

CPIC (SH601601, HK02601)
Stock Data (By April 30, 2015)

Total equity base(in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	294,238
A-share	213,129
H-share (in HK dollar million)	102,398
3 month highest/lowest (in RMB)	
A-share	36.96/30.03
H-share (HK dollar)	41.55/35.45

Investor Relation Calendar

May 26,2015 CPIC Investor Day Shanghai
May 27-29,2015 Morgan Stanley's Inaugural China Summit Beijing
June 1-3,2015 JP Morgan Global China Summit 2015 Beijing
June 16-17,2015 2015 China Merchant Securities Interim Conference Shanghai

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Contents
• Briefing

CPIC held the first Investor Day of 2015. (Page 2-3)

• Regulatory Updates

CIRC issued revised regulation rules in terms of guarantee capital of insurance company. (Page 4)

CIRC strengthened the requirements of disclosure of reinsurance affiliate transaction. (Page4)

• Company Updates

CPIC moves up significantly in Forbes Global 2000 ranking. (Page4)

Mr. Fang Lin, board secretary of CPIC, is awarded Outstanding Board Secretary of Listed Companies of Shanghai. (Page4)

CPIC Health and CPIC Life jointly rolled out a new product: "Xin An•Yi" . (Page 5)

CPIC P&C and Ant Financial made progress towards collaboration(Page 5)

Shandong branch of CPIC P&C passed the authority's inspection on the pilot program of auto insurance reform(Page 5)

Elderly Care Investment Company and CPIC Life jointly held the first product promotion event for "Nan Shan Ju" (Page 5)

Premium Income (Unit: in RMB million)

Key Indicators	January to April	Changes	April	Changes
Premium Income				
-P&C	32,571	1.8%	8,237	(3.1%)
-Life	43,848	0.3%	5,930	10.6%

Briefing:

CPIC held the first Investor Day of 2015

1. CPIC adopted a screening system (Hui Yan System) in recruitment of new agents. Is there any optimization with regard to the new agents' KPIs, such as performance rate, activity rate, etc.?

The R&D of Hui Yan System started in September 2014. The system has been in use for only about half a year and it still takes time for the collection of data for the whole year. The model was established based on the data of 2013 and was tested twice with the data of the first/second half of 2014. The system was put into use for agent recruitment in 2015 as planned. The retention rate of the new agents scored 85 and above under Hui Yan System is 36% higher than the average level.

2. With the progress made in claim settlement, new technologies involved in underwriting and the optimization of business process, are there any improvements to P&C business?

The Electronic Policy System was piloted in Shenzhen in February 2015, and then in Xiamen. Currently, the electronic policy issuance of individual auto business accounts for 50% of all electronic policies issued in Xiamen, saving a lot of operation costs. CPIC has about 20,000 policy issuers nationwide. If the Electronic Policy System can be more widely used, the clients are able to place orders by themselves which will lead to a big reduction in the number of policy issuers. However, such an improvement in economic efficiency has not been obvious up to now due to CIRC's requirement of hard copies of policies for filing. The clients' experience has been improved significantly although the saving of operation costs won't be realized until future modifications to the regulations.

3. Compared with new products of other insurers, CPIC's "Mobile Phone Bank Account Insurance" seems lack of data support. How to develop this product and set the price?

Price setting is the common challenge faced by all companies engaged in developing internet insurance. When Taobao developed its freight insurance, the insurance was underwritten by Huatai Insurance and there was loss in the first year. Since the electronic commercial company was in urgent need of such an insurance product at the time, the risks brought by the lack of historical data for any of the insurers back then must be jointly shouldered by the company and the insurer.

Sometime after the new product came into being, big data started to play an important role. The accumulation of mass data provided sufficient statistics for the identification of claim ratio and the timely optimization of price setting.

CPIC will follow such a method in developing its internet products. However, CPIC's "Mobile Phone Bank Account Insurance" product is a special one. Its essence is a mobile phone bank account theft and pilferage insurance. Such insurance products have been in the market for a while so there is some historical data support.

4. What is the prospect of UBI in China?

Currently, China's reform on auto insurance business focuses on price setting based on the types of the vehicles rather than drivers. From international experience, UBI isn't the mainstream type of product either in European and American markets. UBI product in China is still in the exploration phase.

5 At present, internet insurance mainly facilitates client obtaining. How does CPIC position its internet insurance business and what are its costs in obtaining clients for P&C and life business respectively?

Auto insurance is the biggest internet business in terms of volume, followed by high cash value and financing products, accidental insurance products and some long-term life insurance products. CPIC will enhance those products with business value and underwriting profit and focus on customers' experience. The company doesn't have any intention as to define which products are aimed at client obtaining and which are for profits. All the products are designed based on customers' all around demands so as to realize a reasonable product structure.

As for the costs of client obtaining, in line with the strategy just mentioned, we will not calculate the costs of each specific product. Instead, the internet platform is promoted as a whole. Internally, we are undergoing a customer oriented transformation to share all resources in terms of cross selling, client resource and internet selling/tele-marketing.

6. What are CPIC's thoughts on the development of internet insurance business?

As has been pointed out previously in our regular reports, the company sticks to its strategy of "enhancing the business foundation and advancing with the times". By "enhancing the business foundation", we mean that insurance remains as our core business in realizing sustainable growth of value. Throughout different stages of our development, the strategy has been evolving and the idea of "walking on two legs" was raised to emphasize a balanced development of both insurance and investment business. "Advancing with the times" requires new measures and technologies, among which internet technology (including cloud computing, big data, etc.) is the most important one. In order to realize our strategy, we have been promoting a raft of programs, from 12 programs at the

beginning to 18 programs at present, to achieve sustainable value growth.

Regulatory Updates

- **CIRC issued revised regulation rules in terms of guarantee capital of insurance company(20150427)**

CIRC recently revised the regulation rules in terms of guarantee capital of insurance company and issued the new version.

The revised regulation rules includes:1) the cancellation of prior approval issues;2)the adjustment of the deposit amounts of partly guarantee capital; 3) Properly broadening the range of choice of deposit banks and increasing the flexibility of deposit allocation for insurance companies. 4) No changing nature of the guarantee capital during the retention period.

- **CIRC strengthened the requirements of disclosure of reinsurance affiliate transaction. (20150513)**

CIRC issued a notice in terms of strengthening the disclosure of reinsurance affiliate transaction.

The notice required that the insurance companies should report the detailed reinsurance affiliate transaction data by different products every quarter. Meanwhile, all the insurance companies both Chinese and foreign in mainland China should disclose the reinsurance affiliate transaction.

Company Updates

- **CPIC moves up significantly in Forbes Global 2000 ranking.(20150511)**

On May 8th, Forbes magazine released the 2015 ranking of Forbes Global 2000, where CPIC moves up 54 spots to the 173rd with a revenue of \$35.5 billion and a profit of \$1.8 billion. CPIC ranks the third among all Chinese insurance companies on the list.

The ranking is based on a mix of several metrics, revenue, profit, etc. It has become one of the most authoritative leading public company ranking lists and receives a lot of attention.

CPIC stood at 227th in the ranking of 2014, 51 places higher than the previous year.

The company stuck to its strategy of development by focusing on insurance business and realizing sustainable value growth with transformation initiatives centered on customers' needs. By the end of 2014, group embedded value stood at RMB 171,294 billion, an increase of 18.6% from the previous year; group value of in-force business reached RMB 74.06 billion, up 18.6%.

- **Mr. Fang Lin, board secretary of CPIC, is awarded Outstanding Board Secretary of Listed Companies of Shanghai(20150513)**

Shanghai Listed Companies Association held its second plenary session

on May 8th. On the meeting, Mr. Fang Lin, board secretary of CPIC, is awarded Outstanding Board Secretary of Listed Companies of Shanghai for 2013-2014.

●CPIC- Allianz Health and CPIC Life jointly rolled out a new product: “Xin An•Yi” (20150520)

CPIC-Allianz Health and Shanghai branch of CPIC Life jointly held a high end health insurance forum and a launch ceremony of a new product “Xin An•Yi” on May 17th. About a hundred high-end customers were invited to the event and over 50 agents from Shanghai branch of CPIC Life also participated. The product is the result of collaborations between subsidiaries of CPIC in a bid to meet customers’ needs with professional health insurance products and services.

●CPIC P&C and Ant Financial made progress towards collaboration(20150507)

Substantial progress has been made towards collaboration between CPIC P&C and Ant Financial. The first policy of guarantee insurance based on internet financing was signed between the two companies on April 28th. On the same day, Ant Financial announced that CPIC P&C has been selected for Taobao freight insurance program, which makes CPIC P&C the third insurer following Zhongan and Huatai.

●Shandong branch of CPIC P&C passed the authority’s inspection on the pilot program of auto insurance reform(20150518)

The release of a new commercial auto insurance product of Shandong branch of CPIC P&C passed the inspection of Shandong Insurance Regulatory Commission at 14:00, May 18th, which makes CPIC P&C’s Shandong Branch the first to pass such an inspection among all insurers and insurance companies in the six pilot areas of the reform.

●Elderly Care Investment Company and CPIC Life jointly held the first product promotion event for “Nan Shan Ju” (20150521)

The event was held in Shanghai on May 20th. During the promotion, 46 selected sales personnel from Shanghai, Suzhou, Wuxi and Changzhou branches were appointed to be CPIC’ s first team of this program to promote the idea of the product and the service of CPIC’ s services covering insurance, financial management and health care.

“Nan Shang Ju” is a elderly care product that provides the elderly population in big cities with 24-hour services including personal life service, medical care and spiritual care. The first Nan Shan Ju demonstration nursing home was established and put into use at the end of 2015. The well-equipped nursing home covers an area of 5550 square meters and offers standard service. The brand of “Nan Shan Ju” will expand its business from Shanghai to areas like Yangtze River Delta, Pearl River Delta and Circum-Bohai-sea area in the future.