

**CPIC (SH601601, HK02601)**
**Stock Data ( ending Jan. 31, 2016)**

Total equity base(in million)	9,062
A-share	6,287
H-share	2,775
Total Cap (in RMB million)	210,003
A-share	146,298
H-share (in HK dollar million)	75,758
1 month highest/lowest (inRMB)	
A-share	27.97/22.48
H-share (in HK dollar)	30.05/25.2

**Investor Relation Calendar**


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March 29, 2016  
 CPIC 2015 Annual Analyst Briefing  
 Shanghai, Hong Kong

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**Premium Income (Unit: in RMB million)**

Indicator	Jan.	Changes	Jan.	Changes
<b>Premium Income</b>				
-P&C	11,132	4.9%	11,132	4.9%
-Life	25,864	59.6%	25,864	59.6%

## Briefing

### Another Strong Beginning for CPIC Life for 2016

Having recorded a market leading growth rate for agency new business in 2015, CPIC Life posted strong sales for the beginning of 2016, with January premiums amounting to 25.864 billion yuan, a growth of 59.6%. Of this, new business exceeded 10 billion yuan for the first time in the history of the company.

The management of the life company, in their New Year speech to the employees, indicates that surpassing the mark of 10 billion is only the first step of “a new journey” in 2016. Continued efforts are required to boost strong performance in both business expansion and headcount growth. The management also stresses the importance of compliance in spite of the ambitious business targets.

Branch offices responded actively. Jiangsu focused on customer leads generation and product training, and in particular, stepped up training for *Dong Fang Hong*, a long-term saving product, and organized product seminars of different scales. There was also sales team segmentation, with veterans and high-performing new agents focusing on long-term savings, supplemented by risk-protection products to drive the performance ratio of the entire sales force. In Guangdong, the branch office set up a product promotion working group to work out the sales pitch, coupled with promotion on local newspapers and media.

Halfway through the jumpstart season, the company will conduct a full review of January performance, identify the key success factors and make unstinting efforts to bring about a successful season.

#### Appendix: Main features of pillar product *Dong Fang Hong*

- 1. Special bonuses with cash inflows stretching over whole life.** On the 3<sup>rd</sup> policy anniversary date, customers will be entitled to a special bonus worth 120% of basic SA, and thereafter an annual bonus 20% of SA.
- 2. Provisions for education.** From the third policy anniversary date till the insured reach 17 years, customers will be entitled to a cash benefit of 20% of SA, and on the anniversary dates when the insured reach 18,19, 20 and 21 years, there will be a cash benefit 50% of SA which would fund their university education.
- 3. Return of premiums when 60.** When the insured reach 60, they will be entitled to the return of all paid premiums.
- 4. Bundling with universal plans.** Customers may choose to bundle the product with a universal plan. All living benefits will automatically be credited into the universal account which offers a higher yield.
- 5. Flexible combination with waiver of premiums product.** In the event of accident death or full disability, premiums will be waived for the ensuing

years.

**6. Participating in company profits and compound interest rate to hedge against inflation.** Customers can participate in the profits of the company, and the cash dividends are computed based on compound interest rates.

## Company Updates

- **CPIC P&C inaugurating UAV photography application for agricultural insurance**

Recently, CPIC P/C inaugurated its unmanned aerial vehicles (UAVs) fleet for agricultural insurance, and also held training for aerial photography application in Shanghai and Wuhan respectively.

The application consists of UAVs, ground control stations and data processing stations, and forms an important part of CPIC's "E Agricultural Insurance Platform". The application enables fast crop loss adjustment, and in particular, verification of the insured fields, loss area and severity measurement.

Next, the aerial photography system will be connected to a mobile app to reengineer the entire business process, and the scope of application will also be extended to disaster relief and mitigation.

- **CPIC P&C entered into agreement with SAIC Insurance Distribution**

On January 12, the company signed a strategic co-operation agreement with SAIC Insurance Distribution. Under the agreement, the two sides will step up co-operation in sales, customer services to improve customer loyalty and experience.

- **Health subsidiary launched product on third-party website**

Recently the health company joined hand with *Datebao*, a third-party e-commerce platform for insurance, and launched *Tiexinbao*, a niche product specifically for cardio-vascular coverage. The plan protects against 10 cardio-vascular operations, with premiums as low as 45 yuan and an annual protection as high as 100,000 yuan. The product can be bought at <http://www.datebao.com/product/show/detail/66>.

## Regulatory Updates

- **2016 National Insurance Regulatory Work Conference held**

The 2016 National Insurance Regulatory Work Conference was held on January 25<sup>th</sup>. The meeting sets forth the priorities on the agenda for 2016. The regulation will focus more on the quality of growth and will further boost the role of the market in resource allocation. The regulator is also resolved to

improve insurance supervision to mitigate risks while improving the supply of insurance products and services to better serve China's social and economic development.

At the meeting, CIRC also outlines the key initiatives in 2016. To boost people's well-being, the regulator will forge ahead with 3 programmes, namely, improving the service standards of government-sponsored terminal illness insurance, the introduction of catastrophe insurance and the implementation of tax-deductible commercial health insurance. To deepen reform, the regulator will continue to push forward product liberalization, the establishment of market entry and exit mechanisms and the deregulation of investment. On the front of risks, the focus will be on the transition to C-ROSS and the establishment of an insurance policy registration platform.

#### ● C-ROSS officially up and running

Recently, CIRC issued a circular on the implementation of C-ROSS, marking the end of the transitional period and the official introduction of C-ROSS. Starting from the first quarter of 2016, insurance companies are only required to file C-ROSS reports.

The development of C-ROSS dates back to 2012, and after 3 years of hard work, the new solvency regime, underpinned by risk orientation, alignment with China's realities and international comparison, entered the transitional period in February 2015.

The transition lasted 4 quarters of pilot run. Industry-wise, the sector maintained stable and strong solvency positions under the new system. As for individual companies, the system can more effectively distinguish between high and low risk insurers, and therefore will encourage them to improve management, market strategies and risk management. The pilot run produced satisfactory result in spite of a challenging economic environment and fast-changing insurance landscape.

The official introduction of the regime will help to improve the overall resilience of the industry in the face of risks and will prompt insurance companies to upgrade the mode of development and better serve the real economy. At the same time, the new regime also paves the way for market-based reforms on the supply side.