

**PICC 中国人民保险**

**PICC P&C ( 2328.HK )**

**2019 Interim Results**

**August 26, 2019**



## Disclaimer

The document has been prepared by PICC Property and Casualty Company Limited (hereinafter as “PICC P&C” or the “Company”) and has not been independently audited. In addition to statements of historical facts, this document contains certain forward-looking statements. Such forward-looking statements are subject to certain known and unknown risks and uncertainties, most of which go beyond the Company’s control. The Company does not guarantee the accuracy, fairness or completeness of any information contained herein. The Company also undertakes no obligation to update or revise any forward-looking statements contained in this document in the future.

## GWP



RMB236.04 bn

↑ 15.1%

## Combined Ratio



97.6%

↑ 1.6 pts

## Annualized Total Investment Yield



5.3%

↑ 0.1 ppt

## Net Profit



RMB16.82 bn

↑ 39.1%

## Net Cash Flow from Operating Activities



RMB8.73 bn

↑ RMB9.16 bn

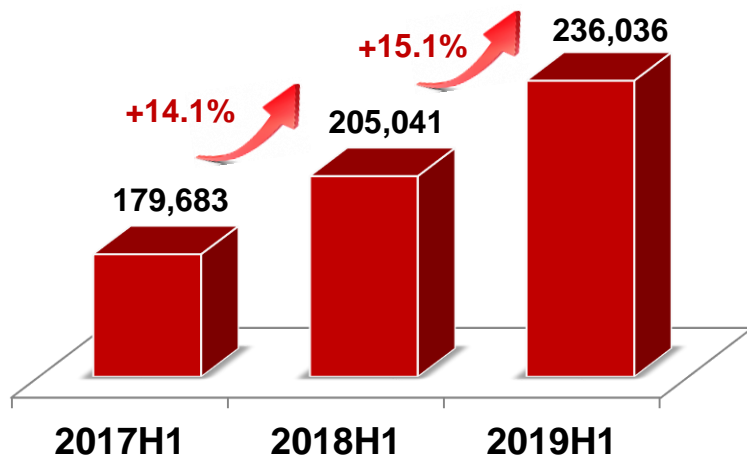
## Net Assets



RMB158.98 bn

↑ 12.4%

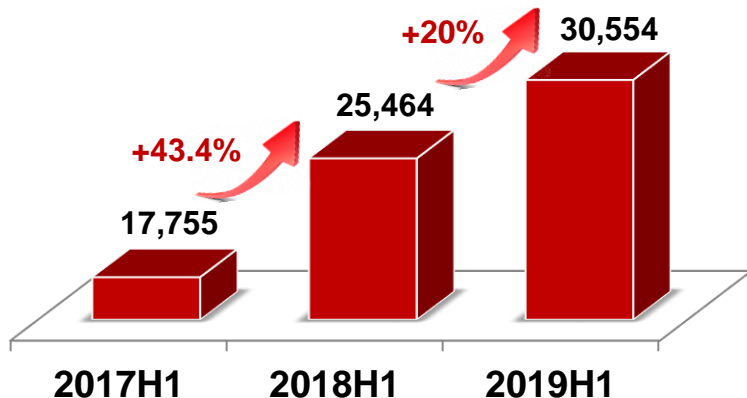
### Gross Written Premiums (RMB mn)



**35.1%**

Up by **1.1 ppts** YoY

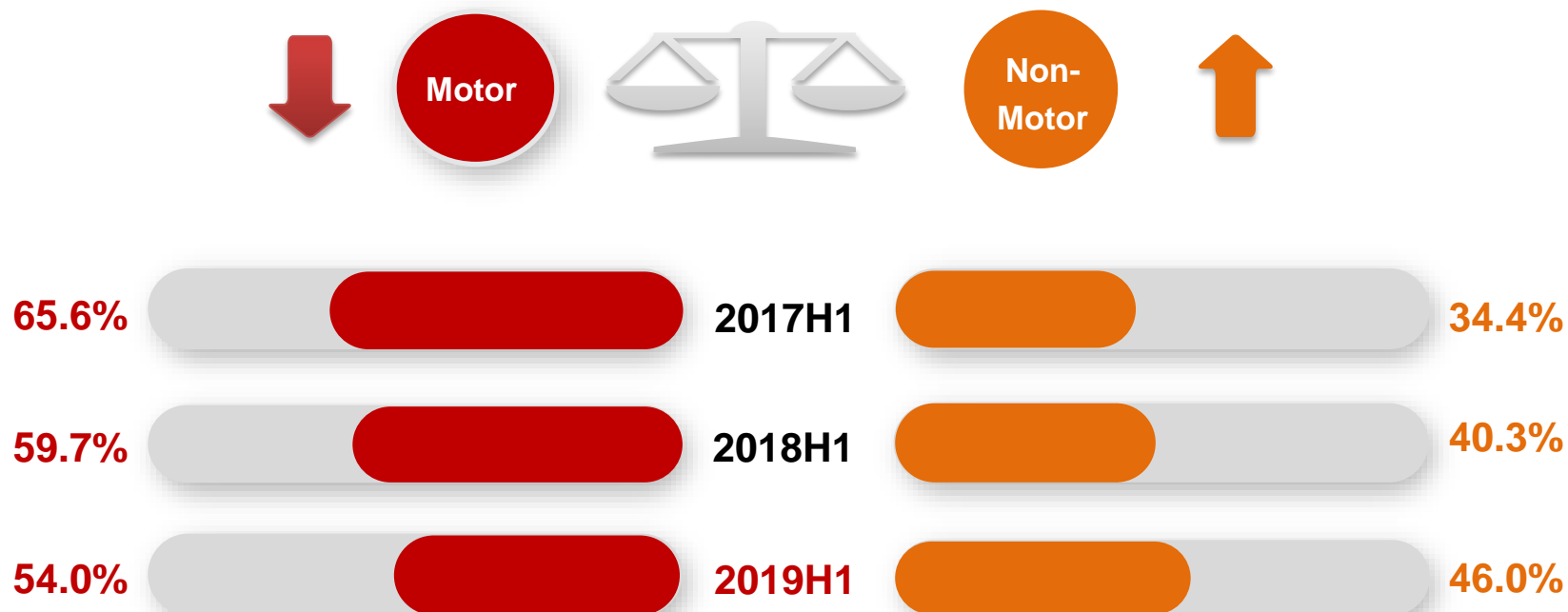
### Incremental Premiums (RMB mn)



**44.8%**

**Ranked 1<sup>st</sup>  
among Peers**

## Contribution of Motor and Non-motor Insurances As a Percentage of GWP



Gross written premiums of motor insurance grew **4.1%** YoY to **RMB127.5 bn**

## Reducing dependency on independent agencies

Direct sales and Direct controlled business grew at **12%**  
Accounted for **68.3%**

 **4.8 pts**

## Improving Customer Experience

Net Promoter Score (NPS) **Outperformed the Industry**  
Online migration rate up by **31%** YoY  
Working in sync with the traffic police in **342** cities,  
built **1,735** service outlets in rural area  
Claims Cycle accelerated by **9.5%**




## Lowering Sales Cost

Reduction of motor claims cost was **RMB10,234 mn**  
Motor Expense ratio down by **1.6 pts**



## Enhancing Customer Loyalty

Renewal rate of commercial motor insurance reached **66.6%**  
 **0.1 ppt**  
Customer Interaction Frequency on Apps



**33%**



	GWP (RMB mn)	Percentage	% Change YoY
<b>Non-Motor Insurance</b>	<b>108,549</b>	<b>100.0%</b>	<b>+31.4%</b>
Accidental Injury & Health	40,937	37.7%	+41.0%
Agriculture	22,031	20.3%	+18.0%
Liability	15,645	14.4%	+32.5%
Commercial Property	9,388	8.7%	+13.1%
Credit & Surety	10,437	9.6%	+115.3%
Cargo	2,140	2.0%	+2.7%
Others	7,971	7.3%	+1.4%

## Accidental Injury & Health

- Premium from the social security insurance was RMB32.3 bn, up by 41.9% YoY, businesses covering 504 mn policyholders across 31 provinces and 281 cities.
- Premium from the individual general accidental health & injury insurance saw a solid growth of 48.5% YoY to RMB3.7 bn.

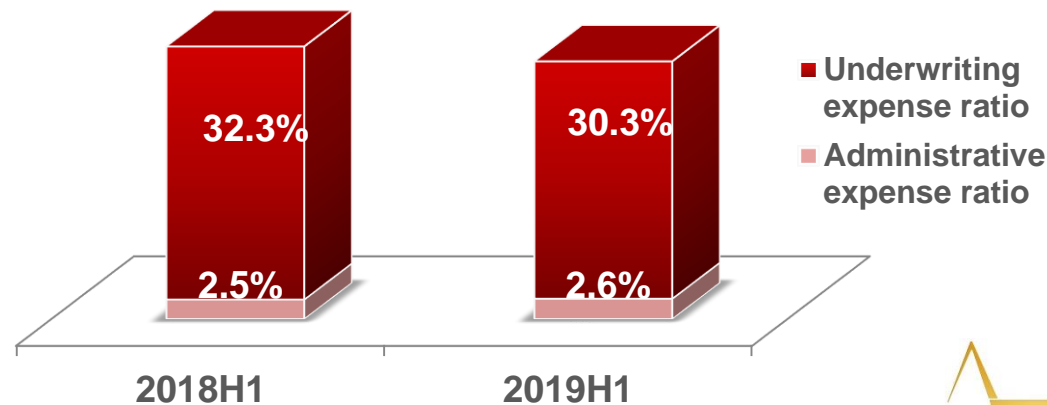
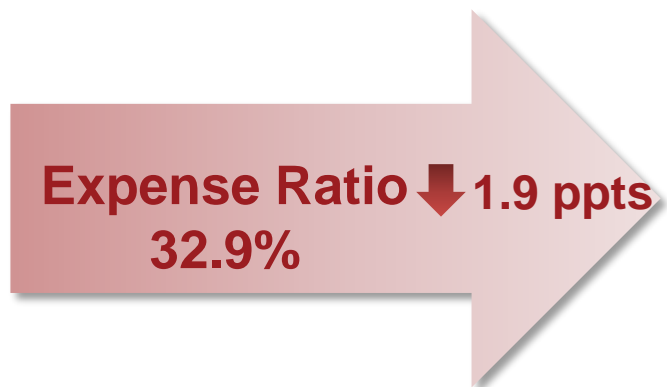
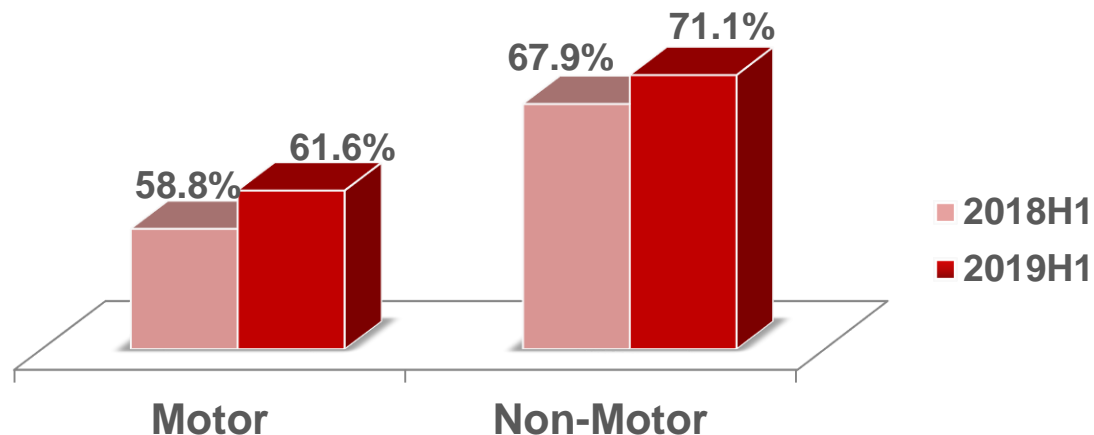
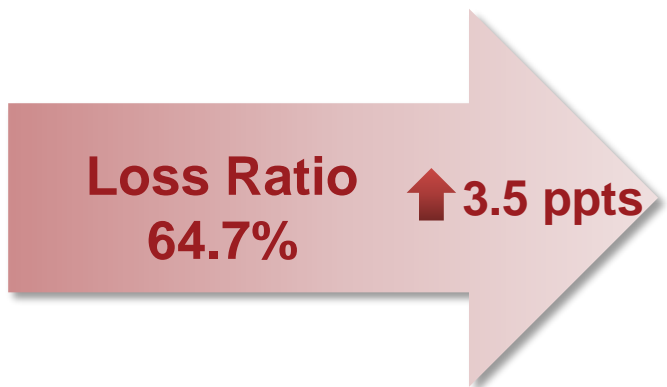
## Agriculture

- Continued to proceed better and wider coverage and more diverse offering, further consolidate dominant position in the industry.
- Strengthened coordination between policy-based and commercial business; rural network realized commercial premium of RMB23.5 bn, up by 24.3% YoY.

## Liability

- Focusing on “serving real economy, supporting national strategy, innovating social governance, and safeguarding new economy”, the Company set 10-year record highs in premium size, growth rate and growth volume.
- Built a model of “Insurance + Technology + Service” to consolidate competitive advantages.

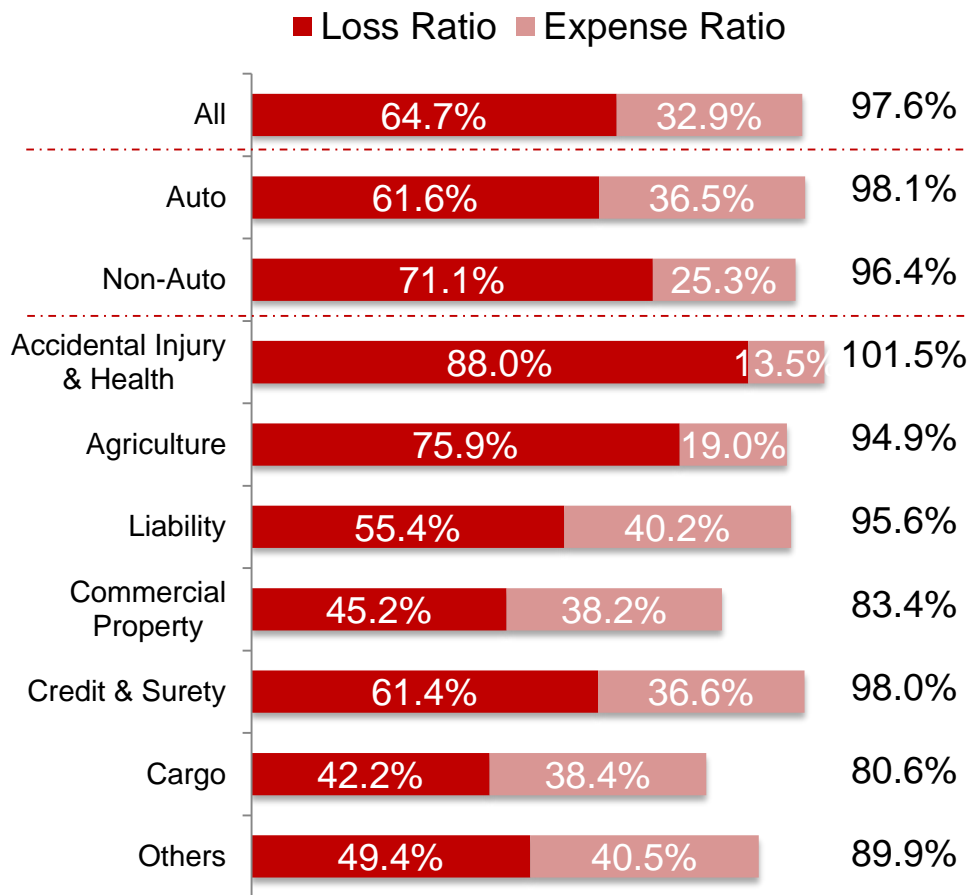
# Loss Ratio Increased and Expense Ratio Decreased



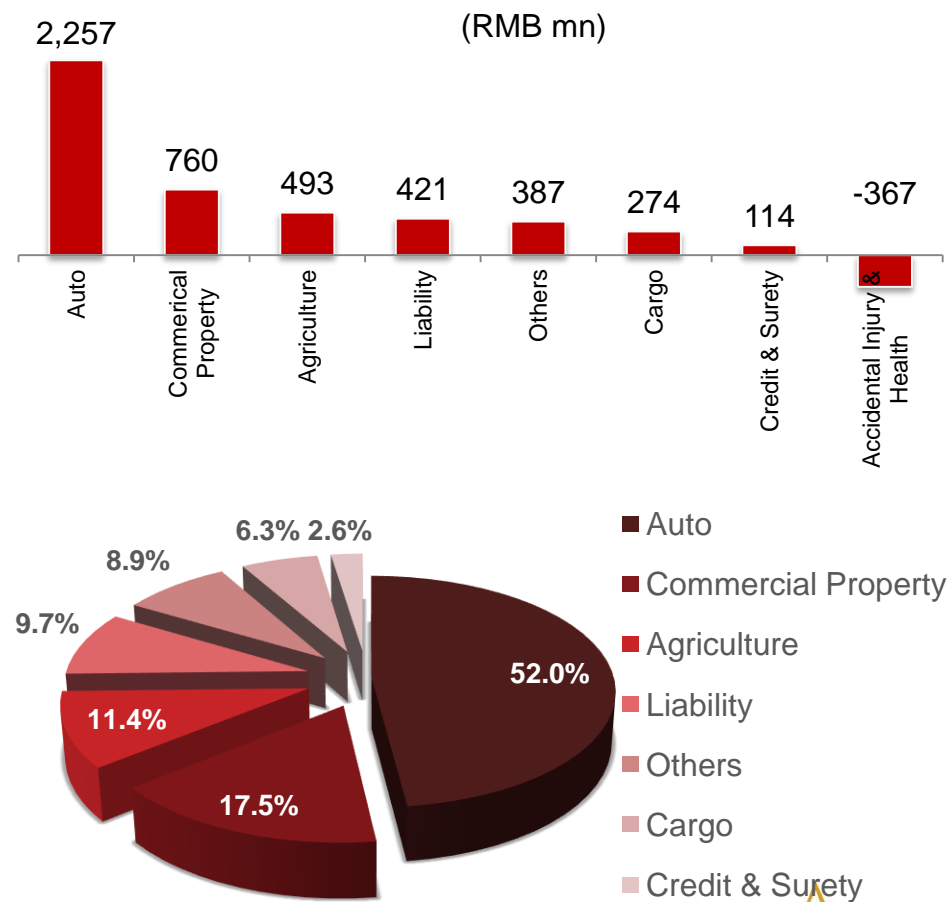


# Underwriting Profitability Continued to Outperformed the Industry

## 2019H1 Combined Ratio



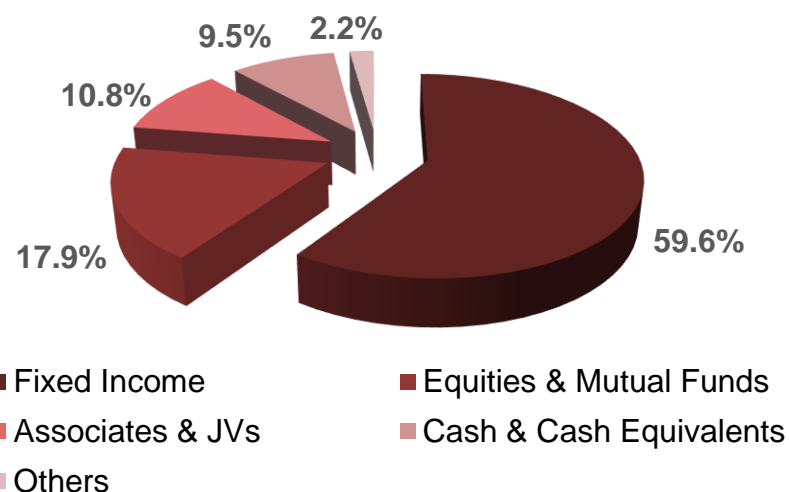
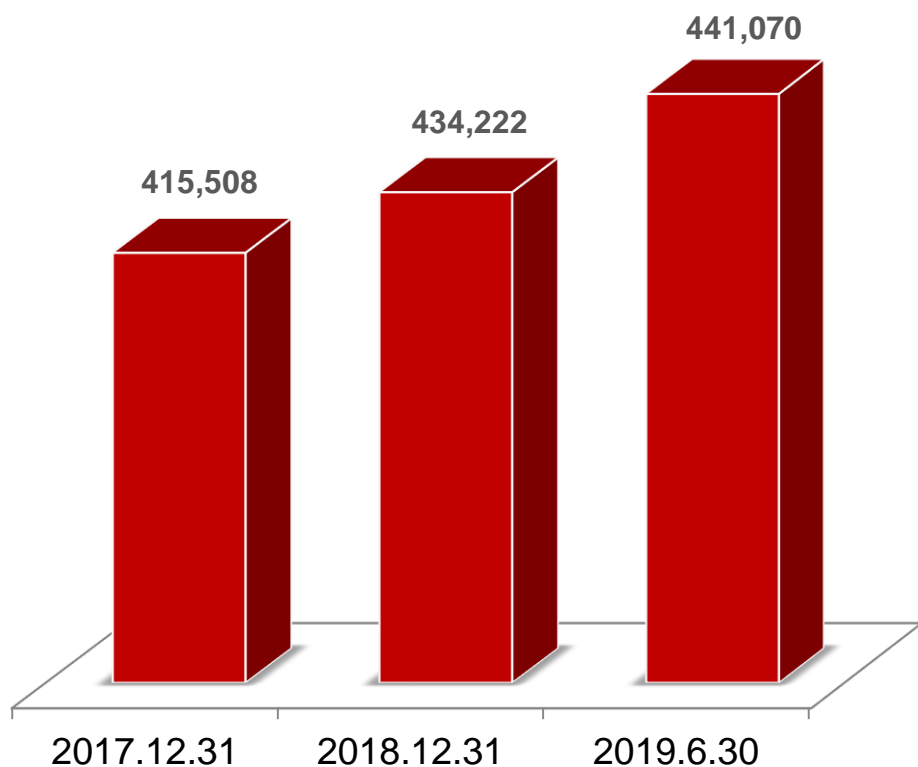
## 2019H1 Underwriting Profit and Mix



# Total Investment Assets Continued to Grow, Investment Portfolio Remained Stable

## Total Investment Assets RMB 441,070 mn

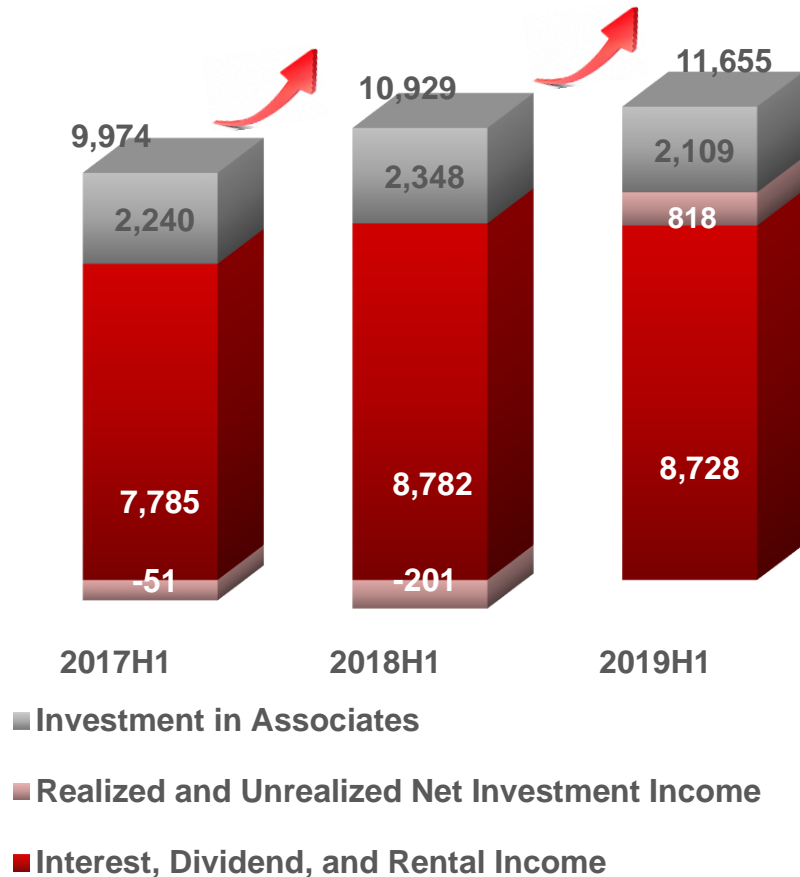
(RMB mn)



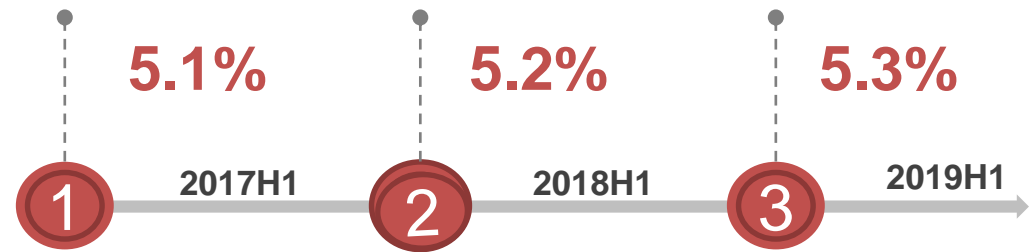
Notes:

- 1) The figures may not add up due to rounding. Cash & Cash Equivalents are mainly RMB, including financial assets repurchased within 3 months;
- 2) "Others" include property investments, derivative financial assets, and collaterals.

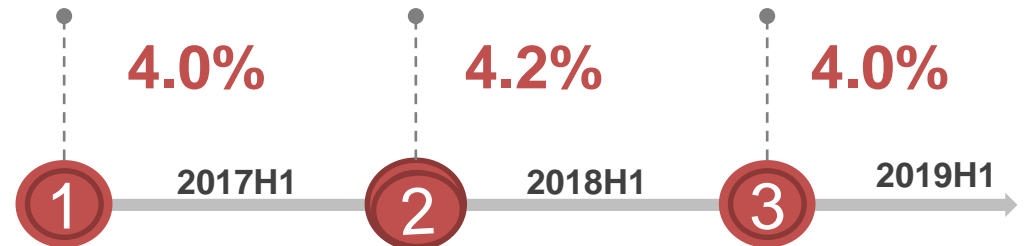
## Investment Income (RMB mn)



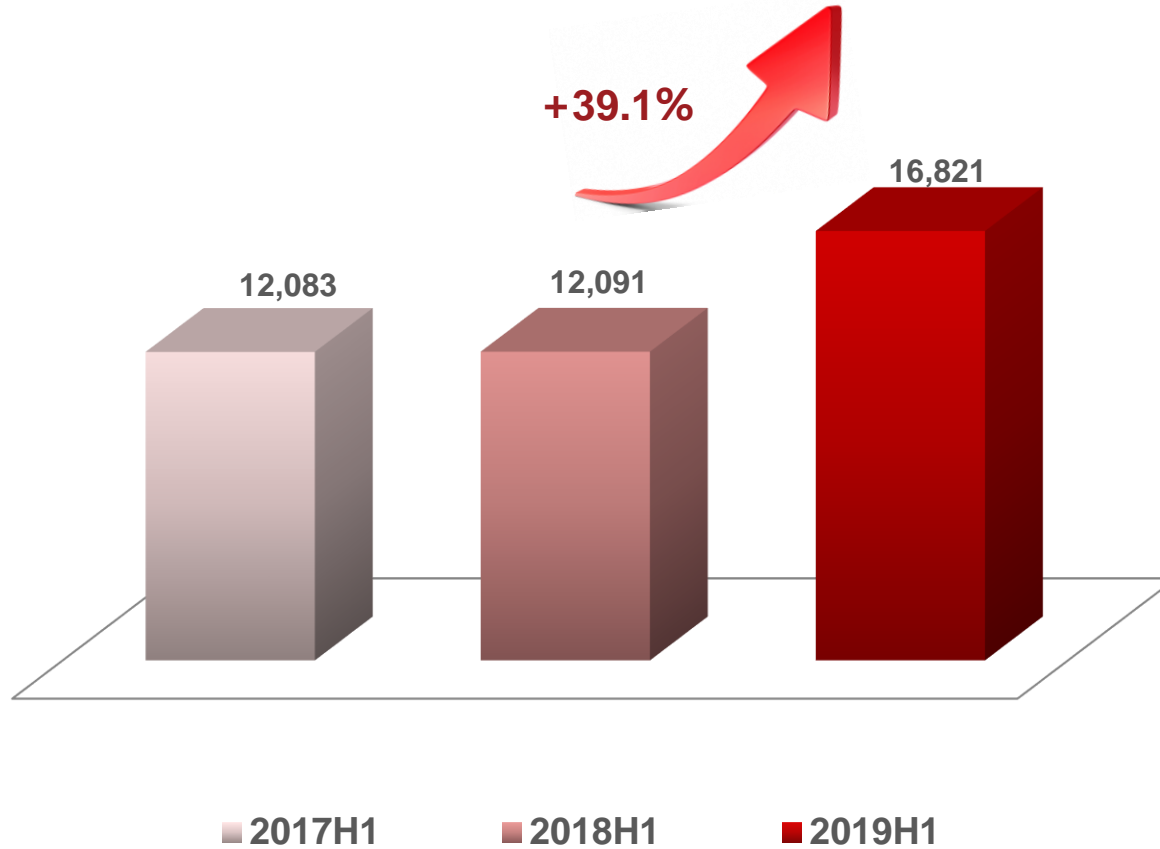
## Annualized Total Investment Yield



## Annualized Net Investment Yield

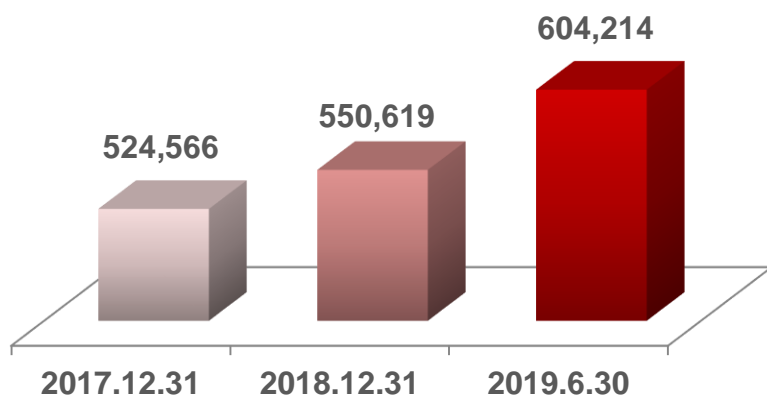


# Net Income Increased Significantly



# CFO improved Significantly, Capital Position Further Strengthened

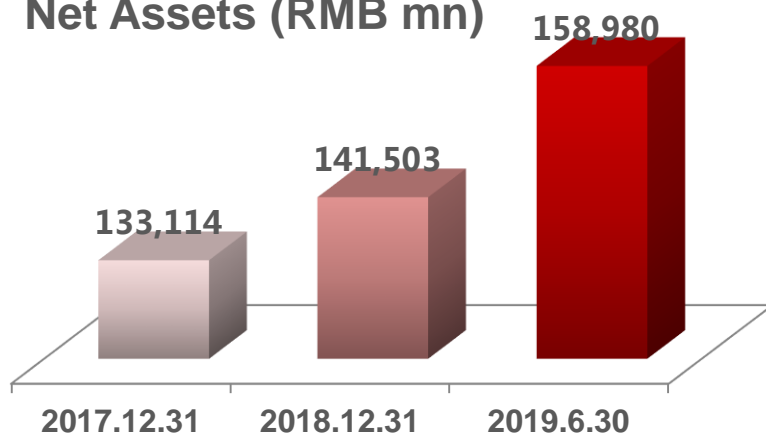
### Total Assets (RMB mn)



### Net Cash Flow from Operating Activities (RMB mn)



### Net Assets (RMB mn)



### Solvency Margin Ratio

	As of 30-Jun-2019	As of 31-Dec-2018	Change
Core Solvency Margin Ratio	242%	229%	+13ppts
Comprehensive Solvency Margin Ratio	286%	275%	+11ppts



## Continue to Optimize Business Model

- Take digitalization as the key to optimizing our business model and implement the digital strategy in a way to improve efficiency and customer experience.
- Accelerate the migration to online customer service platform providing excellent experience; accelerate the construction of IT architecture and build a strong platform of technical and data support; strengthen empowerment by technology, improve operation capabilities.
- Optimize organizational structure to support upgrade of the Company's business model.

- For motor insurance, the Company will strictly follow the guideline of "Practice complying with filing", strengthen the layout of direct sale and direct control channel, build a low-cost customer acquisition model; improve conversion rate in highly profitable segments; promote the sync with the traffic police and build new advantages with quality services.
- In terms of non-motor insurance, we will accelerate the supply-side structural reform of insurance; leverage the full potential of policy-based agricultural insurance to lay a solid foundation for integration; develop the social security segment and promote the sustainable development of the commercial accidental injury & health insurance; seize opportunities to promote the development of the liability insurance segment.

## Continue to Promote High Quality Growth



## Consolidate and Improve Profitability

- Precisely allocate resources and reduce sales costs;
- Strengthen rigid control of underwriting and improve business quality;
- Pay close attention to efficiency of claims settlement, enhance control of key processes, and reduce claims cost.

## Focus on Central Cities and Rural Area

- Accelerate transformation and upgrading in central cities, build core distribution channels of “Telemarketing + V Alliance + Car Dealers”, actively build teams for general expansion and for direct sales to improve penetration into motor insurance channels;
- Construct a distribution network of “Rural Network + Telemarketing + Cross-selling” in rural area to build a multi-channel collaborative model and consolidate the dominant position.

## Adhere to Conservative Investment, Optimize Asset Allocation, and Improve Investment Yield

- Overweight fixed-income assets to increase long-term stable income;
- Manage exposure to equity assets, maintain strict control of credit risks, actively seek market opportunities to improve the investment yield.