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OVERSEAS

BULLETIN

M&A boost for AIG insurance

(2009-01-08)

AIG General Insurance Co China Ltd yesterday launched the first merger and acquisition (M&A) warranty insurance on China's mainland to ride on an expected M&A boom. The company, the non-life arm of United States insurer AIG in China, is bullish on M&A activities on the Chinese mainland.

The China Banking Regulatory Commission in December allowed banks to issue credit for M&A transactions, the first time the leverage has been extended to M&A activities on the mainland.

Industry watchers expect the move to boost the M&A activities and the global financial crisis also offers some Chinese companies opportunities to invest with relatively lower valuations.

The company is riding this trend and will target existing clients this year and expand its market share further. The company will also make use of its global network and choose clients carefully to control risks.

This insurance indemnifies the buyer for losses caused by breaches of warranties given by the seller in the M&A transaction. The policies enable the buyer to claim directly from the insurer without first approaching the seller.

Wellpoint eyes health insurance venture

(2009-1-13)

Wellpoint Inc is seeking potential partners for a health insurance joint venture it plans to set up by mid-2011 on the Chinese mainland as it taps rising demand for healthcare services, a senior executive said yesterday.

However, John P. Domeika, president and chief executive officer of WellPoint China, yesterday declined to shortlist potential partners but said he is confident of getting approval from the China Insurance Regulatory Commission by mid-2011.

One of every nine Americans is a member of a WellPoint affiliated health plan and the United States-based health benefits company is eyeing the Chinese market as a long term part of its strategic plans.

The company opened WPMI (Shanghai) Enterprise Consulting and Service Co in April 2008 and has two corporate clients, Sino-Life and Taiping Life. WPMI Shanghai, which has established a data center in the city, offers third-party consultancy services.

Sun Life Everbright approved to set up Chongqing branch

(2009-01-16)

Sun Life Everbright Life Insurance Co Ltd Chongqing branch has got regulatory approval to begin operation. The branch was entitled to conduct insurance businesses only in Chongqing municipality. Zhang Kun was approved to take the position as general manger of the branch.

Samsung Fire & Marine approved to establish Qingdao branch

(2009-01-16)

Samsung Fire & Insurance Co Ltd has won approval from the China Insurance Regulatory Commission to start operation in its Qingdao branch. The branch was entitled to conduct insurance businesses only in Shandong province. Jin Zhengji was approved to take the position as general manger of the branch.

CITIC Prudential Life plans huge staff boost

(2009-01-19)

CITIC Prudential Life Insurance Co, a joint venture between CITIC Group and UK-based Prudential Financial, will double its staff in 2009, despite the slowing economy, the company's top management said.

"We will hire 25,000 to 30,000 agents this year and offer even better salary for them," said Chen Jiahu, CEO of CITIC-Prudential Life. Chen said that this is the perfect time to attract excellent talent at a lower cost.

US health insurer to expand presence in China

(2009-01-19)

To reverse its setback in the home market amid the financial crisis, WPMI LLC, a joint venture between WellPoint Inc and other US health care investor companies, will increase investment in China, according to its president and CEO John P Domeika.

WPMI LLC will explore its growth in China's health insurance market through its wholly owned subsidiary WPMI (Shanghai), a third-party administrator that started operation last year, said Domeika.

Moreover, he said, WellPoint is considering setting up a joint-venture health insurance company in China via its solely-invested subsidiary Anthem Insurance Companies Inc, once it meets the regulatory requirement of having established a representative office for two years. Anthem Insurance's Beijing office was set up in 2008.

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Sunshine Insurance co-insures mega SOE project

(2009-01-01)

Sunshine Insurance Co Ltd, together with PICC Property & Casualty Insurance Co and China Pacific Property & Casualty Co, has won the bid to co-insure property insurance for China North Industries Group Corporation, a mega State-owned enterprise (SOE) and the largest weaponry-manufacturing group in China. Sunshine Insurance Co has also co-insured the fixed-asset insurance for the Agricultural Development Bank of China.

Three insurers disciplined in December

(2009-01-01)

Huatai Life Insurance Co Ltd was recently punished for its irregularities by the insurance watchdog, bringing the number of insurers disciplined last month to three. The other two offenders were MetLife and Minsheng Life Insurance Co Ltd.

Huatai had pegged the settlement interest rate of its universal product to the bank interest rate, violating the regulation that life insurance policies cannot have a preset interest rate of over 2.5 percent.

As a result, the life insurer was fined 300,000 yuan ($43,865). His former chief actuary Lian Zhenxiong also received a fine of 100,000 yuan, becoming the first senior executive of an insurance company being publicly penalized.

Earlier last month, MetLife was fined 100,000 yuan for misleading sales activities. The company's telephone sales in June 2008 failed to include important contents such as dividend uncertainty, a cooling-off period, losses of surrender before maturity, and so on.

Following on the heels of MetLife's fine, Minsheng Life's Panjin sub-branch in Liaoning province was fined 100,000 yuan on December 16, 2008. It was also ordered to return premiums collected from its illegal operations a year earlier.

In 2007, the sub-branch included vehicle seat insurance that belongs to the vehicle insurance business into its scope of casualty insurance. Moreover, it changed the company's insurance terms, coverage, premium rates and travelers' accident insurance rules.

PICC P&C insures Fangjiashan nuclear power plant

(2009-01-05)

PICC Property & Casualty Insurance Co Ltd (PICC P&C) has insured the Fangjiashan nuclear power plant against all risks in construction and installation and the third party liability insurance. Ping An Property and Casualty Insurance Co Ltd and China Pacific Property and Casualty Insurance Co Ltd co-insured the project as well.

As part of the expansion project of China National Nuclear Corporation's Qinshan nuclear power plant, the Fangjiashan nuclear power project involves a total investment of 26 billion yuan ($3.8 billion).

PICC P&C conducted China's first construction and installation insurance for nuclear power plant in the 1980s for the Dayawan nuclear plant. With its extensive experience in nuclear power plant insurance, the company has also built a strategic partnership with China National Nuclear Corporation.

LATEST EVENTS

Taikang Life compensates 2 petty rural insurance claims

(2009-01-06)

Taikang Life Insurance Co Ltd has compensated two petty rural insurance claims since the launch of the product, with one in Sichuan province with a 50,000-yuan compensation to a woman surnamed He and the other in Hubei province.

Petty rural insurance is a product providing insurance guarantees against accidental death and accidental disability aimed at low-income earners. The product is an important part in the rural financial system with low premium rates.

Taikang Life, as one of the insurers approved by the insurance watchdog to conduct petty rural insurance businesses, launched the 50-yuan product in 19 counties in Sichuan, Jiangxi, Hubei, Henan, Heilongjiang and Shanxi provinces and Guangxi Zhuang autonomous region in September 2008. Currently, the product covers 12,500 people with a total insurance amount of over 600 million yuan.

CIRC halts business of insurers with inadequate solvency

(2009-01-06)

The China Insurance Regulatory Commission (CIRC) has suspended certain operations of some insurance companies as they failed to meet the required solvency levels before December 31, 2008, a deadline set by the watchdog earlier.

Most of these insurers are Chinese-funded companies that have been established more than three years ago. Among them, Tianan Insurance, a property insurer, was ordered last month to stop non-vehicle insurance operations in five provinces and municipalities.

Tianan Insurance was once ordered to improve solvency in early 2008. After a capital expansion in the first half of last year, Tianan's capital was boosted from 667.8 million yuan ($97. 61 million) to 217.2 million yuan.

Despite the capital injection, Tianan's current solvency is still inadequate, "perhaps because some of the capital hasn't been in place yet, or the insurer has expanded its business too fast," said an analyst.

However, an official with Tianan Insurance said all the money is ready. He went on to say that the inadequate solvency was caused by huge compensations resulting from the earthquake and snow disaster earlier last year.

As for when the company will restore its business, a person close to the matter said, "Tianan Insurance will speed up the capital injection process, which may take at least a few months. Then it will apply to the insurance watchdog to renew the non-vehicle business."

Earlier last year, the CIRC suspended China Continent Property & Casualty Insurance Co Ltd's non-vehicle insurance business in five provinces and municipalities including Zhejiang, Shanghai, Jiangsu and Jiangxi due to its inadequate solvency. The company applied to renew the business in October 2008 after it met the solvency requirements through capital expansion.

Taiping Pension raises capital to 800m yuan from 500m

(2009-01-08)

Taiping Pension Insurance Co, the first specialized pension management firm in China, increased its capital to 800 million yuan ($116.98 million) from the previous 500 million yuan, the China Insurance Regulatory Commission said.

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According to the commission, Taiping's shareholders include Hong Kong-based China Insurance (Holdings) Co Ltd and its subsidiaries - Taiping Life Insurance Co, China Insurance Group Assets Management Co and Taiping Insurance Co, with Fortis Insurance International NV holding the remaining 10 percent stake.

Software AG supports Ping An's business expansion

(2009-01-08)

Software AG, a global leader in business infrastructure software, today announced that Ping An Insurance of China will use its webMethods product suite to support its ambitious business expansion plans. Ping An will drive its 20-25 percent growth plans through offering full insurance, banking and asset management services to over 40 million customers in China.

The new "one account" service, unique to China, offering one-stop shopping of Ping An's full range of financial products, was launched in July 2008 and within two months 100,000 customers have subscribed to the program. Ping An is using Software AG's webMethods product suite in developing the IT platform needed to support its multi-product, multi channel, business expansion strategy.

"We've long recognized the business benefits of a more adaptive and flexible IT infrastructure, and therefore established an integrated IT infrastructure to support our rapidly expanding businesses", said Henry Ma, IT general manager and chief architect of Ping An.

Ping An's customers across its multiple business units include 40 million life insurance contracts to over 10 million P&C insurance contracts. Car insurance policies alone grow by more than 30,000 contracts a day.

The integrated technology platform was founded to present one customer interface to this diverse base and to increase and mange the many cross-selling opportunities. Beginning in 2005, Ping An has worked to systematically streamline its business operations, using Software AG's webMethods to integrate key enterprise systems, including its customer information file, which synchronizes client profile information between different applications across its various subsidiaries.

"The IT department can support new business initiatives at a speed and scale, which will allow Ping An to compete successfully in the market," said David Broadbent, executive board member and chief operating officer, region East at Software AG.

Community insurance to cover Shanghai by year end

(2009-01-09)

Community comprehensive insurance will cover all communities in Shanghai by the end of this year in the manner of government purchasing services, said Chen Qiwei, spokesman for the Shanghai municipal government.

As of the end of last August, Shanghai's community comprehensive insurance claims in 53 sub-districts and towns had amounted to 101 cases, with compensation at 4.56 million yuan ($665,500). So far, some 126 sub-districts and towns have been covered by the insurance, and the remaining 102 will be covered by the end of this year.

Insurers trim staff to reduce losses

(2009-01-09)

After a year of severe losses, some poor-performing or even loss-making insurance companies in China are planning or have executed strategies to trim staff as an effort to get out of the business doldrums amid the market downturn.

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Several companies have put in place a performance-based refusal system, in which the lowest-performing employees will get the pink slip. The practice is a management tool used in Chinese insurance companies, but was rarely enforced prior to the current economic situation.

One insurance company said it would implement the system without limiting the number of employees to be discharged. Other Chinese-funded insurers even demanded their subsidiaries boost the turnover to a certain degree.

“To those insurance companies without a sound structure in terms of organization and staff, it may mean a good opportunity for them to readjust to avoid repeated work,” said an insider.

Another official from a Chinese insurer said: “Though insurance companies haven’t directly cut the headcount, they do let go of employees in disguised forms. Some companies combine two to three departments into one, reduce salaries, or don’t recruit people to fill new vacancies.”

Due to impacts from their parent companies, some foreign companies in China have also reduced some staff. “Our headquarters mapped out a massive layoff plan last year. Due to the small size of our operations in China, we won’t be greatly hit. But to control costs, we have cancelled the original recruitment plan,” said an employee with a joint-venture life insurance company.

MEP to expand green insurance pilot

(2009-01-09)

Pilot work on environmental pollution liability insurance has achieved much progress, said Pan Yue, vice minister of the Ministry of Environmental Protection (MEP) and the ministry is striving to establish indemnity standards and develop new products in accordance with the current environmental situation.

The environmental pollution liability insurance was piloted in Hunan, Jiangsu and Hubei provinces, as well as Ningbo and Shenyang cities in 2008 and its first claim was successfully handled in Zhuzhou, Hunan province.

China’s plan to build an environmental pollution liability insurance system was discussed in the 11th Five-Year Plan (2006-10), according to a notice issued by the MEP and the China Insurance Regulatory Commission. Pilot work was launched in key industries and regions, such as hazardous chemicals and petrochemicals related enterprises and dangerous waste treatment companies.

CIRC names three insurers with sales irregularities

(2009-01-12)

The China Insurance Regulatory Commission (CIRC) on Monday announced the names of three insurance companies with sales irregularities discovered in its recent supervision. They are PICC Health Insurance Co Ltd, Reward Health Insurance Co Ltd and Sunshine Insurance Group Corp Ltd.

In the sale of Chang Wu You, a nursing care insurance product, PICC Health promised additional benefits to customers that hold the policy to maturity; Reward Health offered a health checkup fund to purchasers of its healthcare service plan Fu Man Tang; while Sunshine illegally raised the insured amount when selling its universal product Sunshine Everywhere.

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Massive sales of such products may bring financial losses to their respective companies, lead to a lower or insufficient solvency, and possibly cause cash strains in case of mass payouts, said the CIRC in the announcement.

Shanghai's insurance industry asks for policy support

(2009-01-12)

To help the local insurance industry better survive the spreading and deepening financial crisis, the Shanghai Insurance Association plans to lobby for policy support from the municipal government.

In a recent seminar attended by some Shanghai-based insurance companies, the association came up with two proposals, including offering tax cuts to residents who purchase insurance and attracting more people to take up insurance marketing.

The tax cuts are mainly intended to boost commercial endowment insurance, insurance for medical care and guaranteed-type life insurance. According to sources from the seminar, the size of the cuts will be negotiated by Shanghai's financial department, the insurance supervisory authority and the association.

"To solve the policy bottleneck, we propose tax refunds to the insured at the end of each year, " said an attendee. "For policy holders to enjoy a tax refund, the insured may turn in a certain proportion of the overdue taxes in case of an insurance payout."

Currently, Shanghai has only 40,000 people selling life insurance. To boost the sales force and absorb some workers, Shanghai's insurers propose that the local taxation bureau suspend levying business taxes and surcharges from insurance marketing staff.

They also propose raising the pre-tax deduction amount and using it to supplement insurance salespeople's social insurance payments, said one of the sources.

The Shanghai Insurance Association will submit the proposals to the municipal committee and the municipal government via the Shanghai Municipal Bureau of Civil Affairs and the Shanghai Administration Bureau of NGOs.

Ping An Insurance chief investment officer steps down

(2009-01-12)

Ping An Insurance Co of China has confirmed that chief investment officer John Pearce has left the company, according to a company spokesman. Pearce, an Australian who joined Ping An in January 2007, left the company at the end of 2008 as his two-year term expired, and Ping An has not decided on a successor yet, according to the spokesman.

There was broad speculation in late 2008 that Pearce may resign due to Ping An's multi-billion dollar losses on an investment in troubled Dutch-Belgian financial group Fortis NV.

Ping An said its net profit in the first nine months of 2008 slumped to 1.8 billion yuan ($263.15 million) from 15.39 billion yuan a year earlier under international accounting rules, largely due to a drop in investment income and a hefty impairment charge for its 5 percent stake in Fortis.

LATEST EVENTS

Product liability insurance products get popular

(2009-01-13)

Despite the worsening global financial crisis, product liability insurance products are becoming more and more welcomed by enterprises with increased risk prevention awareness. Enterprises prefer saving money from water or electricity expenditures, other than from purchasing insurance.

For example, a creepage prevention equipment manufacturer focusing on exports to the North American market bought multi-million-dollar insurances for its products this year. The company will produce more products in 2009 as it boasts its self-owned brand.

Product liability insurance products can provide export enterprises with indemnity and services when customers claim compensation, such as negotiating with claimants, employing attorneys or deraigning in court, said an expert with AIU Insurance Company. These services are especially important to small- and medium-sized enterprises that are unfamiliar with social and judicatory conditions of the international market, and with few overseas branches.

PICC Health to receive 2b yuan capital injection

(2009-01-14)

PICC Health Insurance Co, a subsidiary of PICC Group, will receive 2 billion yuan ($292 million) capital injection to combat the weakening solvency, an industry source said today.

The Ministry of Finance has approved PICC Health's 2 billion yuan capital injection plan, with 1.62 billion yuan from the PICC Group has been in the account, said a source. By the end of the third quarter of last year, PICC Health's solvency had dropped to 53.49 percent, according to the source.

The China Insurance Regulatory Commission, the industry watchdog, has asked the company to suspend universal insurance business in Beijing, Shanghai, Jiangsu, Liaoning and Shenzhen.

PICC prepares for 2010 listing

(2009-01-17)

The People's Insurance Co (Group) of China (PICC) plans to wrap up its shareholding restructuring within this year to pave the way for a public listing probably next year, company sources said yesterday.

State-owned PICC will be transferred into a shareholding firm before listing in Shanghai, the sources said, citing information from the insurer's meeting last week.

"The insurer is set to finish the preparatory work for its group listing this year," said a Beijing-based source with the company. "Technically speaking, it will be ready for stock sales by year end but the most probable timing is early 2010."

PICC has long been considering a domestic listing after its unit PICC Property and Casualty Co, the country's biggest property insurer, sold shares in Hong Kong in 2003, the sources said.

PICC has met the regulatory requirement and posted profits for three years in a row after staying in the black last year to qualify for a domestic public listing, according to insiders.

LATEST EVENTS

Officials at PICC were not available yesterday for comment on the restructuring and listing plans.

PICC has been stepping up efforts to turn itself into a financial shareholding group to compete with arch rivals China Life Insurance and Ping An Insurance in non-insurance businesses.

The insurer last year bought a 55-percent stake in China Huawen Investment Holdings Co, which indirectly owns controlling stakes in several Chinese futures brokerages and securities firms. PICC also holds nearly a third of Beijing-based China Credit Trust Co and is seeking to directly acquire monetary stakes in domestic securities brokerages, including Qilu Securities Co.

"PICC will continue to develop its non-insurance financial businesses this year to boost investment returns," said another source close to the insurer. "But risk control will also be one of the company's top priorities amid the current financial crisis."

Industry analysts expect PICC to reap long-term benefits from investments in securities, trust and futures sectors but it may still take some time for the insurer to consolidate.

"It is still to be seen how the insurer can take advantage of its diversified businesses to seek cross-selling opportunities and whether it can effectively contain risks," said Wu Zhiguo, a Guohai Securities Co analyst.

Taikang Life aims for 2009 public listing

(2009-01-19)

Taikang Life Insurance Co, China's fourth largest life insurer, is making plans to secure a public listing in 2009, the company said. "We haven't decided where to list," said Qiu Xichuan, Taikang's secretary of the board, adding the mode of listing will depend on the market situation.

Due to the rapid growth of premium income and strict risk management, Taikang Life is expected to post an after-tax profit of 1.7 billion yuan ($249 million) for 2008, with the solvency exceeding 200 percent. The insurer's premium income for 2008 rose 69 percent from a year before to 57.7 billion yuan.

Taikang's president Chen Dongsheng told reporters earlier that a life insurer is qualified for a listing when its annual profit exceeds 800 million yuan. Taikang has been profitable for five years in a row, paving the way for the listing.

CNinsure announces preliminary Q4 financial results

(2009-01-20)

CNinsure Inc, a leading independent insurance intermediary company operating in China, today announced preliminary financial information for the quarter ended December 31, 2008.

Despite the recent economic slowdown in China, the company expects to report net revenue for the quarter in line with the previous guidance of between 235 million yuan ($34.35 million) and 250 million yuan. Gross margin will remain flat as compared with the previous quarter, while operating margin is expected to be lower than that in the third quarter of 2008.

The decline in operating margin was primarily attributable to the increase of share-based compensation expenses in connection with the grant of new options and voluntary surrender and cancellation of previously granted options during the fourth quarter of 2008.

The company is still in the process of finalizing its financial statements for the fourth quarter of 2008 and expects to provide its fourth quarter 2008 earnings release on February 24, 2009.

LATEST EVENTS

Some banks raise bancassurance commission rate by 10%

(2009-01-20)

Despite the slowdown in sales of bancassurance products, some banks in China raised the commission rate for bancassurance by about 10 percent. This will further eat into insurance companies' bancassurance profits.

"The bancassurance commission rate was around 3 to 5 percent last year, and the bancassurance market will face increased business pressure this year," said an industry source. He said so far this year several banks have raised the commission rate by about 10 percent.

No bank has confirmed the commission rate hike yet. Market sources said some banks have suspended the sale of bancassurance products due to their failure to negotiate higher commission rates for 2009.

Pension fund increases stock-buying

(2009-01-21)

The National Council for Social Security Fund (NCSSF), one of China's largest institutional investors, opened another eight accounts in the Shenzhen and Shanghai bourses in December 2008, showing their growing confidence in the country's capital market. It was the third time the NCSSF opened new accounts last year.

According to statistics from China Securities Depository and Clearing Cooperation Limited, the NCSSF opened four accounts each in the Shenzhen and Shanghai bourses in December, increasing its total to 132.

"The NCSSF's latest move indicates that they may increase their investment into the capital market, as the current P/E ratio of the market has been reasonable and attractive in the long run," said Chen Wei, analyst with China Minzu Securities.

China Life executive to head CITIC private equity fund

(2009-01-21)

China Life's chief investment officer has been appointed chairman of the private equity arm of CITIC Securities (CITIC), China's top brokerage, two sources with direct knowledge of the matter said on Tuesday.

Liu Lefei had met staff at CITICS Private Equity Funds Management Co Ltd and senior executives of CITIC Group had been informed of his appointment, said the sources, who declined to be identified as they were not authorized to speak to the media.

"Private equity is hot in China but it is a new business to CITIC Securities," one of the sources said. "CITIC invites Liu to join because it has very high hopes on the prospect of its private equity business, part of the group's plan to diversify its profit streams," he added.

Liu was in the process of leaving China Life Insurance Co Ltd and the country's top life insurer had not yet decided on his replacement, the sources said. Liu would remain China Life's chief investment officer "for a while," they added.

NEW PRODUCTS

Taiping Life issues dread-disease medical insurance plan

(2009-01-01)

Taiping Life Insurance Co Ltd announced that it will issue a long-term health insurance plan on January 1, 2009. The dread-disease medical guarantee plan covers 20 kinds of high-incidence dread diseases absolutely in accordance with definitions regulated by the Insurance Association of China in 2007. The plan also provides long-term hospitalization allowances, up to 180 days per year. The allowance will be paid until it reaches the insurance amount, or when the policy holder turns 70 years old.

AIU Insurance issues 3 new products

(2009-01-07)

AIU Insurance Company announced on Wednesday the release of three new financial products in China, including an M&A assurance indemnity insurance product, an updated civil liability insurance product for financial institutions and an integrated insurance product for banks.

The M&A assurance indemnity insurance product can help enterprises prevent risks in M&A deals, such as the seller lifting asset prices of target companies by hiding company information, or breaching of faith after signing M&A contracts. The product insures the buyers against losses in M&A deals. Buyers will be compensated by the insurer if claimed by contracted losses.

The worsening global financial crisis resulted into more and more suits against financing products of financial institutions, such as commercial banks, insurance companies, brokerage companies, fund companies, venture capital companies, small-amount credit companies and financial consulting companies.

The updated civil liability insurance product insured policy holders against losses arising from violating customers' reputation rights or secrecy obligation. The third party's losses resulted from defect or neglect, when they provide customers with financial services.

The integrated insurance product for banks insured banks against crimes, such as armed hijacks, employee fraud and document fraud. These highly localized products were designed after market surveys and customer visits, said the company's manager.

Federal Insurance boosts liability insurance for directors

(2009-01-07)

The Federal Insurance Company has boosted liability insurance for directors and top management in China.

Company directors and top management may be indicted by shareholders, customers, creditors, rivals or governments. To take personal responsibility, their personal property may induce losses because of high indemnity and long-duration suits.

Enterprises' increasing recognition in relevant risks resulted in listed enterprises' increasing desire in purchasing liability insurance for directors and top management. The Federal Insurance Company's new product will provide an all-around insurance guarantee for directors and top management.

NEW PRODUCTS

Huatai Life presents insurance plan for housekeepers

(2009-01-07)

Huatai Life Insurance Co Ltd has issued an insurance product for housekeepers. The product, mainly purchased by housekeeper employers, provides medical treatment and hospitalization allowance for housekeepers' accidental death, disability and injury. "Considering housekeepers' liquidity, employers can claim to change the insurant when they change housekeepers," said a company manager.

Taiping Life issues new bancassurance product

(2009-01-09)

Taiping Life announced in January they will issue a new dividend insurance product, providing customers with long-term returns. During the interest-cutting cycle, dividend insurance products are increasingly welcomed by customers for their guarantee functions and steady returns.

The new bancassurance product's premiums can be paid in 20, 15, 10 or five years. Policy holders can enjoy insurance guarantees 10 years longer than their payment periods, such as death insurance arising from both disease and common accidents, or death insurance arising from public transportation accidents, with triple insurance amounts and additional hospitalization allowances. Policy holders will receive high proceeds yearly and will have all their paid premiums back when policies mature.

Great Wall Life issues new pension product

(2009-01-13)

Great Wall Life has issued a new pension product. Policy holders will receive yearly survival allowances at every policy anniversary after retirement until they reach 99 years old. Some 12 percent of the contractual insurance amount will be offered in the first year, and 0.12 percent more year after year. If policy holders die or become totally disabled, they will be compensated with the higher one between 105 percent of the paid premiums and the policy's cash value of the year. If policy holders turn 100 years old and above, they will receive a policy maturity allowance in accordance with their paid premiums.

Within the contractual pension amount, the pension can be withdrawn without time or amount limits. The remaining will be saved with interest rates no lower than those of the People's Bank of China. The product also provides loans with mortgage policies, helping customers deal with emergencies. An all-risks rider can be added to the product, providing guarantees before retirement.

China United Property boosts private car VIP services

(2009-01-14)

China United Property Insurance Co Ltd Shanghai branch has boosted VIP services for private car owners with 150,000-yuan autos or over and for customers without accidents for at least two years.

The company's VIP services include providing special hotlines, a green channel for claims and transportation allowances when policy holders' vehicles are under repair due to accidents. The special hot lines can be used to introduce VIP services, reporting accidents and direct claim procedures.

NEW PRODUCTS

CITIC-Prudential Life releases new products

(2009-01-15)

CITIC-Prudential Life Insurance Co Ltd has released two new dividend installment payment insurance products covering 28 dread diseases.

Policy holders will have all their paid premiums back when policies mature. For example, for five-year insurance products, policy holders can claim as much as 5 percent of the premiums they paid for the first year at every anniversary of the policy, and for 10-year insurance products, 10 percent every year. The money can be returned in cash every year or saved to bear interests.

Both the policy's survival allowance and policy maturity returns are calculated in accordance with the premium paid for the first year, regardless if the additional dread-disease liability insurance has expired because of claims.

CIGNA and CMC Life releases new dread-disease plan

(2009-01-17)

CIGNA and CMC Life Insurance Co Ltd has released a new dread-disease insurance plan in Beijing, Chengdu, Wuhan, Shenzhen, Shanghai, Nanjing, Hangzhou and Guangzhou at the beginning of 2009. The plan is comprised of dread-disease insurance and dividend endowment insurance, covering death arising from both accidents and non-accidents and 30 dread diseases such as malignancy. People between 60 days and 55 years old can purchase the plan.

MACRO-ECONOMY

China's top 10 economic stories in 2008

(2009-01-01)

Sixteen Beijing-based news agencies, including People's Daily, Xinhua News Agency, China Daily and nine economists from government sectors and economic institutions, unveiled on Tuesday their picks for China's top 10 economic events of the year:

The New Labor Contract Law introduced earlier last year entitles workers with over 10 years of service at a firm the right to sign contracts protecting them from dismissal without cause.

The snowstorms that hit the central, eastern and southern parts of China last winter left 129 people dead and caused $21 billion in economic losses.

The 8.0-magnitude quake in Sichuan province on May 12 killed more than 69,000 people and injured 374,000 others.

The Beijing Olympics saw over 80 Olympic and world records broken, seen by a 4.7-billion audience.

Dairy giant Sanlu's milk powder was found tainted with melamine in September, with other companies also implicated. The scandal left six babies dead and 294,000 others sick.

Promoting reform and development in rural areas was put at the top of the agenda for the third Plenary Session of the 17th CPC Central Committee.

The central bank cut banks' benchmark lending and deposit rates by 0.27 of a percentage point to boost economic growth after the main stock index tumbled 6.32 percent on Oct 28.

The government introduced a 4-trillion-yuan stimulus package in November after the subprime crisis in the US last summer led to a global economic slump.

The country unveiled a scheme on fuel taxes and the reform of its refined oil pricing on December 5.

A new era in cross-Straits relations began on December 15 with the launch of daily direct air, shipping and postal services.

New rules in place on New Year's Day

(2009-01-01)

China started putting in place new administrative policies on New Year's Day, including two regulations on car fuel levy and road policing which are expected to mostly affect drivers.

In a circular to all localities last month, the State Council, or Cabinet, said the government decided to levy a fixed sales tax of 0.8 yuan (12 cents) per liter of motor vehicle fuel, which offsets car owners' previous annual payment for road maintenance, beginning Jan 1, 2009. The money collected would be used for road and water routes maintenance, the government said.

Also effective as of New Year's Day is the revised norm for traffic police patrolling, which asks police to be lenient to drivers who violate traffic rules in minor ways and cause little damage.

The government requires the China Insurance Regulatory Commission to publicize certain information on administrative procedures, punishment verdicts, State-approved insurance terms and premium rates, according to a new rule on the release of government information.

A lawyer registration regulation allows Taiwan lawyers to practice legal business in the mainland if they pass certificate tests for lawyers in China and meet other requirements.

The new law on promoting recycling economy prohibits local governments from dismantling buildings that meet the standards for urban planning and construction and are in the "life span" except for immediate needs of public interest. It also requires government departments to take a lead in using energy- and water-saving products and those that are conducive to environmental protection.

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Businesses face confidence crisis

(2009-01-09)

Business confidence among Chinese enterprises is expected to remain weak until 2010, according to a survey conducted by UK-based L.E.K. Consulting, indicating that the global financial turmoil is taking a firmer grip than previously expected on the Chinese economy.

The survey, based on interviews with over 30 business owners and executives of Chinese enterprises, showed that the majority of respondents view the current commercial environment as "unfavorable" or "strongly unfavorable" and their confidence is to fall further in the coming months.

Over 56 percent of the respondents surveyed felt that the negative impact of the global economic downturn will persist for a couple of years, while 44 percent thought that the effects would last for a longer time.

Economist: China could lose nearly 4 million jobs in 2009

(2009-01-12)

China is likely to lose 3.9 million jobs in 2009 compared with 2007 if GDP growth slows to 8 percent, said Cheng Siwei, a renowned economist.

Cheng, former vice chairman of the Standing Committee of the National People's Congress, said at a forum on capital market on Saturday that one percentage drop in GDP growth may bring a loss of one million jobs. He noted China maintained an economic growth of 11.9 percent in 2007, creating an additional 11.5 million jobs that year.

The country's four-trillion-yuan ($586 billion) economic-stimulus package will boost employment, as unemployment is not only an economic issue but also a social problem, he said. The stimulus plan released last November will provide more job opportunities through investment on infrastructure, according to Cheng.

China's customs revenue hits record high, up 20.8%

(2009-01-14)

China's customs revenue hit a record high of 916.11 billion yuan ($134.03 billion) in 2008, up 20.8 percent year-on-year, the General Administration of Customs (GAC) said on Wednesday.

Revenue from exports totaled 177 billion yuan, up 23.6 percent, while that from imports hit 739.11 billion yuan, up 20.1 percent. The total exceeded the target of 845.5 billion yuan.

Much of the improvement came during the first nine months of the year, before global financial and economic turmoil significantly affected trade.

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Exports and imports fell in November and December 2008, reflecting weakening external and domestic demand. Exports fell 2.2 percent year-on-year in November and 2.8 percent in December. Imports fell 17.9 percent year-on-year in November and 21.3 percent in December.

The first nine months, however, saw steady development in trade, with total imports up 29 percent year-on-year to $893.07 billion.

FDI growth falls for third month in December

(2009-01-16)

The year-on-year growth of foreign direct investment (FDI), one of the driving forces of the economy, fell for the third straight month in December 2008, the Ministry of Commerce (MOC) said yesterday.

FDI for the whole of last year, however, grew 23.58 percent to $92.4 billion, thanks to the robust growth in the first three quarters. In comparison, actually used FDI in 2007 grew 13. 59 percent to $74.8 billion.

China has been one of the biggest FDI recipients in the past decade, but the global financial crisis could change the trend, even if slightly, this year, experts said.

Mei Xinyu, a senior researcher with the MOC, said he was “not optimistic” about this year, and feared that FDI could even “see a small drop”.

Su Chang, senior analyst with China Economic Business Monitor, was more specific, saying FDI could fall by 5 to 10 percent in the first half of this year. He said, it, however, would see a positive turn in the second half.

As the MOC data show, the top source of FDI last year was Hong Kong, which pumped in $41 billion for a 48 percent annual increase. British Virgin Islands was the second biggest source of FDI, providing $15.95 billion. But the figure is 3.62 percent less than that in 2007.

FDI from Japan rose 1.76 percent to $3.65 billion. It was followed by South Korea with $3.14 billion (14.76 percent or the largest drop) and the US with $2.94 billion (up 12.54 percent).

The service industries (excluding banking, insurance and securities) were the major FDI recipients, drawing $38.1 billion, or 24.23 percent more than in 2007.

Minister of Commerce Chen Deming said recently that FDI helped generate about 55 percent of the country’s exports. The MOC will continue to encourage FDI, especially in new technologies, environmental protection projects and the service sector, he said. The government will expedite the drafting of favorable policies for FDI in the relatively under-developed central and western regions, too.

The government has been announcing new plans and policies, including the massive $586-billion stimulus package, almost every week since early November to boost economic growth.

China’s urban unemployment rate rises to 4.2%

(2009-01-20)

China registered an urban unemployment rate of 4.2 percent at the end of 2008, 0.2 percentage points higher than a year earlier, said the Ministry of Human Resources and Social Security Tuesday.

Altogether 11.13 million new jobs were created in the cities last year, 11 percent higher than the government-set annual target, said spokesman Yin Chengji of the ministry at a press conference.

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China's CPI rises 5.9% in 2008

(2009-01-22)

China's consumer price index (CPI), the main gauge of inflation, rose 5.9 percent last year after price pressures began to ease in May, the National Bureau of Statistics (NBS) said on Thursday.

The CPI was 1.1 percentage points higher than the level in 2007, which was also the official target for 2008. Prices rose 6.3 percent during the January-November period.

The CPI for December was up just 1.2 percent, the eighth consecutive month of deceleration and the slowest rise since July 2006, the NBS director Ma Jiantang told a press conference. The CPI was 2.4 percent in November, and it hit a 12-year-high of 8.7 percent in February.

China set an initial CPI target for 2009 at 4 percent at the Central Economic Conference in December. China started out in 2008 with inflation concerns as food and commodity prices spiked, but it ended the year with an unexpected deflation risk.

Initially, China took steps, including monetary tightening, to fight inflation. Price pressures eased significantly in May before deflation risks rose late in the year, when the global recession crushed the prices of many food and commodity items.

China faces deflationary pressure but not for long, economist Wang Xiaoguang said. Deflation "isn't a problem, but a good thing this year. Price declines can spur demand," he said.

"But the government should control investment in such sectors as steel, which have excess capacity. Reckless increases in investment aimed at averting deflation could cause big problems. The effective control of price hikes not only helps raise living standards, but more importantly, gives us room for macro-economic controls," Ma noted.

China's economy grows 9% in 2008

(2009-01-23)

China's economy cooled to its slowest pace in seven years in 2008, expanding 9 percent year-on-year as the widening global financial crisis continued to affect the world's fastest-growing economy, official data showed Thursday.

Gross domestic product (GDP) reached 30.067 trillion yuan ($4.4216 trillion) in 2008, Ma Jiantang, director of the National Bureau of Statistics (NBS), told a press conference.

The 9-percent rate was the lowest since 2001, when an annual rate of 8.3 percent was recorded, and it was the first time China's GDP growth fell into the single-digit range since 2003. The year-on-year growth rate for the fourth quarter slid to 6.8 percent from 9 percent in the third quarter and 9.9 percent for the first three quarters, according to Ma.

Economic growth showed "an obvious correction" last year, but the full-year performance was still better than other countries affected by the global financial crisis, said Zhang Liqun, a researcher with the Development Research Center of the State Council, or cabinet. He attributed the fourth-quarter weakness to reduced industrial output as inventories piled up amid sharply lower foreign demand.

Government economist Wang Xiaoguang said the 6.8-percent growth rate in the fourth

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quarter was not a sign of a “hard landing,” just a necessary “adjustment” from previous rapid expansion. “This round of downward adjustment won’t bottom out in just a year or several quarters but might last two or three years, which is a normal situation,” he said.

Fixed assets may prop up economy

(2009-01-24)

China’s investor sentiment picked up in December despite the deceleration in the growth of the country’s investment on fixed-assets, said Ma Jiantang, head of the National Bureau of Statistics in Beijing Thursday.

The overall fixed-asset investment grew 25.5 percent in 2008 year-on-year, up 0.7 percentage points from 2007. The figure was 1.3 percentage points lower than the figure for the first 11 months of 2008 and 1.5 percentage points lesser than the first three quarters of 2008. Fixed-asset investment growth this year, however, is expected to maintain the same momentum as last year if the nation’s economic stimulus packages have the desired effect, analysts said.

“Although the Chinese economy took a heavy blow from the ongoing financial crisis we have already seen some positive signs emerging from the investment sector, such as the rebound in investors’ confidence last December,” said Ma, who became NBS chief last September. He also quoted from a survey released by the Netherlands-based financial group ING, which said investor sentiment index in China rose to 103 in the fourth quarter of 2008 from 88 in the third quarter.

Fixed asset investment is a key driver of China’s economic growth and accounts for 57 percent of the nation’s total GDP in 2008. As the export sector sagged due to deteriorating foreign demand in the wake of the global financial crisis, investment is expected to shoulder more in shoring up the slowing economy.

The central government unveiled a 4 trillion yuan capital investment plan on November 9 to combat the economic slowdown. The plan envisages huge cash infusions for rural and urban infrastructure, welfare housing, healthcare services and other social safety net projects.

“The nation’s fixed asset investment is expected to pick up in the next few months, as the stimulus package takes effect,” said Li Jianwei, economist and director of the macroeconomics department of the Development Research Center under the State Council.

China may cut key rates by 0.81% in ’09

(2009-01-30)

China may cut interest rates by 54-81 basis points in 2009 in an effort to ease deflationary pressure and spur growth, UBS said in a recent note.

Deflation is by far the bigger threat in China this year although many have voiced concerns of a rapid return to inflation due to the massive liquidity injection, a surge in bank lending and the fiscal stimulus, the bank said.

It forecasted that China’s consumer prices will fall in the first few months of 2009, partly due to the high base effect.

The retreat in inflation has prompted some economists to call for more government measures to avert a coming deflation, as it could raise real interest rates and discourage business investment to make the economic situation worse.

To support the weakening economy, China has cut the lending rates five times, or by 216 basis points, since mid-September 2008. A basis point is 0.01 percentage points.

China's consumer price index (CPI), the main gauge of inflation, rose 1.2 percent year-on-year in December, the eighth consecutive month of deceleration and the slowest rise since July 2006. The CPI was 2.4 percent last November, and it hit a 12-year-high of 8.7 percent last February.

UBS said the year of 2009 provides a good opportunity to reform the pricing mechanism of energy and resources to help usher in a more balanced economic growth. "We think there is a good chance that the government would raise the prices of certain utilities and resources, and procurement prices of agricultural products," the bank noted.

The measures will help the CPI growth to stay positive for the whole year, it said, adding it expected a 0.2 percent consumer inflation for 2009.

Roach: China economy to rebound in 2010

(2009-01-30)

China's economy is to witness a robust rebound in 2010, with its GDP growth topping 8 percent, said Stephen S. Roach, chairman of Morgan Stanley Asia Limited, in an exclusive interview with Xinhua on Thursday.

He predicted that in the first half of this year, China's GDP (gross domestic products) growth would be below 8 percent, but China's economy was expected to pick up in the second half.

That is because China has been tied closely with the global economy and is not immune to the global shock, he explained. The main driving force of China's rapid GDP growth in recent years is export, but now China's export is sliding, Roach said.

Even though Chinese companies are improving their positions and maintaining their competitiveness, there is nothing they could do to stimulate the demand of such countries as the United States, European countries and Japan, he said.

So it is the negative foreign environment that has impacted China's GDP growth, he added. Roach believes that this year is the worst year for the global economy since the end of the Second World War, but China's economy will be much better than those of many other countries in the world.

In addition to increasing spending on infrastructure, he suggested that China expand dramatically investment in social security, pensions, unemployment insurance and health care.

In his view, the most important thing for China to do now is to focus on domestic consumers. As of banking bailout plans taken by many governments, he said China's banking system was in a better shape, because the banks did not invest a lot in illiquid assets and subprime mortgage. Chinese banks, however, still face challenges because of the business cycle, he warned.

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Chinese regulatory group frames insurance rating system

(2009-01-12)

Chinese insurance regulators last week outlined frameworks for evaluating and rating the financial and operational stability of all insurers and insurance intermediaries operating in China.

In statements, the Chinese Insurance Regulatory Commission (CIRC) said in its daily supervision of insurers and intermediaries it will use existing regulations to assign regulatory categories. The CIRC will place insurers in categories labeled A, B, C or D, with D insurers being those facing serious problems and receiving the most regulatory oversight, including a possible regulatory takeover. Brokers and agents will be placed in one of three categories. Chinese regulators said individual ratings will not be disclosed publicly.

Observers say the CIRC's latest statement, though still lacking in several details, is a sign of China's progress in increasing the transparency of its insurance regulatory system.

Because the CIRC classification framework is built on existing regulations, "there is basically no change in regulatory compliance required from insurance companies," a Hong Kong-based spokesman for Swiss Reinsurance Co said in an e-mail.

This is the first time, though, that the CIRC has formally categorized insurers into such groups, said Brad Smith, chief international officer for the Washington-based American Council of Life Insurers.

The CIRC "is in the process of bringing its regulation into compliance with (World Trade Organization) commitments" to increase the openness of its markets to foreign companies, he said.

"The main objectives of the CIRC's newly established classification system are to promote more effective regulation of insurers and to prevent and mitigate risks," said the Swiss Re spokesman. "Companies demonstrating solvency or corporate governance difficulties will need to boost capital or scale back business growth," which may increase demand for reinsurance or consolidations, he said.

In prior statements, the CIRC has urged insurers "to focus much more on sustainable underwriting profits and less on volatile investment income," he said.

Chinese regulators will evaluate insurers on five sets of risk-based indicators, according to information provided by ACLI. Those indicators are: solvency; corporate governance, internal controls and regulatory compliance; funds utilization; business operations; and financial risk.

Chinese regulators will base their evaluations on a company's prior year's data and use it to calculate key ratios, which will be detailed later. A company's classification also will be determined by information gathered in ongoing supervision.

The framework for intermediaries-such as brokers, agents and loss adjusters-includes three classifications, according to an e-mail from Howard Tsang, the Hong Kong-based director of Asian operations for Willis International, a unit of Willis Group Holdings Ltd. "China is one of the most important markets," with about 25 ACLI members having life insurance operations there, Smith said. Property/casualty insurers would like to expand opportunities there, too.

"In 2007, data showed foreign property/casualty insurers wrote about 1.2 percent of China's nonlife market in terms of premium volume," said Stephen W. Broadie, vice president of financial legislation and regulation for Des Plaines, Illinois-based Property Casualty Insurers Assn. of America.

CIRC calls off new vehicles co-insurance

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(2009-01-14)

The China Insurance Regulatory Commission (CIRC) has called a halt to the practice of co-insurance for new vehicles in some provinces in an effort to avoid unfair competition and regulate the market order.

In the co-insurance pattern, insurers sell and manage insurance policies, pay commissions uniformly, and sell new vehicle insurance at the same premium rate. Local insurance associations set the quota for each company, and the quota is adjusted once a month.

Mainly practiced in Shandong, Shaanxi and Sichuan provinces, the pattern can reduce insurance companies' reliance on agencies and foster the development of small- and mid-sized property insurers.

However, customers can only insure their vehicles with the appointed insurance companies in order to obtain a license plate; as a result it can be inconvenient for them to change their insurers when renewing the insurance. The practice also reduces insurers' impetus to improve services and products.

New accounting policy tests insurance industry

(2009-01-15)

All insurance companies must take substantial measures to ensure the smooth implementation of the No 2 Interpretation of Accounting Standards for Business Enterprises, said the China Insurance Regulatory Commission in a notice.

The new accounting policy, promulgated by the Ministry of Finance in August 2008, requires domestic and overseas listed insurance companies to confirm, measure and report the same transaction in line with the same accounting policy and accounting estimate.

All insurance companies, regardless if they are listed or not, must follow the new uniform accounting policy, and, when compiling the 2009 financial reports, change all accounting policies that will cause disparities between domestic and overseas accounting statements, said the notice.

It added that they should bring in significant insurance risk testing and premium separation when confirming and measuring premium incomes, book policy acquisition costs as current gains or losses, and adopt the new appraisal standards of provisions based on best estimate.

The CIRC will later announce the significant insurance risk testing standards, premium separation standards and the new appraisal standards of provisions, and insurance companies should make retroactive adjustments to data of prior years once those standards are announced, said the notice.

Due to the significant changes in confirmation standards and measurement bases, the new accounting standards may cause changes to major performance indicators of the insurance industry. To adapt to the new policy, insurance companies will need to adjust their business structure.

President of China Life Insurance Company Limited Wan Feng said earlier that his company may scale back or suspend the sale of unit-linked insurance and universal insurance once the new accounting criteria are implemented.

Chen Jiahu, CEO of CITIC-Prudential Life Insurance Company Ltd, said the company will adjust its product portfolio by further lowering the proportion of unit-linked products while boosting that of basic guaranteed products and accidental healthcare insurance.

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Regulator cuts insurance operation supervision fees

(2009-01-16)

In order to ease the burden of insurance companies, the China Insurance Regulatory Commission decided to reduce insurance operation supervision fees from 2008. Most supervision fees were cut by 0.2 percent.

Supervision fees for liability and short-term health insurance operations will be collected by as much as 1.6 percent of a company's self-reserved premium income, and for property and personal life accidental insurance, 1.7 percent.

For long-term life insurance operations, supervision fees were adjusted to 0.9 percent of the company's self-reserved premium income, and for long-term health insurance operations, 0.8 percent.

Supervision fees for insurance agencies were reduced by 0.3 percent and, as much as 1.2 percent of its commission revenues will be collected. Representative offices of foreign insurance institutions will be charged 20,000 yuan per year. For asset management company's entrustment businesses, supervision fees will be 0.5 percent of its operating revenues, but no more than 300,000 yuan.

CIRC closely monitors premiums embezzlement

(2009-01-15)

The China Insurance Regulatory Commission (CIRC) issued a notice yesterday demanding its local bureaus severely punish insurance intermediary organs that embezzle and misappropriate premiums.

Insurance companies should tighten monitoring over risks involved in insurance agencies' premiums collection and take back premiums collected by the agencies in a timely manner; and the agencies should establish premium collection accounts and customers' fund accounts, said the notice.

In addition, local bureaus should severely and promptly punish insurers that fail to take action against agencies' embezzlement and misappropriations of premiums, as well as agencies and their staff that embezzle and withhold premiums collected, according to the notice.

Local bureaus should strictly discipline those insurers that refuse to assume contractual obligations with the excuse of not receiving premiums collected by their agencies. They should also urge insurers to enhance management of agencies' premiums collection, said the notice.

China allows insurers to invest in private firms

(2009-01-16)

China's State Council has agreed to let insurance companies invest up to 200 billion yuan ($29 billion) in closely held companies, said an insurance regulator.

Insurers are allowed to use as much as 8 percent of their capital to buy equities in China's private companies to expand their income sources, said Zhou Daoxu, director of policy research at the China Insurance Regulatory Commission. The nation's insurance companies had about 3.06 trillion yuan in capital as of the end of December.

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New rule for compulsory vehicle insurance

(2009-01-20)

Starting February 1, the China Insurance Regulatory Commission (CIRC) will implement a new mechanism for compulsory vehicle liability insurance, under which drivers will claim compensation from their own insurers for property losses caused by a car collision.

The mechanism is a fast-track way of claim settlement based on the immediate handling of traffic accidents. It is just one of the CIRC's efforts to simplify claim settlement of property losses and personal casualties resulting from traffic accidents.

The CIRC will guide the insurance industry to further improve claim settlement services of compulsory insurance. The next step will be instructing the Insurance Association of China in organizing insurance companies to standardize related claim documents.

Pension insurance premium rate to stay put

(2009-01-21)

The Ministry of Human Resources and Social Security will support local authorities' one-off cut of premium rates for medical, unemployment, employment injury and maternity insurance, but will not lower that of basic pension insurance, spokesman Yin Chengji said yesterday.

Currently, enterprises pay 20 percent of an employee's basic salary to the pension fund while the employee pays 8 percent. Among the five social insurance items, pension insurance has the highest premium rate and highest proportion of payment.

In explaining the reasons for maintaining its premium rate, Yin said the pension fund currently faces a comparatively larger pressure of payout for the current period and in the long term; moreover, he added, it will further raise basic pension for enterprise retirees this year.

Yin said that the premium rates for medical, unemployment, employment injury and maternity insurance can be lowered to some extent mainly because their funds are comparatively sufficient due to adequate payments in the past few years.

Insurers warned of risk controls

(2009-01-21)

Shanghai insurers should build up their talent and increase risk controls for the tough times ahead, the top local regulator said yesterday.

The Shanghai insurance industry is facing a tough period with the possibility of new financial routs in the global market which means exposure to higher risks, the Shanghai Bureau of the China Insurance Regulatory Commission said yesterday at a conference for this year's work agenda.

The threat of policy holders wanting to redeem contracts is still looming with external uncertainties remaining, the regulator said.

Ma Xueping, head of the bureau, warned chiefs of insurance companies in Shanghai to shore up their risk controls against the current financial crisis.

"Insurers should understand clearly that the tough times are yet to end. Those who don't have risk control measures and who make mistakes will be held responsible and will be punished," he said. Ma told insurers to keep researching new products and services de-

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spite the tough economic environment - “stopping or going back means a dead end.”

He advised insurers to adjust their client pool and develop more and different products to meet the needs of middle class clients. Ma yesterday also urged insurers to continue building up their talent. Ma suggested insurers should give employees more training opportunities rather than cut jobs.

ANALYSIS

Banks, insurers differ on commission rate

(2009-01-09)

While insurance companies intend to lower the commission rate of bancassurance to expand their profit takings, banks want to offset losses from the narrowing interest margin with a higher commission rate.

“Due to the huge profit pressure this year, we’ve been negotiating with banks for a lower commission rate, but no agreement has been reached so far,” said a departmental chief of a Shanghai-based insurance company.

An insider said as a result of the central bank’s interest rate cuts and insurance companies’ lower return of investment, the insurance sector will face the pressing challenge of declining profits in the year ahead.

“As negative growth may cause cash strains, insurance companies won’t significantly lower the yield on their bancassurance products,” he said. “In view of limited profits for 2009, insurance companies hope to widen their profit margins through lowering commissions.”

However, banks have their own plans. “Because the interest rate cuts have narrowed banks’ interest margins, some banks have to transfer the business pressure of funds to insurers. In some areas, the commission rate of bancassurance is as high as over 4 percent,” said a bancassurance staff.

Insurance companies that differ on bancassurance commission rates are mostly small- and mid-sized or foreign-invested ones, said an analyst. “To survive the economic fallout, they have no other choice.”

“Amid the government’s efforts to scale back bancassurance, most insurers plan to step up the development of personal insurance, which requires a strong marketing force,” the analyst said. “However, small- and mid-sized insurers and foreign ones cannot build a marketing team within a short time, and their personal insurance won’t see a big growth in 2009 either.”

“As required by the authorities, we will cut back on bancassurance and boost personal insurance this year, but premium income from bancassurance will still weigh heavily on us and high commissions can directly boost our balance sheet,” said the departmental chief of a Chinese-funded insurer.

Currently, local supervisory organs and insurance associations in Jiangsu, Zhejiang and Zhejiang provinces have set a ceiling commission rate for bancassurance in the hopes of securing rational profits for insurance companies through a coordinated effort.

Pension issues worry those born in the ‘80s

(2009-01-13)

People born in the 1980s worried most about pension issues, according to the Heng An Standard Life Insurance Index, an index issued by Heng An Standard Life Insurance Co Ltd with over 10,000 samples. People in their 40s and 50s worried least.

Over 6,000 people took part in a survey about pension issues launched by the insurance company. Some 44.6 percent of respondents under 30 years of age worried about unstable pension for themselves or their family members. The rate was much higher than people in their 40s or 50s. Some 63.8 percent of respondents born in the 1980s agreed that life insurance products could help them and their family members realize their life targets.

The worsening employment market and the unsound social pension system resulted in pension worries for people less than 30 years old, while people in their 40s or 50s with stable families and income didn't worry as much.

Health insurers lose business focus

(2009-01-15)

Despite their huge growth of premium income last year, health insurance companies in China have been forced away from their core businesses as a result of cost hikes and the absence of policy support. The current business model is leading these companies nowhere.

Statistics from the insurance watchdog show that from January to November 2008, the country's four health insurers received a combined premium income of 13.95 billion yuan ($1.90 billion), skyrocketing 614 percent year on year. Among them, PICC Health alone accounted for 13.69 billion yuan.

However, much of the income was contributed by unit-linked bancassurance products, while specialized health insurance products and health management services only took a small proportion.

Asked why they do not specialize in their core businesses, the chief of a health insurer said, "Life insurers and property insurers can operate health insurance too, so we will lose price competitiveness if we emphasize health management services."

Soaring medical expenses, uncertainties of medical reform, and disconnection between health insurers and the medical system have made the costs of medical institutions uncontrollable. This is a pressing issue for health insurance companies.

The industry has called for policy supports. "We have proposed including health management services into insurance contracts, but failed to get regulatory approval," said an insurance employee who wanted to remain anonymous.

Life insurers see 'moderate' premium rise

(2009-01-16)

Premium growth at China's life insurers will "moderate" this year as the global financial crisis deepens and the nation's economic expansion cools, eroding demand, the industry regulator said.

A "rapid deceleration" in the sales of investment-type products over bank counters that started in the fourth quarter last year will also contribute to the slowdown, while improving quality, the China Insurance Regulatory Commission said in a statement.

Growth in bancassurance sales at China Life Insurance Co, the nation's biggest insurer, and peers surged last year as insurers fought for market share and banks sought commissions as lending slowed under government curbs. Premium growth also helped bolster profits as a 66-percent stock-market slump cut insurers' investment returns.

China Pacific Insurance (Group) Co, the nation's No 3 insurer, yesterday said premiums hit 93.9 billion yuan ($13.7 billion) last year.

"The risk of a rapid slowdown in life premiums in the first quarter or half of this year does exist given last year's base," said Olive Xia, an analyst at Core Pacific Yamaichi in Shanghai. "Whether that will have a major impact on insurers' profits depends on whether they can tilt their products toward more profits."

ANALYSIS

Unit-linked and universal insurance cool off

(2009-01-19)

After a miserable 2008, the once-popular unit-linked and universal insurance products are making a retreat. Amid strict regulatory management and continuously sluggish capital markets, insurance products have begun shifting from investment to assurance.

Unit-linked products abandoned for now

Forecasting a gloomy year ahead, some insurance companies have abandoned unit-linked insurance products. For instance, China Life Insurance Co has suspended sales of a unit-linked product it launched in May 2008.

“Aggressive accounts of unit-linked insurance are closely related with the stock market,” said Yan Tao, senior financial planner of New China Life Insurance Co Ltd. “The market falls seriously hurt their investors, and thus insurers face the risk of collective surrenders.”

Statistics from the Shanghai Insurance Association show that since the second half last year, unit-linked insurance has suffered continuous drops, with the premium income for July, August and September at 346 million yuan ($50.61 million), 226 million yuan and 185 million yuan respectively.

Noticing the potential risks, the regulatory authorities have come up with a slew of measures to tighten supervision over unit-linked insurance. Insurance companies in Beijing are required to clarify the risk rating of these products on their insurance policies from February 1, 2009.

Since November 2008, several insurance companies have halted bancassurance of unit-linked products in Beijing and Shanghai. However, some insurers say they will continue developing unit-linked insurance, despite the fall of the capital market.

Universal insurance losing luster

Amid the continuous spikes of consumer prices in the first half of last year, the settlement interest rate of universal insurance rose due to hikes in the bank savings interest rate. In April and May 2008, the settlement interest rate of most universal insurance products was about 5 percent, with the highest reaching over 6 percent.

Since September 2008, the central bank has made several interest rate cuts. Most insurance companies started reducing the settlement interest rate as early as in August.

Rough calculations show that the average settlement interest rate of universal insurance dropped to around 4 percent in November 2008, 0.23 percentage points lower than the industry’s average level of 4.23 percent in October.

“Losing the advantage of high settlement interest rates and amid declining bancassurance sales, universal insurance is no longer popular,” said a senior life insurance planner surnamed Jiang. “Universal insurance has almost disappeared from bank counters now. In 2009, insurers will mainly focus on participating insurance.”

STATISTICS

PICC Property's premium income tops $14.6 billion

(2009-01-01)

Premium income for 2008 of PICC Property and Casualty Company, China's largest non-life insurer in terms of premium, recently exceeded the 100 billion yuan ($14.6 billion) mark for the first time, making the company China's first insurer with an annual premium income of 100 billion yuan and setting a new record for the country's non-life insurance sector.

Minsheng Life reaps over 1b yuan in premiums

(2009-01-07)

Minsheng Life Insurance Co Ltd's premium income from new policies and renewable policies both surpassed 1 billion yuan ($146.24 million) in 2008. Premium income through renewable policies exceeded that of new policies for the first time.

As of the end of 2008, the insurer's total assets stood at over 10 billion yuan and its market share ranked among the top 10 life insurers nationwide.

The company earned about 1 billion yuan from new personal life policies in 2008, including 880 million yuan from the personal agency channel, up 58 percent year-on-year and 120 million yuan from intermediary and joint-conductive channels, up 145 percent year-on-year.

Its premium income from renewable policies amounted to 1.03 billion yuan in 2008. Some 80.16 percent of policy holders renewed their policies in the second year.

Insurers' unit-linked products suffer heavy losses

(2009-01-01)

As a result of the declining stock market and the government's tightening policies, unit-linked insurance accounts run by the 19 Chinese life insurers surveyed have suffered heavy losses, with the highest at 49 percent as of December 20, according to latest statistics.

The settlement interest rate of universal insurance products was once as high as 6 percent in the second half of last year. However, in the wake of the benchmark interest rate cuts, insurers adjusted the settlement interest rate to around 5 percent last October. That rate in December dropped to 4 percent.

The statistics show that all the aggressive accounts of the 19 companies' unit-linked products had a negative profit. Among them, seven accounts lost over 40 percent in value and six over 30 percent, with the highest loss at 49 percent.

The accounts with the heaviest losses were mostly established before 2008. Accounts run by CIGNA & CMC Life Insurance Company Limited and Ping An Life Insurance Company of China Ltd performed comparatively better, with a loss of only 6.81 percent and 4.49 percent respectively.

Ping An Life Insurance's account, established on June 18, 2008, did not go through the three big falls of the stock markets in January, March and June last year. While the Bu Bu Wei Ying account from CIGNA & CMC Life Insurance, launched last September, only experienced one large single-month fall in October.

In contrast, Aviva-Cofco Life Insurance Co Ltd's aggressive account, set up in September 2007, shed 41.86 percent of its value last year as of December 20; and that of AEGON-CNOOC Life Insurance Co Ltd finished the year down 43.63 percent.

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China Life 2008 premium revenue up 50%

(2009-01-09)

China Life Insurance Co Ltd, the world's largest life insurer by market value, reported 295.6 billion yuan ($43 billion) in premium revenue in 2008, an increase of 50 percent from a year ago, the Financial News reported on Thursday.

The China Life Insurance (Group) Co, the parent company, reported 316.4 billion yuan in premium revenue from both life and property insurance for 2008, an increase of 46 percent from a year earlier, according to the paper, which is affiliated with China's central bank.

The listed unit previously reported it had earned 2.34 billion yuan during the July-September period, down 70 percent from 7.82 billion yuan a year earlier, citing lower investment income.

Credit insurance loss rate up 30% in 2008

(2009-01-09)

Due to mounting payments in arrears, China's loss rate of short-term export credit insurance last year reached as high as 77 percent, up about 30 percent from a year earlier, according to sources with Sinosure's Guangdong branch.

This means a bad debt ratio of 0.45 percent for enterprises that had purchased export credit insurance last year, while the figure is only one tenth of the average ratio of all export enterprises nationwide, said Wu Yihu, an underwriting official with the branch.

The company's recent survey among Guangdong's export enterprises shows that their top concerns are no orders, broken cash flow and arrearage of buyers' payments, according to the branch's general manager Chen Liancong.

“Cash is the lifeblood of a business, so a broken cash flow can be more deadly than receiving no orders,” said the head of a toy factory in the province's Dongguan city. “Under the bad economic situation, purchases of raw materials can only be made in cash, leading to a cash strain.”

Last year, Guangdong's export enterprises covered by export credit insurance reported $66 million in losses caused by payment arrearage and others. Though some of the amount can be recovered, the loss rate in 2008 already doubled the level reached in 2007.

“Because of this, a growing number of enterprises in Guangdong woke up to the importance of risk control and financial assurance,” said Chen. “In 2008, exports protected by credit insurance in the province rose 72 percent year on year, with the insured amount rising from $3.2 billion to $5.5 billion.”

Unit-linked insurance outperforms stock market in 2008

(2009-01-12)

Although aggressive insurance accounts suffered heavy losses in 2008, unit-linked insurance accounts on the whole faired much better than China's stock market, which lost 65 percent for the whole year.

Statistics from Sinolink Securities show that the top 10 prudent accounts all achieved positive gains last year. Among them, four accounts yielded over 10 percent, including one account from Taikang Life Insurance Co Ltd that gained as much as 15.09 percent.

STATISTICS

Shanghai premium income up 30% in 2008

(2009-01-15)

Shanghai earned a premium income of 55.64 billion yuan ($8.13 billion) in 2008, up 28.43 percent year-on-year, according to the China insurance statistics information system, a statistic system launched by the China Insurance Regulatory Commission.

Property insurance companies in Shanghai claimed a premium income of 12.64 billion yuan in 2008, up 11.86 percent year-on-year and life insurance companies 43 billion yuan, up 34.28 percent year-on-year. The premium income ratio between property insurers to life insurers was 23 to 77, while the premium income ratio between Chinese insurers to foreign insurers was 84 to 16.

Compensation of Shanghai insurers had amounted to 16.71 billion yuan in the first 11 months in 2008, up 36.73 percent year-on-year. Property insurers paid out 6.94 billion yuan, up 45.51 percent from the previous year, and life insurers 8.43 billion yuan, up 29.91 percent over the same period in 2007. Among life insurance indemnity, health insurance indemnity totaled 1.15 billion yuan, up 48.48 percent year-on-year, and accident insurance indemnity 194 million yuan, up 1.34 percent year-on-year.

As of the end of last November, Shanghai had five insurance asset management companies and 98 insurance companies, including 42 property insurers, 40 life insurers, 5 pension firms, 5 health insurance companies, 5 reinsurance companies and one insurance group.

Insurance intermediary institutions had amounted to 276 by the end of last November in Shanghai, including 140 insurance agencies, 47 insurance surveyors and loss adjusters and 89 insurance brokerage companies.

Taiping Life 2008 premium income up 19.4%

(2009-01-15)

China Insurance International Holdings Co Ltd said its unit Taiping Life Insurance Co Ltd generated total premium income of 18.91 billion yuan ($2.76 billion) in 2008, up 19.4 percent from the previous year. In 2007, Taiping Life's premium income amounted to 15.84 billion yuan, up 41.1 percent from 2006.

China Pacific Insurance units' 2008 premium income 93.9b yuan

(2009-01-16)

China Pacific Insurance (Group) Co Ltd said two of its operating units booked unaudited premium income of 93.9 billion yuan ($13.73 billion) in 2008.

In a statement filed with the Shanghai Stock Exchange, the insurer said China Pacific Life Insurance Co had a premium income of 66.1 billion yuan last year, while China Pacific Property Insurance Co had an income of 27.8 billion.

According to a previous statement by the company, the units booked a premium income of 62.6 billion yuan and 25.8 billion respectively in the first 11 months of the year.

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PICC Life 2008 premium income reaches 29b yuan

(2009-01-16)

PICC Life Insurance Co said it earned premium income of 29 billion yuan ($4.24 billion) in 2008, up 527 percent. The company said it currently ranks sixth among China's life insurers in premiums, and has 31 provincial branches.

Earlier, PICC Property & Casualty Co, the country's largest non-life insurer, said 2008 premium income amounted to 101.66 billion yuan, up 14.75 percent.

China Insurance Group premiums hit 27.2b yuan in 2008

(2009-01-19)

China Insurance Group earned a 27.2 billion yuan ($3.97b) premium income in 2008, up 21 percent year-on-year, according to the company's statistics.

The group's total assets had amounted to 83.9 billion yuan by the end of 2008, 22 percent more than the previous year, while its management assets totaled 101.9 billion yuan, 31 percent over 2007.

To its premium income, domestic life insurance operations contributed 18.9 billion yuan, up 19 percent year-on-year. Premium income from new policies through agencies rose 77 percent year-on-year. Premium income from bancassurance installment payment businesses increased 177 percent year-on-year, while from bancassurance one-off payments, 43 percent year-on-year. Insurance telesales operations collected over 90 million yuan in premiums.

The group's domestic life insurance operations raked in 5.2 billion yuan in 2008, up 34 percent year-on-year. Premium income from auto insurance was 37 percent more than 2007, and non-auto insurance 25 percent more.

In addition, China International Reinsurance Co Ltd, the group's reinsurance arm, earned 9. 4 percent more premium income in 2008 over 2007, and it plans to enter the domestic reinsurance market in 2009. For annuity insurance, it has managed assets worth 18.28 billion yuan, including 7.9 billion yuan in entrustment assets and 10.38 billion yuan in investment assets. The group plans reforms in 2009, said Lin Fan, its newly-appointed board chairman.

PICC P&C's market share in Shanghai at 28%

(2009-01-19)

PICC Property and Casualty Company Limited (PICC P&C) further consolidated its lead in the Shanghai market by achieving a market share of 28.04 percent in 2008, up 2.18 percentage points from a year earlier.

The latest statistics from the Shanghai Insurance Association show that PICC P&C's share in the municipality's vehicle insurance market reached 33.43 percent at the end of 2008, up about 4 percentage points from the end of 2007.

Ping An's life insurance premiums hit 101.2b yuan in 2008

(2009-01-20)

Ping An Insurance (Group) Co yesterday said its life insurance unit booked 101.2 billion yuan ($14.8 billion) in premium income last year. The company's property and casualty

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insurance unit posted 26.75 billion yuan in premiums. Health insurance premiums totaled 33.3 million yuan, while income from its annuity insurance unit was 1.16 billion yuan.

PICC Health's investment return hits 6.31% in 2008

(2009-01-20)

PICC Health Insurance Co Ltd reaped 13.78 billion yuan ($2.01 billion) in premiums in 2008, accounting for a market share of about 24 percent in China's health insurance market. By the end of 2008, the company's total assets had surpassed 17 billion yuan, with an investment return of 6.31 percent.

Hunan insurers pay out 10b yuan in 2008

(2009-01-21)

"Insurers in Hunan province earned a premium income of 31.25 billion yuan ($4.57 billion) in 2008, up 55.2 percent year-on-year," said Chen Jie, director with the China Insurance Regulatory Commission Hunan bureau. "The growth rate has been the highest in six years — 16.17 percentage points higher than the national average level," Chen told the provincial insurance work conference.

The Hunan insurance sector paid out 9.45 billion yuan in 2008, 66.5 percent over the previous year. Among that, some 770 million yuan went to agricultural insurance claims, greatly supporting the construction of new rural areas.

According to statistics from the bureau, premium income from agricultural insurance amounted to 1.28 billion yuan in 2008, 69.24 percent higher than 2007.

Beijing's unit-linked insurance premium income down 45%

(2009-01-21)

The accumulated premium income and new policy premium income of unit-linked insurance products in Beijing dropped by about 50 percent from a year earlier. But according to Soderberg & Partners Investment Consulting (Beijing) Co Ltd, they obviously outperformed the stock market by the return of investment.

As of November 2008, the accumulated premium income of 85 investment accounts from 16 insurance companies in Beijing reached 946.52 million yuan ($138.30 million), down 45.60 percent, of which premium income from new policies was 655.67 million yuan, down 49 percent, Soderberg & Partners said in its latest research report.

Despite the obvious slowing growth of premium income, unit-linked insurance faired better than the stock market. Statistics show that the Shanghai stock market shed 65.39 percent of its value in 2008, while stock-oriented accounts only lost 46.67 percent on average.

Among unit-linked accounts, accounts with negative yield also included mixed stock-oriented and mixed bond-oriented ones, which declined 34.54 percent and 21.11 percent respectively in value.

Amid the sluggish capital markets last year, bond-oriented accounts and currency accounts faired well. Bond-oriented accounts had an average yield of 3.77 percent, with the highest at 15.11 percent. They all gained in the fourth quarter last year, with an average growth of 4.66 percent. Currency accounts had an average yield of 3.34 percent last year.

China Life's 2008 net profit may fall more than 50%

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(2009-01-21)

China Life Insurance Co Ltd, the country's largest life insurer, may see its 2008 net profit fall over 50 percent due to a significant drop in investment return from its equity assets, the insurer said in a statement on Tuesday.

The company said the forecast was based on preliminary estimates under Chinese accounting standards.

China Life posted a net profit of 28.12 billion yuan ($4.11 billion) in 2007. The company's net profit in the first half of last year stood at 10.77 billion yuan, down 36 percent year-on-year. The company's solvency ability also fell from 525 percent at the end of 2007 to 305 percent at the end of June 2008.

Despite the lackluster performance, the company was assigned A1, A+,A+, the fifth-highest ratings, by Moody's Investors Service, Standard & Poor's and Fitch Ratings.

Higher awareness fuels insurance premium rise

(2009-01-22)

Insurance premiums on the Chinese mainland last year rose by the fastest since 2002 as people become more aware of the need for financial protection, the top industry regulator said yesterday.

A total of 978.4 billion yuan ($143 billion) in premiums were collected last year, a jump of 39. 1 percent from a year ago, the China Insurance Regulatory Commission said yesterday on its Website.

Life insurance led the growth as premiums totaled 665.84 billion yuan last year, a rise of 49. 2 percent over a year ago. Non-life insurance premiums added 17 percent to 233.67 billion yuan in the period.

Some insurance firms have tailored products to cater to corporations and individuals as they became more aware for the need to be adequately protected financially. Natural disasters also highlighted the need for corporations and individuals to buy insurance as a protection. Insurers paid out 297 billion yuan last year, a 31.2-percent rise from a year earlier because of a snowstorm early last year and a massive earthquake that killed more than 80, 000 people last May.

Meanwhile, insurers also cut risky investments last year due to the tumble in the stock market. At the end of last year, insurers placed 84.4 percent of their investments in bank deposits and bonds, up 16 percentage points from the start of the year, while investment in stocks and funds dropped by 13.8 percentage points to 13.3 percent last year.

Investment in stocks and funds had been popular in 2007 due to a booming stock market as the benchmark Shanghai Composite Index hit a record high of 6,124 points in October 2007. The index ended at 1,985 yesterday.

The industry's total assets topped at 3.3 trillion yuan as of the end of last year, up 15.2 percent from the beginning of last year, the regulator said. Ten new insurance firms started operations last year, bringing the total number to 130.

China Life, the country's biggest life insurer, told the Shanghai Stock Exchange in a statement yesterday that its unaudited net profit last year fell more than 50 percent from a year earlier, based on Chinese accounting standards.

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China's farm insurance more than doubles in 2008 with govt subsidies

(2009-01-26)

Government subsidies for premiums helped China's agricultural insurance sector more than double last year, the industry regulator said.

Premiums more than doubled to 11 billion yuan ($1.63 billion), and nearly 11 million rural households received 6.9 billion yuan in claims payments last year, up 110 percent year-on-year, statistics from the China Insurance Regulatory Commission (CIRC) showed.

Calling the increases a "breakthrough," the CIRC Statistical Department chief Wu Xiaojun attributed the rise to a pilot program that expanded from six to 16 provinces between 2004 and 2008.

The government began to offer subsidies for farm insurance premiums in major grain- and livestock-producing areas in 2004. At the time, aggregate agricultural policy premiums stood at less than 400 million yuan, a mere fraction of last year's figure.

Subsidies vary, but for example, sow-breeders in Heilongjiang province pay only about 20 percent of the premium, with central and local finance covering the rest.

Jiangsu province, in eastern China, earlier this month put 50 million yuan into a reserve fund against natural disasters — equivalent to 10 percent of the province's total agricultural insurance premiums in 2008. Those premiums covered 2.3 million ha of rice, corn and cotton crops.

The CIRC Inner Mongolia bureau chief Zhi Pengfei said that expanding farm insurance had strengthened the local farming and breeding industries. He said that Inner Mongolia planned to add rape, sunflower seeds and dairy cows to the program this year. So far, farm insurance in the region has only covered sows, corn, wheat and soybeans.

Insurance industry figures for January-December 2008

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(2009-01-22)

	Unit: 10,000 yuan
Premium income	**97840966.41**
1. Property insurance	23367097.78
2. Personal insurance	74473868.63
（1）Life insurance	66583717.92
（2）Health insurance	5854589.92
（3）Personal accident insurance	2035560.78
Enterprise annuity contributions	2054823.00
Compensation & payouts	**29711659.83**
1. Property insurance	14183324.57
2. Personal insurance	15528335.26
（1）Life insurance	13149788.95
（2）Health insurance	1752812.77
（3）Personal accident insurance	625733.54
Operation costs	10795228.27
Banking deposits	80875509.19
Investment	224652161.10
Total assets	**334184386.70**
Entrusted enterprise annuity assets	4736396.10
Annuity assets for investment management	3773747.90

Note: 1.These figures are calculated using the Accounting Standards for Business Enterprises (2006).

2. The figures of premiums, compensation & payouts and operation costs are based on statistics between January and December 2008. The numbers for banking deposits, investment and total assets were collected at the end of December 2008.

3. Banking deposits include demand deposits, time deposits, refundable deposits and margin deposits.

4. These statistics are not audited and are based on monthly reports submitted by insurance companies to the China Insurance Regulatory Commission.

5. The figures of enterprise annuity contributions are based on statistics between January and December 2008. The numbers for entrusted enterprise annuity assets and annuity assets for investment management were collected at the end of December 2008.

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Life insurers' premium income in January-December 2008

(2009-01-22)

Unit: 10,000 yuan

Capital structure	Name of companies	Premium income
Chinese-funded	China Life Insurance Co Ltd	29559122.63
	China Life Insurance (Group) Company (excluding the listed arm)	1750620.89
	China Pacific Life Insurance Co Ltd	6609202.65
	Ping An Life Insurance Company of China	10117762.28
	New China Life Insurance Co Ltd	5568279.92
	Taikang Life Insurance Co Ltd	5774546.86
	Taiping Life Insurance Co Ltd	1891003.33
	Minsheng Life Insurance Co Ltd	627784.39
	Sino Life Insurance Co Ltd	802923.04
	Ping An Pension Insurance Co Ltd	115820.83
	Union Life Insurance Co Ltd	545050.64
	Huatai Life Insurance Co Ltd	269029.31
	Ping An Health Insurance Co Ltd	3329.61
	PICC Health Insurance Co Ltd	1377691.44
	Huaxia Life Insurance Co Ltd	195994.62
	Zhengde Life Insurance Co Ltd	185565.40
	Sinatay Life Insurance Co Ltd	129823.85
	Jiahe Life Insurance Co Ltd	475615.94
	Great Wall Life Insurance Co Ltd	170579.09
	Kunlun Health Insurance Co Ltd	1964.57
	Reward Health Insurance Co Ltd	24298.27
	PICC Life Insurance Company	2881201.29
	Guohua Life Insurance Co Ltd	89287.96
	Yingda Taihe Life Insurance Co Ltd	216753.85
	Happy Life Insurance Co Ltd	103751.28
	Sunshine Life Insurance Co Ltd	278684.13
	Sum	**69765688.07**
Foreign-funded or joint venture	Manulife-Sinochem Life Insurance Co Ltd	140071.79
	Pacific-Antai Life Insurance Co Ltd (PALIC)	104754.86
	Allianz China Life Insurance Co Ltd	241152.26
	AXA-Minmetals Assurance Co Ltd	58923.70
	CITIC-Prudential Life Insurance Co Ltd	371415.86
	China Life CMG Insurance Co Ltd	15422.65
	John Hancock Tianan Life Insurance Co Ltd	28121.69
	Generali China Life Insurance Co Ltd	211160.91
	Sun Life Everbright Life Insurance Co Ltd	145009.15

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		Unit: 10,000 yuan
Capital structure	Name of companies	Premium income
Foreign-funded or joint venture	American International Assurance Co Ltd (AIA)	758081.63
	Haier New York Life Insurance Co Ltd	42235.90
	ING Capital Life Insurance Co Ltd	182214.88
	AVIVA-COFCO Life Insurance Co Ltd	385158.60
	AEGON-CNOOC Life Insurance Co Ltd	156086.64
	CIGNA and CMC Life Insurance Co Ltd	156189.91
	Nissay-SVA Life Insurance Co Ltd	16428.15
	Heng An Standard Life Insurance Co Ltd	203603.59
	Skandia-BSAM Life Insurance Co Ltd	36342.20
	Sino-US MetLife Insurance Co Ltd	160110.08
	Sino French Life Insurance Company	12875.50
	Cathay Life Insurance Co	59884.65
	United MetLife Insurance Co Ltd	101386.59
	Samsung Air China Life Insurance Co Ltd	12285.09
	Great Eastern Life Assurance (China) Company	11046.03
	King Dragon Life Insurance Company Ltd	16.94
	Sum	**3609979.28**
Total	**73375667.35**	

Note: 1. The amount of premium income is based on monthly reports submitted by life insurance companies to the China Insurance Regulatory Commission.

2. The premiums are unaudited statistics used for companies' internal supervision. Life insurance companies will assume no legal responsibilities for them.

3. AIA includes branches in Shanghai, Guangzhou, Shenzhen, Beijing, Suzhou, Dongguan and Jiangmen.

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Property insurers' premium income in January-December 2008

(2009-01-22)

Unit: 10,000 yuan

Capital structure	Name of companies	Premium income
Chinese-funded	PICC Holding Company	10165607.29
	China Continent Property and Casualty Insurance Co Ltd	942448.75
	China Export & Credit Insurance Corp (Sinosure)	350110.11
	China United Property Insurance Company	1912480.67
	China Pacific Property Insurance Co Ltd	2781677.53
	Ping An Property and Casualty Insurance Company of China Ltd	2675134.35
	Huatai Insurance Company of China Ltd	248828.84
	Tianan Insurance Company Ltd of China	669774.97
	Dazhong Insurance Co Ltd	120478.62
	Sinosafe Insurance Co Ltd	74949.18
	Yong An Insurance Co Ltd	560640.34
	Tai Ping Insurance Co Ltd	426080.84
	Ming An Insurance Co Ltd	94043.47
	Bank of China Insurance Co Ltd	159671.38
	Anxin Agricultural Insurance Company	41950.75
	Alltrust Insurance Company	261392.36
	AnBang Property and Casualty Insurance Co Ltd	481839.05
	Anhua Agricultural Insurance Co Ltd	172527.52
	Tianping Auto Insurance Co Ltd	116006.28
	Sunshine Insurance Company	528893.93
	Yangguang Agricultural Mutual Insurance	161241.35
	Du-Bang Property & Casualty Insurance Co Ltd	389808.28
	Bohai Property Insurance	146627.70
	China Agricultural Property Insurance Co Ltd	14445.70
	China Life Property & Casualty Insurance Co Ltd	534294.93
	Ancheng Property & Casualty Insurance Co Ltd	71526.61
	Chang An Property & Liability Insurance Ltd	36229.12
	Guoyuan Agriculture Insurance Co Ltd	21749.68
	Dinghe Property & Casualty Insurance Co Ltd	12103.21
	China Coal Property & Casualty Insurance Co Ltd	69.97
	Yingda Taihe Property Insurance Co Ltd	1469.65
	Sum	**24174102.41**
Foreign-funded or joint venture	AIU Insurance Company	84736.10
	Tokio Marine and Fire Insurance Co Ltd	40522.71
	Winterthur Insurance	10204.04
	Royal & Sun Alliance	19239.83

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Capital structure	Name of companies	Premium income
		Unit: 10,000 yuan
Foreign-funded or joint venture	Mitsui Sumitomo Insurance Company	29370.87
	Samsung Fire & Marine Insurance	25921.92
	Allianz Insurance Company	21643.76
	Sompo Japan Insurance Inc	11844.39
	Liberty Insurance	11450.15
	Groupama Insurance	1821.90
	Zurich Insurance Company	9771.40
	Hyundai Marine & Fire Insurance	5917.52
	Generali China Insurance Co Ltd	2545.86
	Aioi Insurance Company	1853.55
	Cathay Property and Casualty Insurance Co Ltd	392.88
	Sum	288389.17
Total	**24462491.59**	

Note:

1. The amount of premium income is based on monthly reports submitted by property and casualty insurance companies to the China Insurance Regulatory Commission.
2. The premiums are unaudited statistics used for companies' internal supervision. Property and casualty insurance companies will assume no legal responsibilities for them.
3. AIU Insurance Company's figure includes premiums of its branches in Shanghai, Guangzhou and Shenzhen.

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Pension companies' figures for January-December 2008

(2009-01-22)

Unit: 10,000 yuan

Company	Enterprise annuity contributions	Entrusted enterprise annuity assets	Annuity assets for investment management
Taiping Pension Co Ltd	342785.10	616619.30	942566.90
Ping An Annuity Insurance Company of China Ltd	901652.80	1240172.10	1461311.90
China Life Pension Co Ltd	535732.60	613668.70	
Changjiang Pension Insurance Company	215800.00	2226094.30	1369869.10
Taikang Pension Insurance Co Ltd	58852.50	39841.70	
Total	**2054823.00**	**4736396.10**	**3773747.90**

Note: 1. These statistics are not audited and are based on reports submitted by pension companies to the China Insurance Regulatory Commission.

2. Statistics of enterprise annuity contributions, entrusted enterprise annuity assets and annuity assets for investment management can be seen in the chart of January-December insurance industry figures.

January-December premium income of all regions

(2009-01-22)

STATISTICS

Unit: 10,000 yuan

Provinces & Cities	Premium income	Property insurance	Life insurance	Accident insurance	Health insurance
Whole country	97840966.41	23367097.78	66583717.93	2035560.78	5854589.92
Beijing Municipality	5859464.73	1341396.44	3905763.20	95845.55	516459.54
Tianjin Municipality	1756211.87	418195.18	1187039.81	25197.81	125779.07
Hebei Province	4805927.95	1031423.95	3510524.27	70445.16	193534.57
Liaoning Province	3286997.45	679338.48	2333442.05	45442.60	228774.32
Dalian City	1074329.64	272952.69	698990.08	21049.35	81337.52
Shanghai Municipality	6000566.19	1317897.35	3820592.30	120844.36	741232.18
Jiangsu Province	7754056.68	1811139.05	5281899.65	183109.71	477908.27
Zhejiang Province	4892265.14	1630443.42	2880557.42	122587.31	258676.99
Ningbo City	871066.51	403430.34	410655.74	24877.00	32103.43
Fujian Province	2437992.20	616628.24	1598088.49	57057.94	166217.52
Xiamen City	468736.64	156044.91	262884.60	12078.35	37728.79
Shandong Province	5712282.47	1359193.31	3895350.31	120641.41	337097.44
Qingdao City	1027258.59	283143.53	632294.67	17461.35	94359.05
Guangdong Province	8841601.18	2077710.99	6017634.70	205254.34	541001.15
Shenzhen City	2408212.47	848447.07	1328965.85	71455.23	159344.33
Hainan Province	300664.80	104933.66	175263.48	8608.79	11858.87
Shanxi Province	2608863.74	600929.27	1871166.00	40099.10	96669.37
Jilin Province	1589185.13	322255.43	1186643.83	19602.73	60683.14
Heilongjiang Province	2511964.91	479501.52	1908659.68	34911.23	88892.49
Anhui Province	2965370.54	639587.98	2184681.96	36655.72	104444.88
Jiangxi Province	1713602.00	334567.35	1272227.96	36905.30	69901.39
Henan Province	5189239.00	778537.23	4110139.82	76997.47	223564.49
Hubei Province	3171506.37	549896.00	2407078.17	59669.98	154862.21
Hunan Province	3124856.94	616200.63	2290583.39	69125.42	148947.49
Chongqing Municipality	2005523.23	377552.19	1489503.74	52663.17	85804.13
Sichuan Province	4942700.17	1097573.02	3449558.79	118088.65	277479.72

STATISTICS

Unit: 10,000 yuan

Provinces & Cities	Premium income	Property insurance	Life insurance	Accident insurance	Health insurance
Guizhou Province	799546.93	285807.86	454341.55	28264.97	31132.55
Yunnan Province	1653916.43	552042.69	916928.21	61873.30	123072.23
Tibet Autonomous Region	32508.00	28638.32	947.80	1599.22	1322.65
Shaanxi Province	2177752.15	462677.38	1592362.67	38222.63	84489.47
Gansu Province	974503.84	226150.96	688207.34	17271.61	42873.94
Qinghai Province	141063.95	62772.62	66741.44	4265.55	7284.34
Ningxia Hui Autonomous Region	317905.64	94751.23	181090.05	8461.35	33603.01
Xinjiang Uygur Autonomous Region	1525145.09	442526.30	947155.44	34773.51	100689.84
Inner Mongolia Autonomous Region	1413461.88	535947.94	791475.02	34615.80	51423.11
Guangxi Zhuang Autonomous Region	1334844.16	400436.73	825035.66	45869.15	63502.62
Group or parent companies	149871.80	126426.53	9242.76	13668.69	533.82

Note:

1. Figures for group or parent companies refer to income of businesses operated by group or parent companies and are not restricted to any one region.

2. These statistics are not audited and are based on monthly reports submitted by insurance companies to the China Insurance Regulatory Commission.