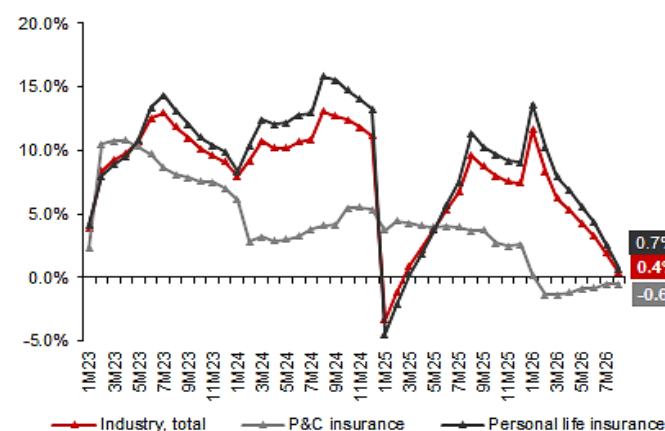
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Valuation

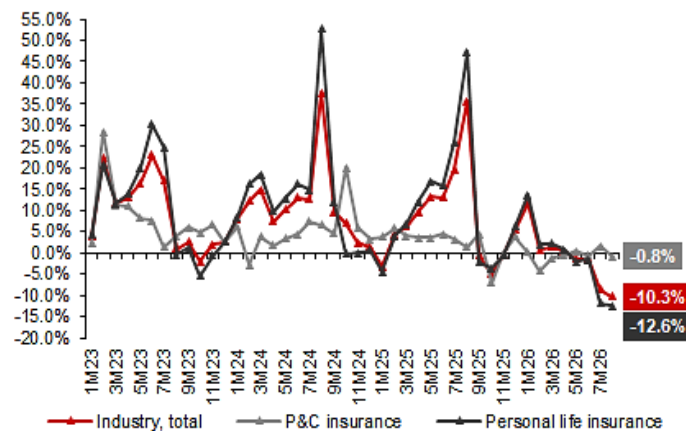
Company	Ticker	Rating	Target price (LC)	Mkt Cap (LC bn)	P/EV(x)		P/B (x)		Yield (%)	
					FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Mainland/HK:										
Ping An	2318 HK	BUY	81.0	954	0.51x	0.48x	0.76x	0.70x	6.6%	6.9%
China Life	2628 HK	BUY	39.0	808	0.42x	0.39x	0.94x	0.78x	3.8%	4.0%
CPIC	2601 HK	BUY	40.0	273	0.36x	0.33x	0.68x	0.59x	5.2%	5.7%
New China Life	1336 HK	BUY	61.3	143	0.39x	0.36x	0.99x	0.84x	7.0%	6.8%
China Taiping	966 HK	HOLD	15.0	72	0.22x	0.20x	0.61x	0.55x	5.8%	5.9%
PICC Group	1339 HK	BUY	7.50	251	0.43x	0.40x	0.62x	0.56x	5.4%	5.9%
PICC P&C	2328 HK	BUY	20.0	366	n.a	n.a	1.03x	0.96x	5.5%	5.7%
ZhongAn Online	6060 HK	BUY	18.0	16	n.a	n.a	0.50x	0.48x	0.0%	0.0%
Sunshine Group	6963 HK	NR	n.a	40	0.26x	0.23x	0.57x	0.53x	6.9%	7.4%
Average					0.37x	0.34x	0.75x	0.66x	5.1%	5.4%
Regionals:										
AIA	1299 HK	BUY	112.0	763	1.14x	1.01x	2.12x	1.95x	2.9%	3.2%
Prudential	2378 HK	BUY	137.8	246	0.75x	0.67x	1.52x	1.36x	2.3%	2.6%
Average					0.95x	0.84x	1.82x	1.66x	2.6%	2.9%

Source: Bloomberg, CMBIGM estimates | Note: stock price data quoted by market close on Sep 28 2026 (Mon); earnings forecasts for Sunshine Group (6963 HK, NR) are based on the Bloomberg consensus.

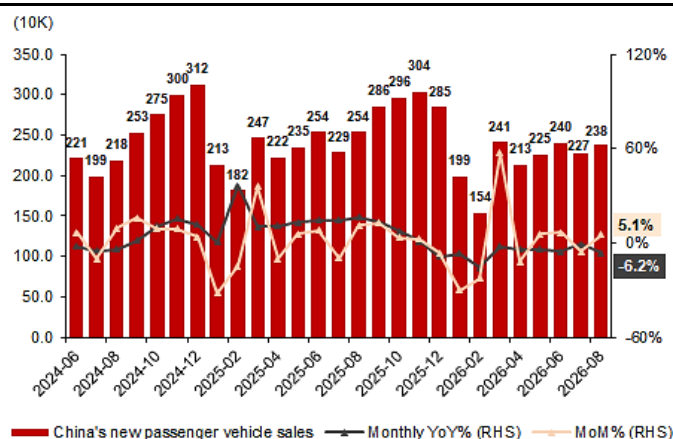
Focus Charts

Fig 1: Total / Personal life / P&C premium Cum. YoY%


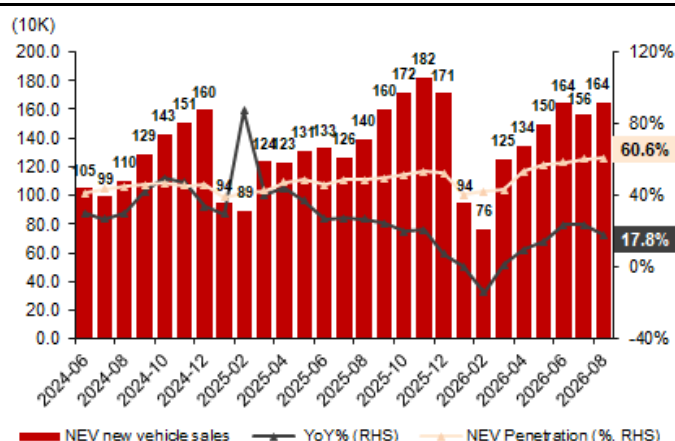
Source: The NFRA, CMBIGM

Fig 2: Total / Personal life / P&C premium Mon. YoY%


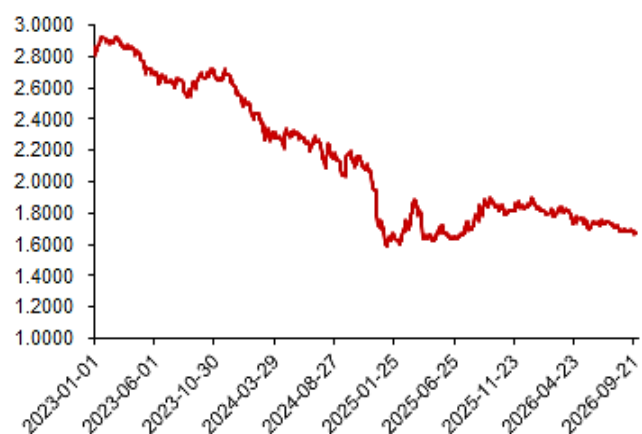
Source: The NFRA, CMBIGM

Fig 3: China's new passenger vehicle sales & YoY%


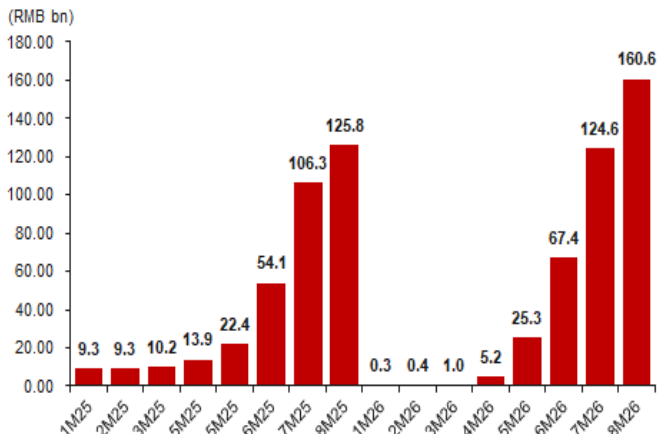
Source: The CAAM, Wind, CMBIGM

Fig 4: NEV new vehicle sales & YoY% and penetration%


Source: The CAAM, Wind, CMBIGM

Fig 5: China's 10YR government bond yield (%)


Source: Wind, CMBIGM

Fig 6: Direct economic loss from natural catastrophes


Source: The Ministry of Emergency Management (MEM), CMBIGM

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