

Overview of China Property Insurance Market

China Property & Casualty Reinsurance Company Ltd.

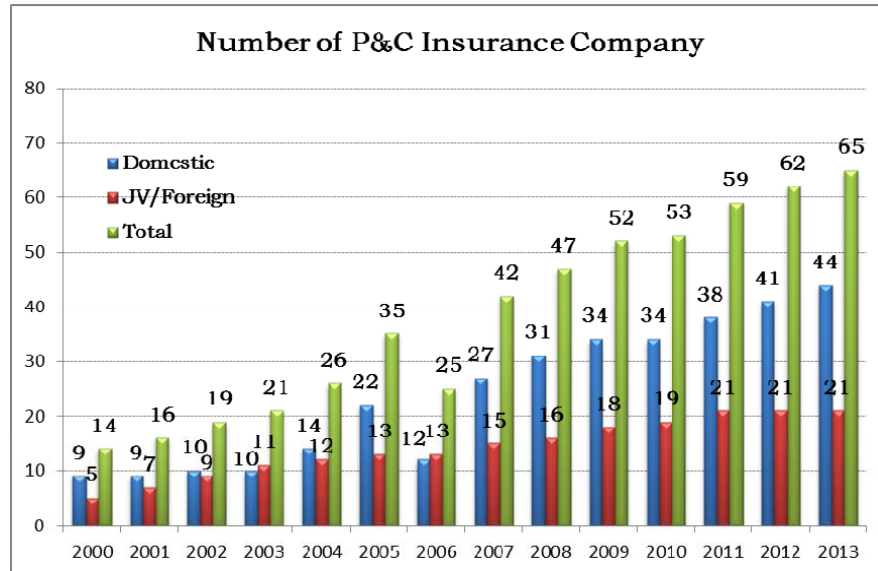
Context

 P&C Insurance Market in China

 Property Insurance in China

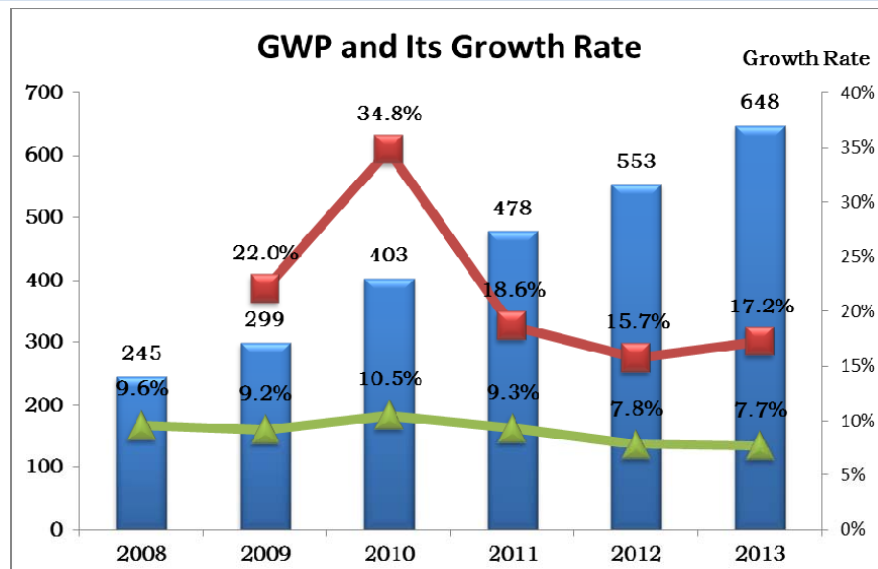
 China Re Exposure Curve

P&C insurers is growing rapidly



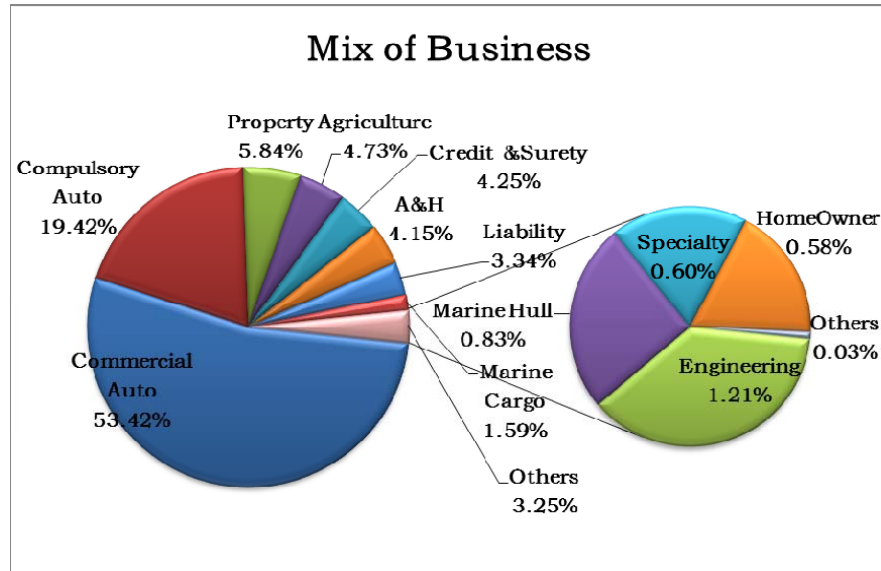
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Business Growth: GDP growth vs industry GWP growth



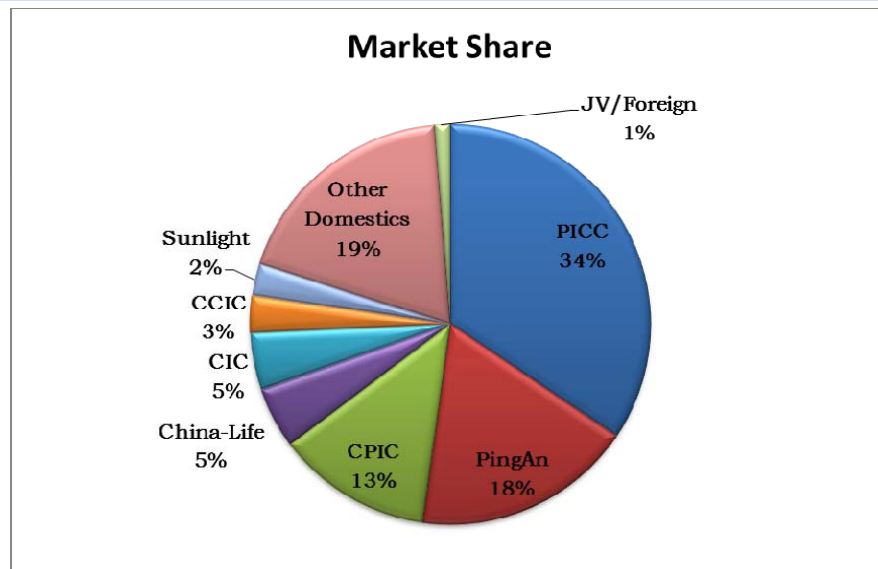
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Mix of Business in 2013



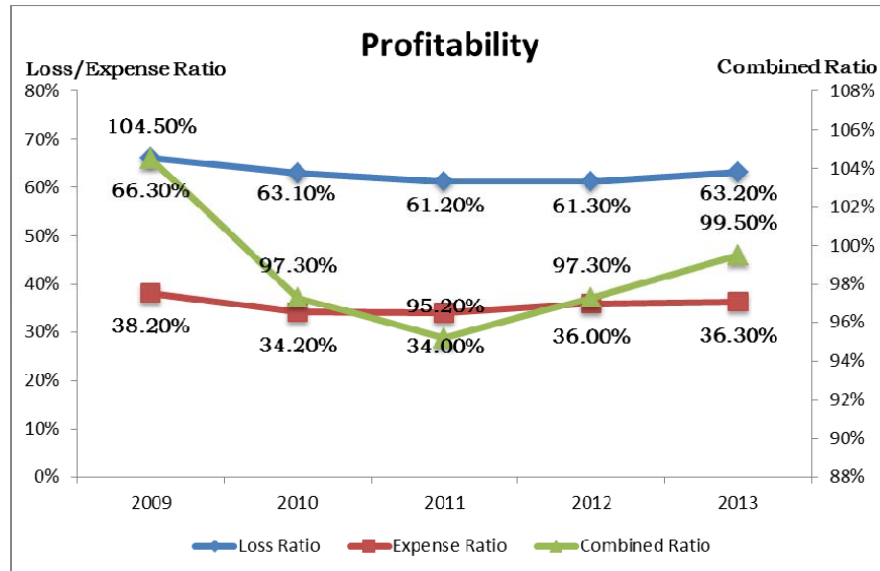
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Market Share in 2013



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Profitability Analysis: Combined Ratio



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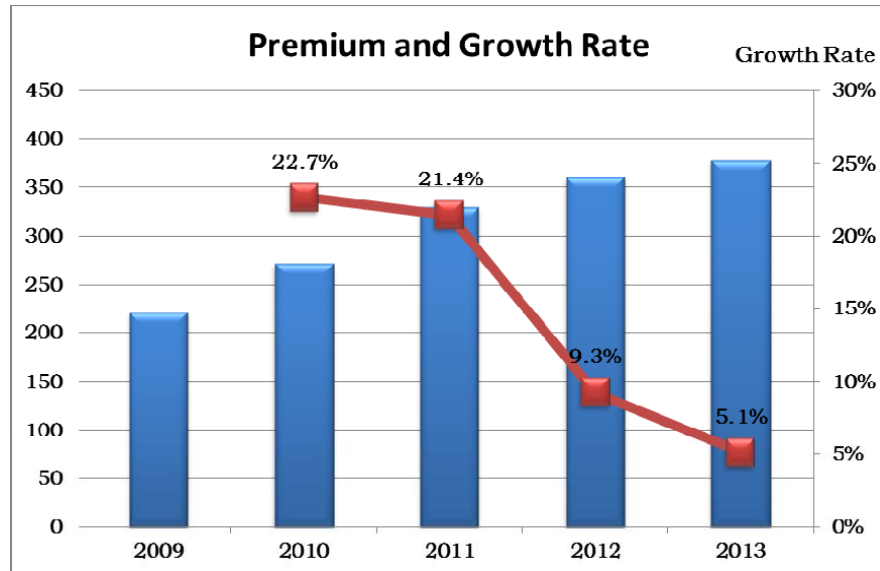
Context

☞ P&C Insurance Market in China

☞ Property Insurance in China

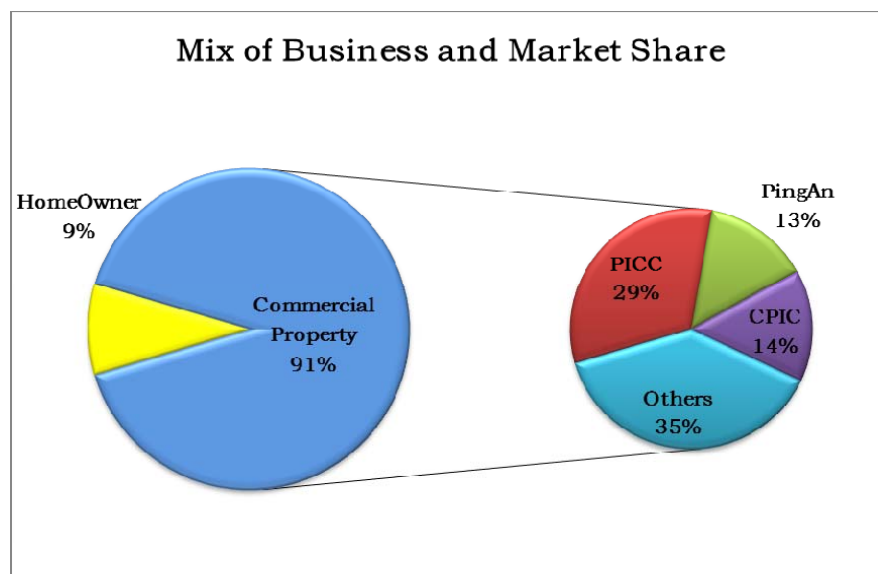
☞ China Re Exposure Curve

Business Growth



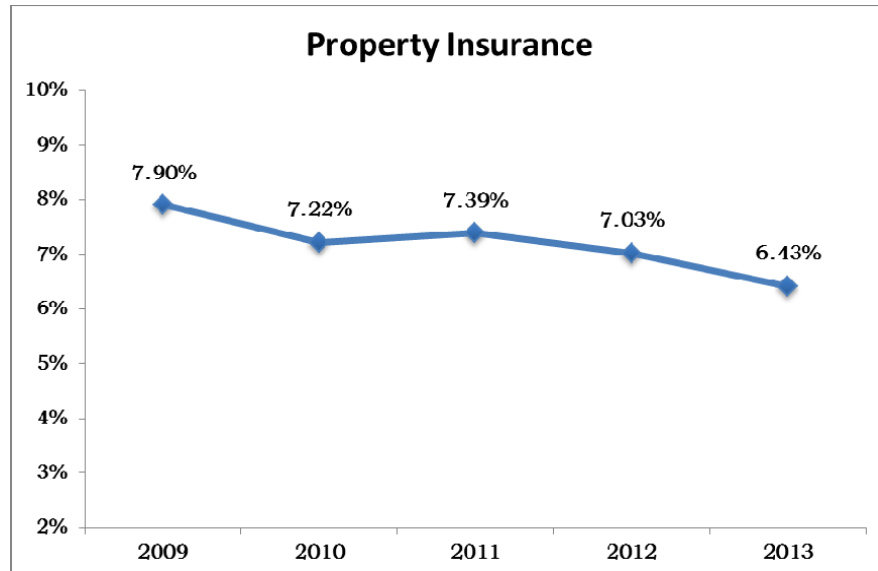
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Mix of Business and Market Share in 2013



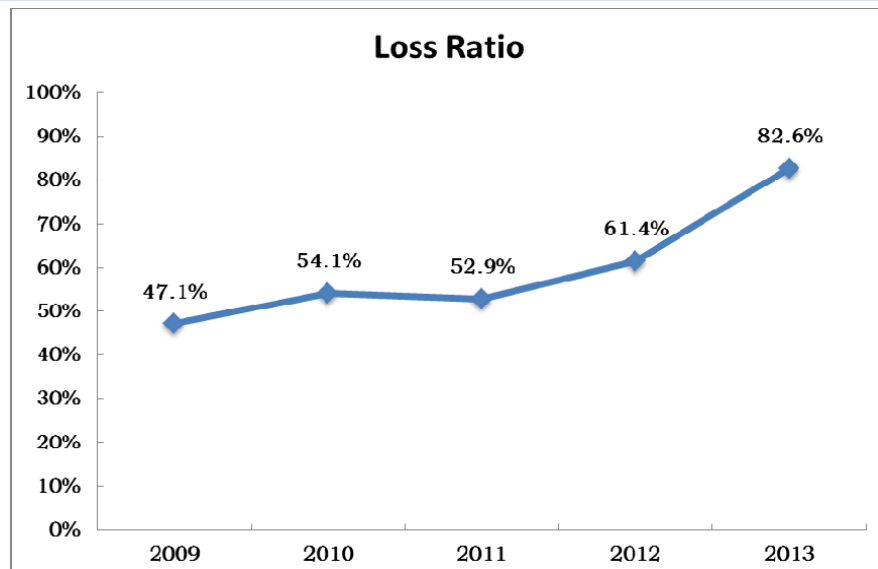
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Property Insurance in P&C Industry



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Loss Ratio



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Opportunity and Challenge

- ☉ Booming macro economy of China stimulates domestic demand
- ☉ Penetration in China is 17% of U.S. and Density is only 3% of U.S.
- ☉ Less than 1% of residential property covered by insurance – Great Potential
- ☉ Catastrophe Loss and Catastrophe Risk Insurance
- ☉ Fierce Competition – Premium Adequacy
- ☉ Insurance consciousness – unwilling to insure

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Context

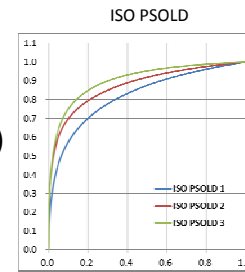
☉ P&C Insurance Market in China

☉ Property Insurance in China

☉ China Re Exposure Curve

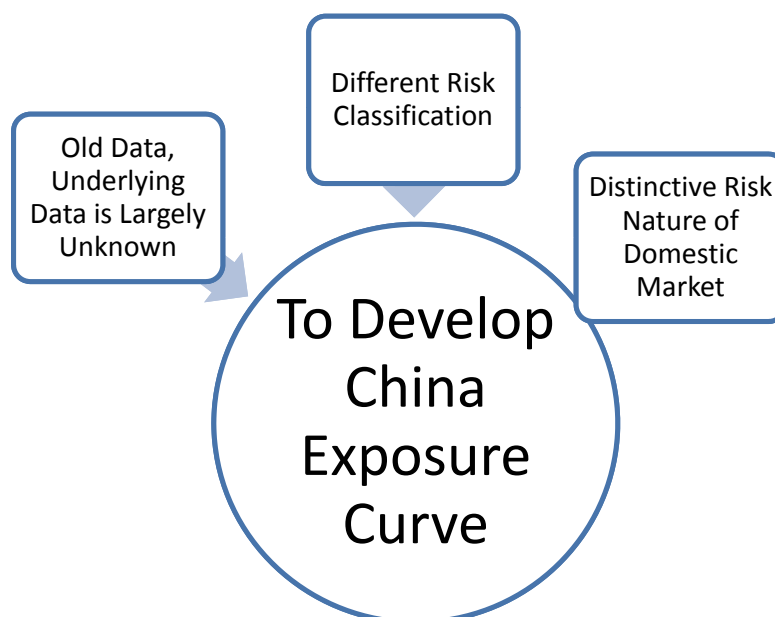
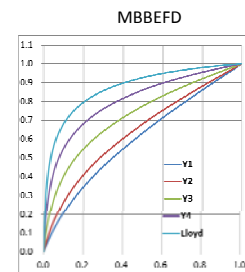
Empirical Curves

- Lloyds Curves
- Reinsurers Curves (Swiss Re, Munich Re, etc)
- Salzmann (1960 INA Homeowners data)
- Ludwig (1984-1988 Homeowners and Small Commercial data)
- ISO's PSOLD CP & PSOLD HO (prior set-Illustrative)



Fitted Curves

- Log-log
- MBBEFD



Exposure Curve

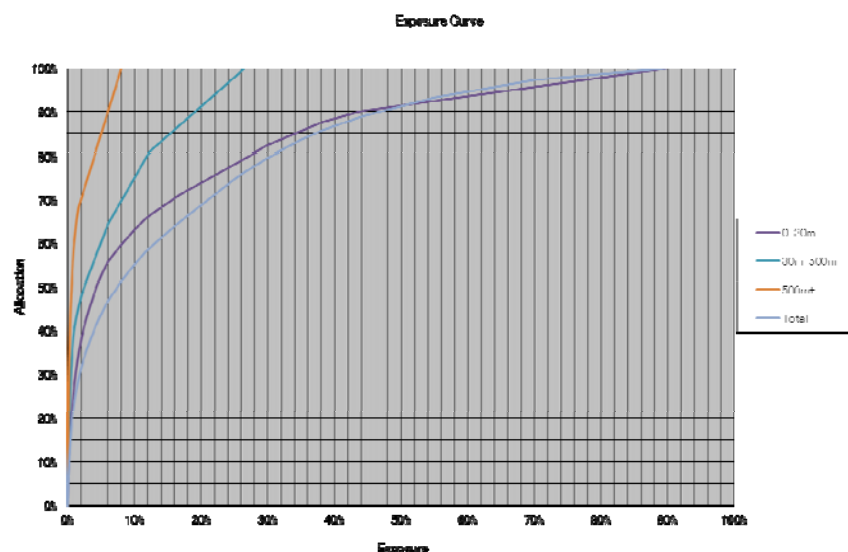
Data and Methodology

- 🌀 Data – 500,000 policy based three years data
- 🌀 Three Categories: General Commercial Property, Warehouse, and Industry
- 🌀 Method: Mixed exponential curve fitting

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Exposure Curve

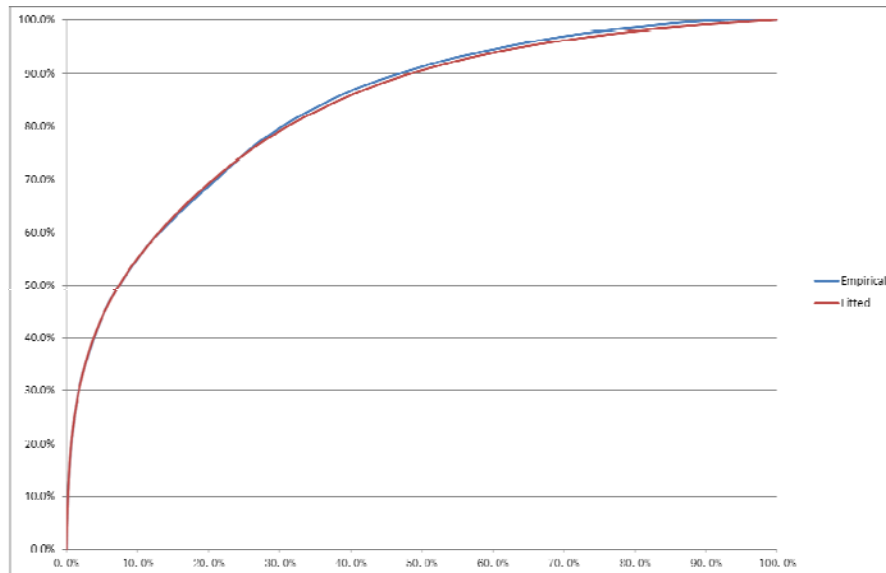
Warehouse Data



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Exposure Curve

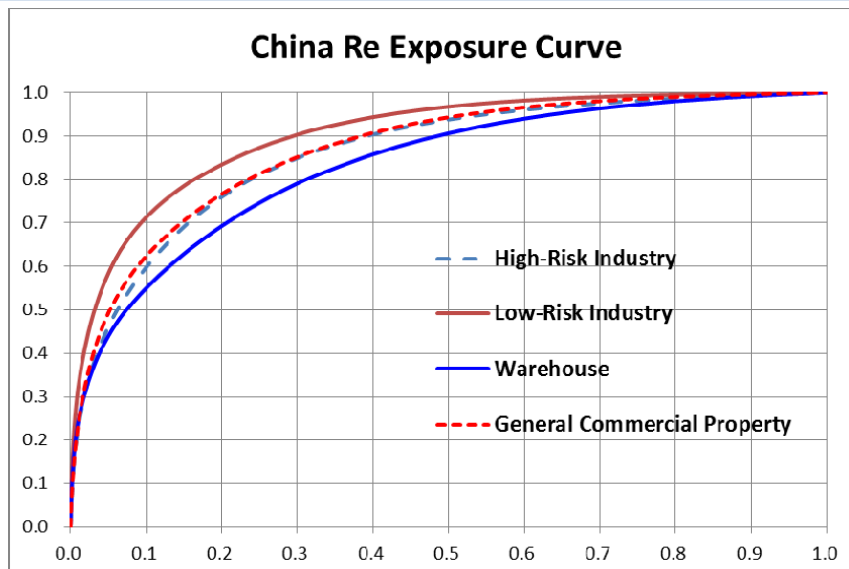
Warehouse Fitted Curve



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Exposure Curve

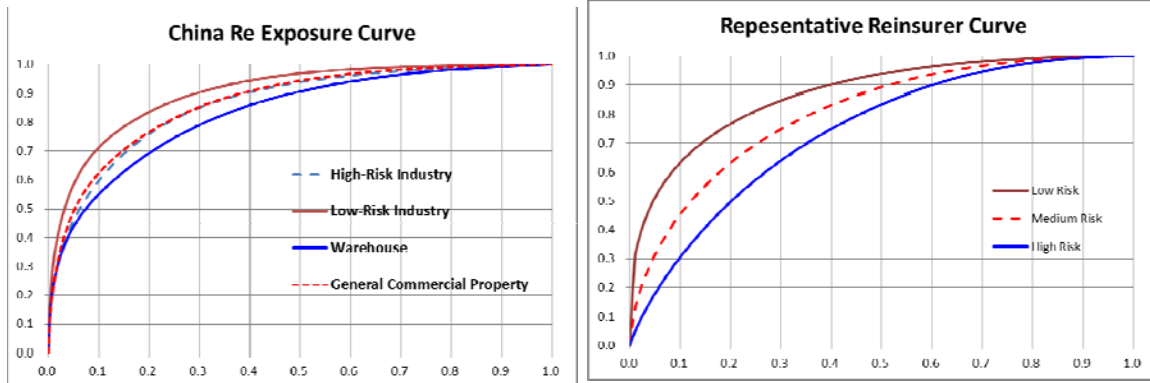
China Re Exposure Curve



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Exposure Curve

China Re Exposure Curve vs Reinsurer Curve



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Thank you!