

CPIC (SH601601, HK02601)
Stock Data (ending May 30, 2015)

Total equity base(in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	284,221
A-share	202,630
H-share (in HK dollar million)	110,861
5 month highest/lowest (in RMB)	
A-share	36.96/30.03
H-share (HK dollar)	44.1/35.45

Investor Relation Calendar

June 16-17,2015
 2015 China Merchant Securities Interim
 Conference
 Shanghai

June 24-25,2015
 CICC Interim Investment Strategy
 Conference
 Shenzhen

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Premium Income (Unit: in RMB million)

Indicator	Jan. to May	Changes	May	Changes
Premium Income				
-P&C	40,444	1.0%	7,873	(2.1%)
-Life	51,466	1.5%	7,618	8.7%

Briefing:

New Products Overview

As part of its effort to push the customer-centric transformation, CPIC continues to focus on risk protection and long-term savings products, and recently launched a series of tailor-made products in a bid to meet the insurance needs of its customers during their entire life cycle. The new products were well received by the market, contributing to sustainable value growth of the company. The following is a snapshot of some of these new products.

In the context of China's demographic shifts, CPIC Life recently launched a cancer protection product specifically for the elderly population, *Yinfa Ankang* (safe and healthy for the white-haired). The product features expanded coverage, raised age limits (up to 75 years), high levels of protection (up to RMB 200,000-300,000 in sum assured), and offers much value for money. It also balances between the company's risk control and customers' needs, and targets the niche for cancer protection among middle-aged and elderly people.

On the other hand, CPIC's health subsidiary recently developed a juvenile health product called *Jiabei'ai* (extra care), which covers 32 critical illnesses common among children and teenagers. The product's main features can be summarized as wide coverage, low premiums and high protection – 150% of sum assured for 2 common illnesses, i.e., leukemia and critical mouth-and-foot disease. This product is already available on CPIC's e-commerce platforms.

The new products will help to enrich CPIC's product line-up, enabling it to better satisfy customers' diverse needs at different stages of their life cycles.

➤ Life: *Yinfa Ankang* Malignant Tumor Disease Insurance A

Product Features

1. Company's first cancer protection for the elderly
2. Dedicated to the elderly, with applicants' age limit relaxed to 50-75
3. Guaranteed renewal till 100 years
4. Good value for money
5. Differentiated protection: 150% for liver, lungs and stomach cancer
6. No need for health check (when combined SA below 1 million including other critical illness policies)

Payment mode: 5-year and 10-year

Insurance period: 5 years and 10 years, with guaranteed renewal till 100 years

Basic sum assured: RMB 50,000 per policy

Benefits

1. Malignant tumors: 150% SA for liver, lungs and stomach, 100% for other tumors

2. Death: return of paid premiums

➤ **Health: *Jiabei'ai* (extra care) juvenile health**

Product features

- 1.30 critical illnesses + 2 juvenile-specific illnesses (leukemia and critical mouth-and-foot)
2. Protection up to RMB 300000, with special illnesses up to 450000

Benefits

1. Pay-outs for 30 juvenile critical illnesses, such as asthma, meningitis sequelae. (Sum assured: RMB 100,000)
2. Pay-outs for 2 special juvenile illnesses: leukemia and critical mouth-and-foot. (Sum assured :RMB 150,000)

AGE	PREMIUM (RMB yuan)
0-2	90
3-9	45
10-17	45

Regulatory Updates

● **Pilot of Commercial Auto Insurance Kicked Off (20150601)**

Starting from June 1, new terms and rates for commercial automobile insurance were introduced in 6 geographies including Heilongjiang, Shandong, Guangxi, Shaan'xi, Chongqing and Qingdao, marking the official implementation of the pilot program.

The new products had previously been approved by CIRC, with local insurance commissioners supervising the transition of IT systems, personnel training and replacement of policy forms to ensure adequate preparations.

The deregulation seeks to reform the mechanism for the setting of car insurance premiums. Insurance companies will gradually be given more power in pricing, while product offerings will be expanded, benefiting Chinese consumers. It's also expected that the overall rates will largely be stable, with better matching of premiums and risks, and most car owners are likely to be charged lower premiums. There is yet no firm time-table for the national roll-out of the reform. The regulator indicates that it will review the result of the pilot program before deciding exactly when to roll out.

● **New Channels for Insurance Companies to Replenish Capital (20150612)**

During a press briefing, CIRC indicates that the Circular on the Issue of Preferred Stocks by Insurance Companies will be released soon.

The regulator also stresses that it encourages the use of "innovative capital-raising channels", and has given the go-ahead for insurance companies to raise funds by issuing bonds on the inter-bank market, and has

virtually lifted all restrictions on the use of overseas capital instruments.

The diversification of capital-raising channels is in preparation of the official implementation of C-ROSS.

Officials from CIRC were quoted as saying that in 2014 the capital surplus of insurance companies soared by 79.8%, reaching RMB 720.7 billion on the back of better profitability, rally of capital markets and a flurry of fund-raising activities.

Company Updates

● CPIC invests in preferred stocks of China Railway Development Fund (20150615)

On 13 June 2015, CPIC Life and CPIC P/C, the subsidiaries of the Company, entered into the Investors' Agreement with China Railway and Other Investors, pursuant to which CPIC Life and CPIC P/C will subscribe for an aggregate of 32,000,000,000 preference shares to be issued by Railway Development Fund at a purchase price of RMB1.00 for each Preference Share.

Pursuant to the Investors' Agreement, during the 15-year term, China Railway will guarantee the fixed annual return of CPIC Life and CPIC P/C. All the shares to be issued will be repurchased by China Railway at the initial subscription price (i.e. nominal value) in cash and the returns on the shares will also be settled in a timely manner and in full at the end of the 15-year term.

Railway Development Fund was established in September 2014. Upon completion of the additional capital contribution, the registered capital of Railway Development Fund will be RMB188, 200,000,000. It has an operating period of 20 years. The principal business of Railway Development Fund includes: investment and management of railway construction projects and comprehensive railway-related land development and operation projects, investment consulting and relevant services.

● CPIC P&C inaugurates innovation development center. (20150602)

The center seeks to meet the challenges and seize opportunities of the new economic norm and internet+. More specifically, it is mandated to speed up the development of internet products and services, improve customer interface, strengthen management of customer touch-points, enhance customer interaction and explore the extension of industry value chain.

The center's immediate priority is to map out plans for innovation-driven development.

● CPIC P&C obtains agricultural insurance license in Hebei and Guizhou.(20150610)

On June 4th, CPIC P&C got the approval to engage in agricultural insurance in the provinces of Hebei and Guizhou, and with this, a total of 21 branch offices of the company have license to offer government-subsidized agricultural business, covering 17 provinces and municipalities, ranking the 3rd place in the industry.

● **Policy loans now accessible on Alipay.(20150529)**

CPIC Life recently launched policy loans on Alipay, a leading Chinese third-party payment processing platform. In addition to the official *Wechat* of CPIC, the extension and refunding of policy loans are now available on Alipay. CPIC life has been exploring ways to provide customer service via multiple means. The recently launched virtual service counter by CPIC Life on Alipay also supports policy inquiries.

● **CPIC Life wins bid for PA business for the elderly in cities of Quzhou and Shaoxing(20150616)**

CPIC Life recently became the only provider of PA insurance for the elderly population in Quzhou and Shaoxing of Zhejiang Province. The program is expected to cover 220,000 elderly people in these 2 cities, with the insurance period ranging from 1-2 years.

● **CPIC AMC hosts first beneficiaries' meeting for alternative products in 2015. (20150610)**

Representatives from over 40 institutions including beneficiaries, trustees and independent supervisors attended the meeting.

The meeting reviewed the operation of alternative products. Beneficiaries in particular reviewed and approved resolutions on 12 alternative products, followed by presentations on current market conditions by the AMC.