



Insurance Industry

CHINA: Industry Brief

MARKET OVERVIEW

- An estimated 4% of China's 1.3 billion people have insurance.
- Life insurance premiums constitute 70% of China's total premiums.
- Total insurance investments stand at 1.55 trillion RMB, while total insurance assets are 2.53 trillion RMB.
- Domestic insurers control 95% of the life insurance market, while foreign insurers control 5%. In the non-life sector, domestic insurance firms control 99% of the market.
- CIRC now allows Chinese insurers to invest 15% of their assets overseas. Insurers can invest in fixed-income products, money market instruments, and as of 2007 publicly quoted shares, as well as take direct equity stakes in companies.

BEST PROSPECTS

- Agriculture and Livestock
- Health
- Pension
- Political Risk
- Product Liability
- Professional Indemnity
- Reinsurance
- Sports Insurance (Olympic Games)
- Insurance Administration IT Systems

MARKET OPPORTUNITIES

- Insurance regulator CIRC aims to develop the agriculture, commercial endowment and health insurance sectors.
- CIRC will allow more large foreign reinsurers into the reinsurance market, which is lagging far behind the development of the overall insurance sector. China aims to increase its reinsurance premiums to 100 billion RMB by 2010.
- The development of China's pension market is critical to the government in its efforts to rebalance the economy.

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Key Trends

- China's insurance market is growing rapidly and is the third largest in Asia in terms of premiums generated.
- With a penetration rate of less than three percent, China's insurance market is also one of the most under-penetrated and under-served.
- Growth is being driven by an aging population, high savings rate, inadequate social security system and evolving middle class.
- Domestic insurance companies dominate the market, but foreign insurers are gradually attaining greater market share and lending their expertise.
- Key challenges are the shortage of management talent, lack of consumer knowledge, limited development of distribution channels, and non-transparent regulatory approval processes.

EVENTS AND SHOWS - 2008

<u>Event</u>	<u>Location</u>	<u>Date</u>	<u>Website</u>
9th China Rendezvous	China	Sep 21-23	www.asiainsurancereview.com
4th Insurance Executives' Summit on Technology	Shanghai	Sep 24-25	www.asiainsurancereview.com
China Int'l Exhibition on Financial Banking Technology & Equipment (CIFTEE)	Beijing	Oct 19-24	www.ciftee.com.cn
Pensions & Retirement Planning Conference	China	Nov 6-7	www.asiainsurancereview.com

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