



# An introduction to Ping An and Challenges in Chinese P&C Industry

# Agenda

- Introduction to Ping An Group
- Introduction to Ping An Property & Casualty
- Opportunities and Challenges in Chinese Property & Casualty Insurance Industry



# Introduction to Ping An Group

Ping An Insurance (Group) Company of China, established in 1988 in Shekou, Shenzhen, is the first insurance company in China to have a shareholding structure. In 24 years, it has grown into an integrated financial services conglomerate with three core businesses of insurance, banking and investment, and ascended into Fortune Global 500 Leading Companies.

	1988	2012
■ Employees/agents	■ 13	■ Over 500,000 life insurance agents and 200,000 employees
■ Local branches	■ 1 (400 sq.m.)	■ Almost 4400 local branches and over 70 million clients
■ Business areas	■ Shekou, Shenzhen	■ Almost 1000 cities
■ Services	■ Some P&C insurance services	■ Full financial services
■ Assets	■ 50 million RMB	■ 2,840 billion RMB
■ Revenue	■ 4.82 million RMB	■ 339.2 billion RMB
■ Equity	■ 50 million RMB	■ 159.6 billion RMB
■ Net Income	■ 1.99 million RMB	■ 26.8 billion RMB

\*2012 data source: Ping An Group 2012 Annual Statement.

Equity shown refers to equity attributable to shareholders of the parent company; net income refers to consolidated financial results.4

# Ping An Group – With 22 Subsidiaries

中国平安  
PING AN  
保险·银行·投资  
Ping An Group

## Insurance

Ping An Life

Ping An Property&Casualty

Ping An Health

Ping An Annuity

Ping An Hong Kong

## Banking

Ping An Bank

## Investment

Ping An Trust

Ping An Securities

Ping An Asset Management

Ping An Overseas Management

Ping An Asset Management  
(Hong Kong)

Ping An-UOB Fund

## SHARED PLATFORM

Ping An Technology

Ping An Processing &  
Technology

Ping An Channel  
Development

Ping An Financial  
Technology

# Ping An Group — Front-runner in Insurance, Banking and Investment in China

Insurance	<ul style="list-style-type: none"><li>• The second largest life insurance company in China</li><li>• The second largest P&amp;C insurance company in China</li><li>• The largest commercial annuity insurance company in China</li><li>• The leading commercial health insurance company in China</li></ul>
Banking	<ul style="list-style-type: none"><li>• Absorbed Shenzhen Development Bank Co., Ltd. and built a national joint stock bank: total assets of over 1.6 trillion*, over 1 trillion deposit, over 11 million credit cards in circulation, and a national network of branches and outlets</li></ul>
Investment	<ul style="list-style-type: none"><li>• Top 3 largest asset management company in China: almost 1 trillion assets under management</li><li>• Top 3 largest trust company in China: over 210 billion assets under management; over 18000 high-net-worth clients; leading high-end clients asset management mechanism and platform</li></ul>

\*: all monetary amounts are in RMB's

# Ping An Group — Integrated Operating Center



## Profile of the IOC

- World-leading: Ping An has spent eight years and invested billions RMB in IOC construction. Now, it has been basically completed, and achieves the international leading position.
- Large-scale: With a gross floor area of 147,000 square meters, the IOC can accommodate 30,000 people.

## Construction Objectives

- Unified service standards and levels.
- Produce scale effect and reduce cost through the integration.
- The separation of the front office, the middle office and the back office is in favor of risk control.
- Improve operation efficiency.

## Value, Functions & Features

- Strategic value: Support the competition strategy for a stronger group.
- Core functions: Improve services, support sales, reduce cost and control risk.
- Operation characteristics: Factory-mode, standardization and process.



# Awards — Ping An Group's Market Value ranks No. 21 in Global Financial Market and No. 3 in Global Insurance Market

## Ascended into Global 500



- Ranked No.242 in 2012 U.S. Fortune Magazine's Global 500 Leading Companies



- Ranked No.100 in 2012 Forbes' Global 2000 Leading Companies



- Ranked No.78 in 2011 WPP Millward Brown's BrandZ Top 100 Most Valuable Global Brands

## Recognition in Industry



- "The Most Respected Companies of China Awards" for 12 consecutive years (2001-2012)



- "Best Managed Insurance Companies in Asia" for 4 consecutive years (2008-2011)



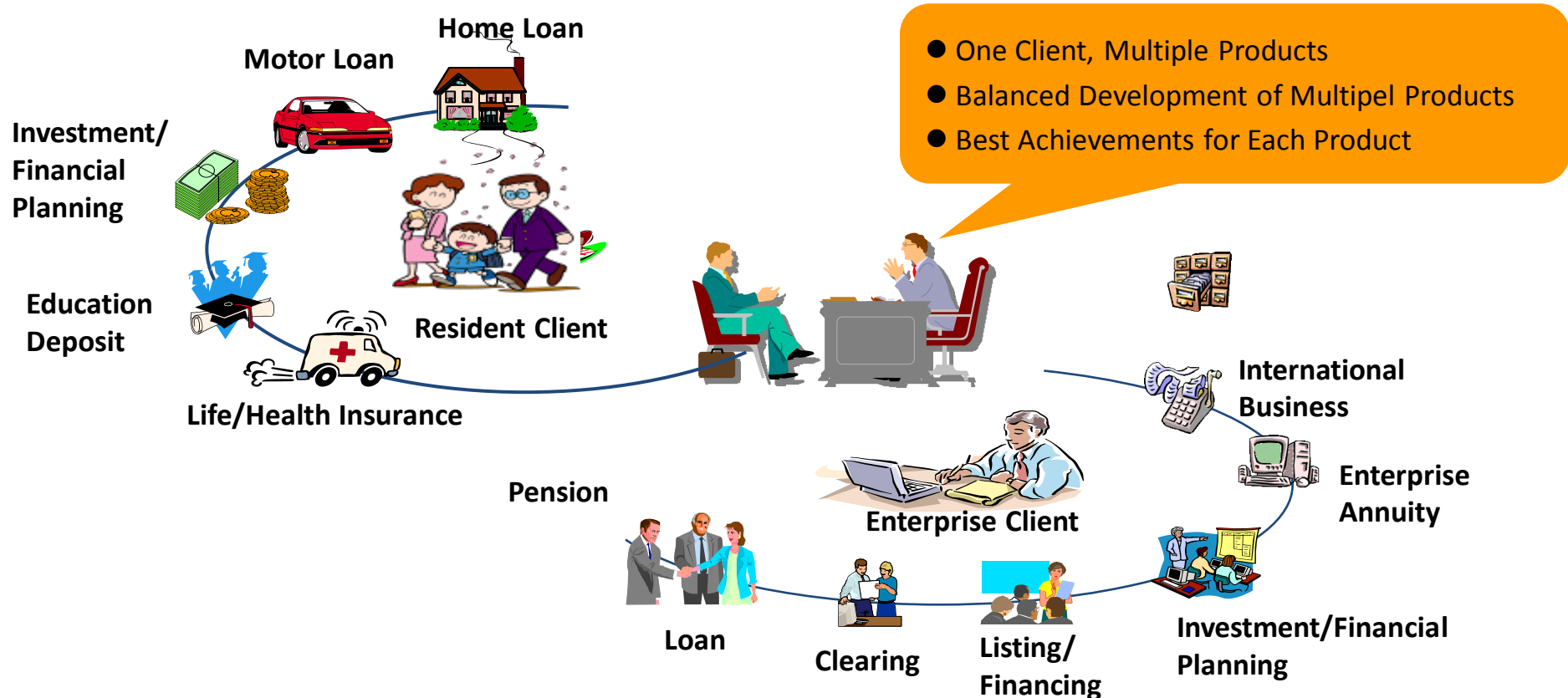
- "Best Corporate Governance in Asia" for 5 consecutive years (2007-2011)

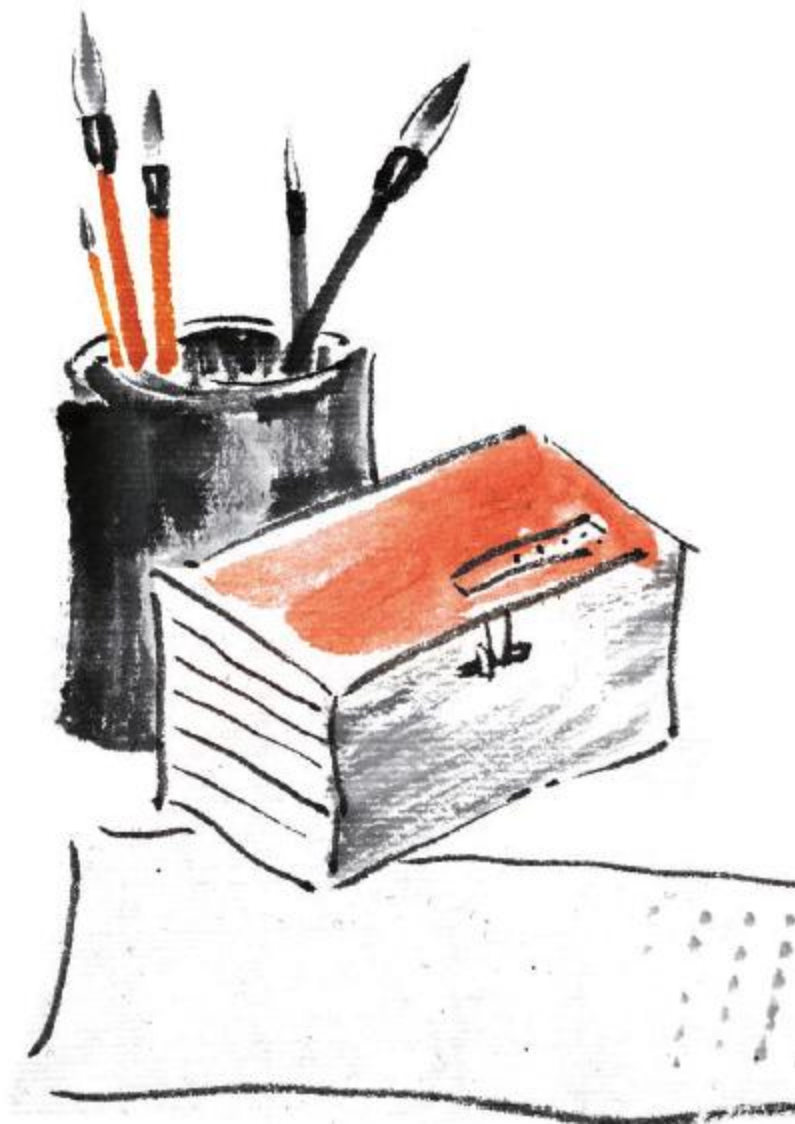


# Vision — To become a global leading integrated financial services group

- **Development plan for future 10 Years:** Insurance stimulates integrated financial services. Integrated financial services promotes insurance for better development.

## One client, One Account, Multiple Products One-Stop Shop for Integrated Financial Services

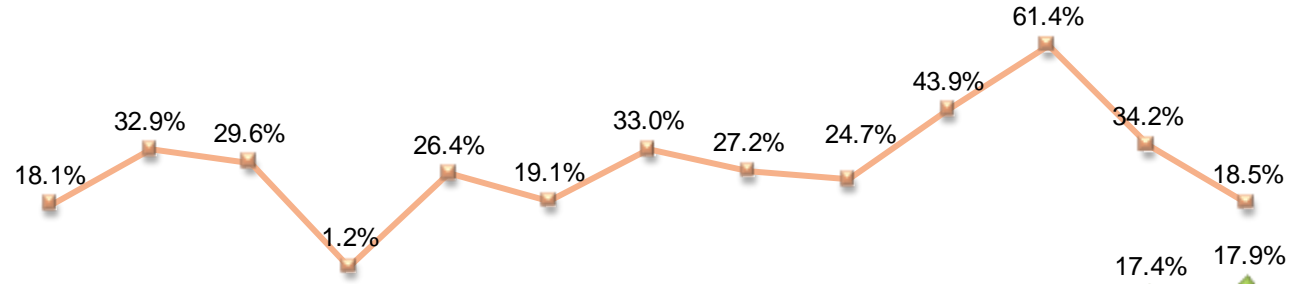




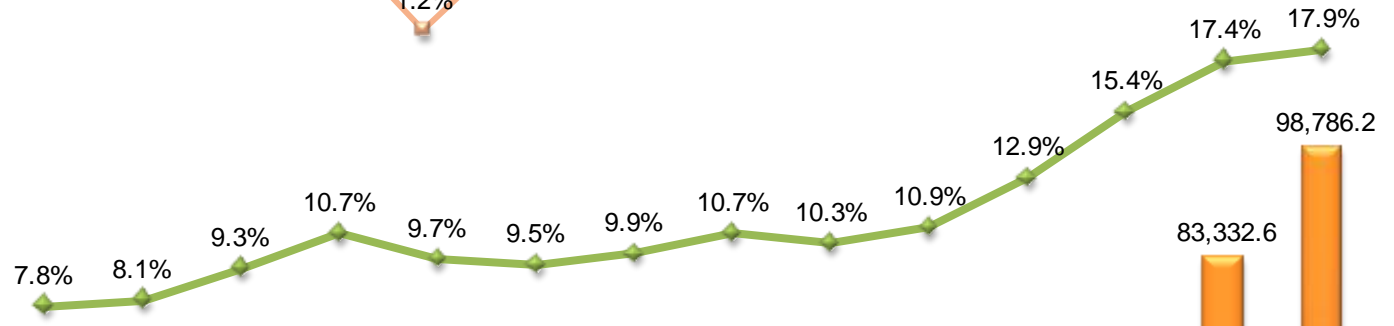
# Ping An Property & Casualty

# Market Share — Consistently increasing; market share jumped to No. 2 in 2009 due to rapid growth in past 10 years

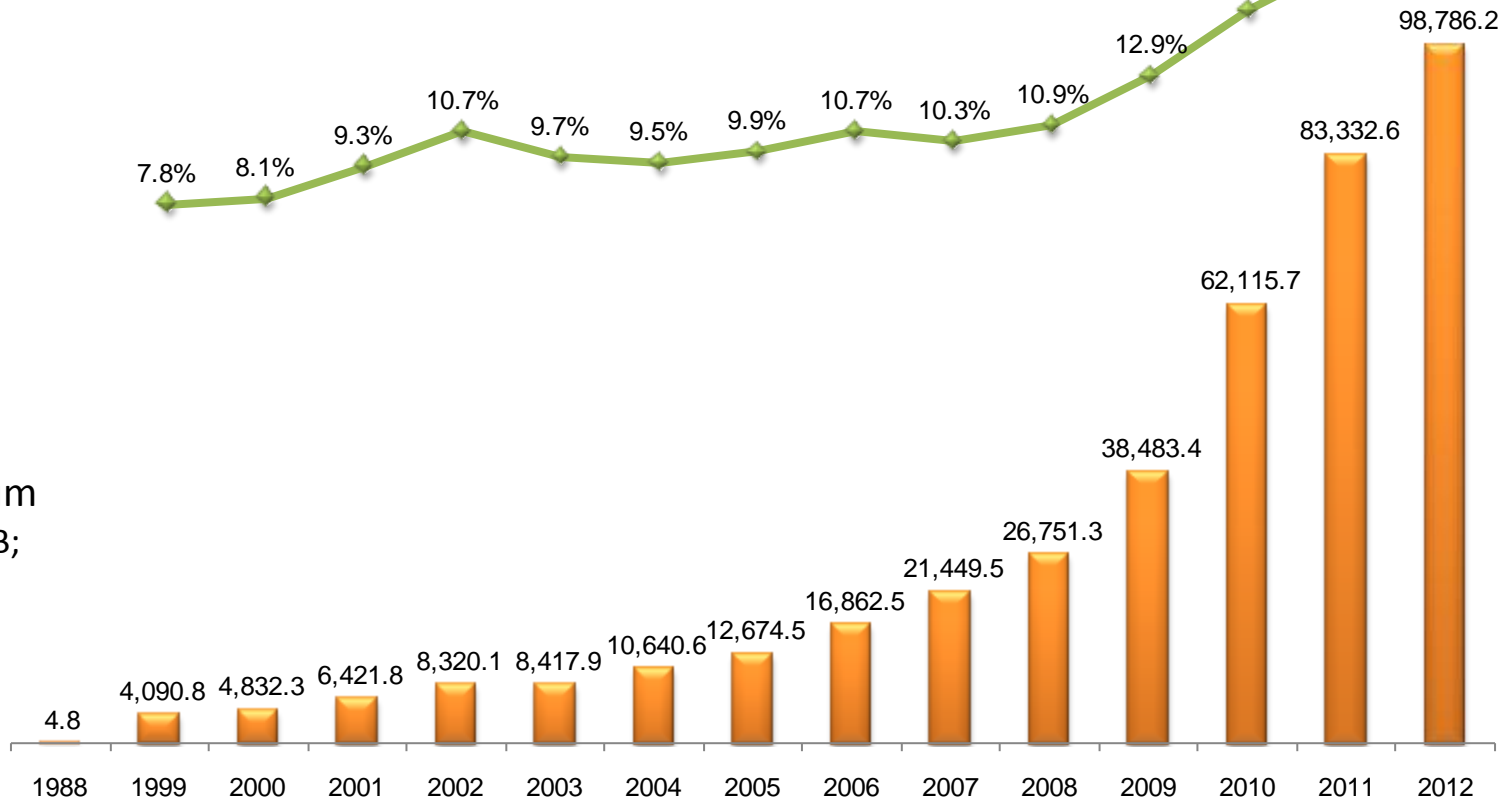
Premium Growth



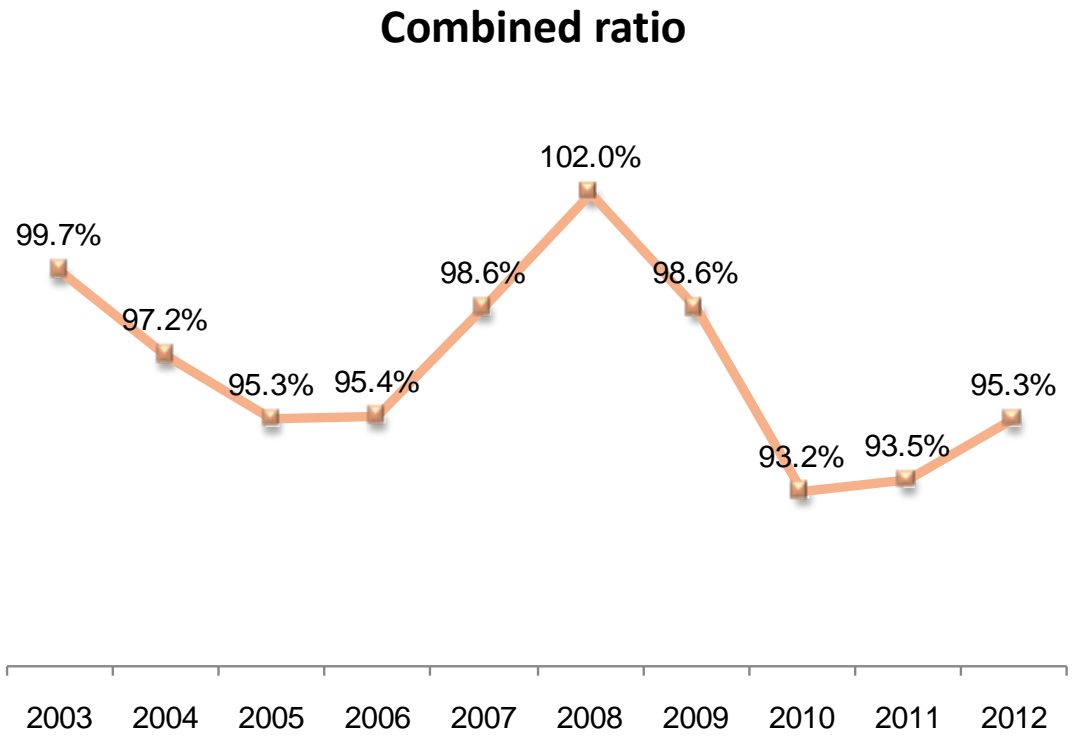
Market Share



Written Premium  
(in millions RMB;  
excluding inward  
premiums)

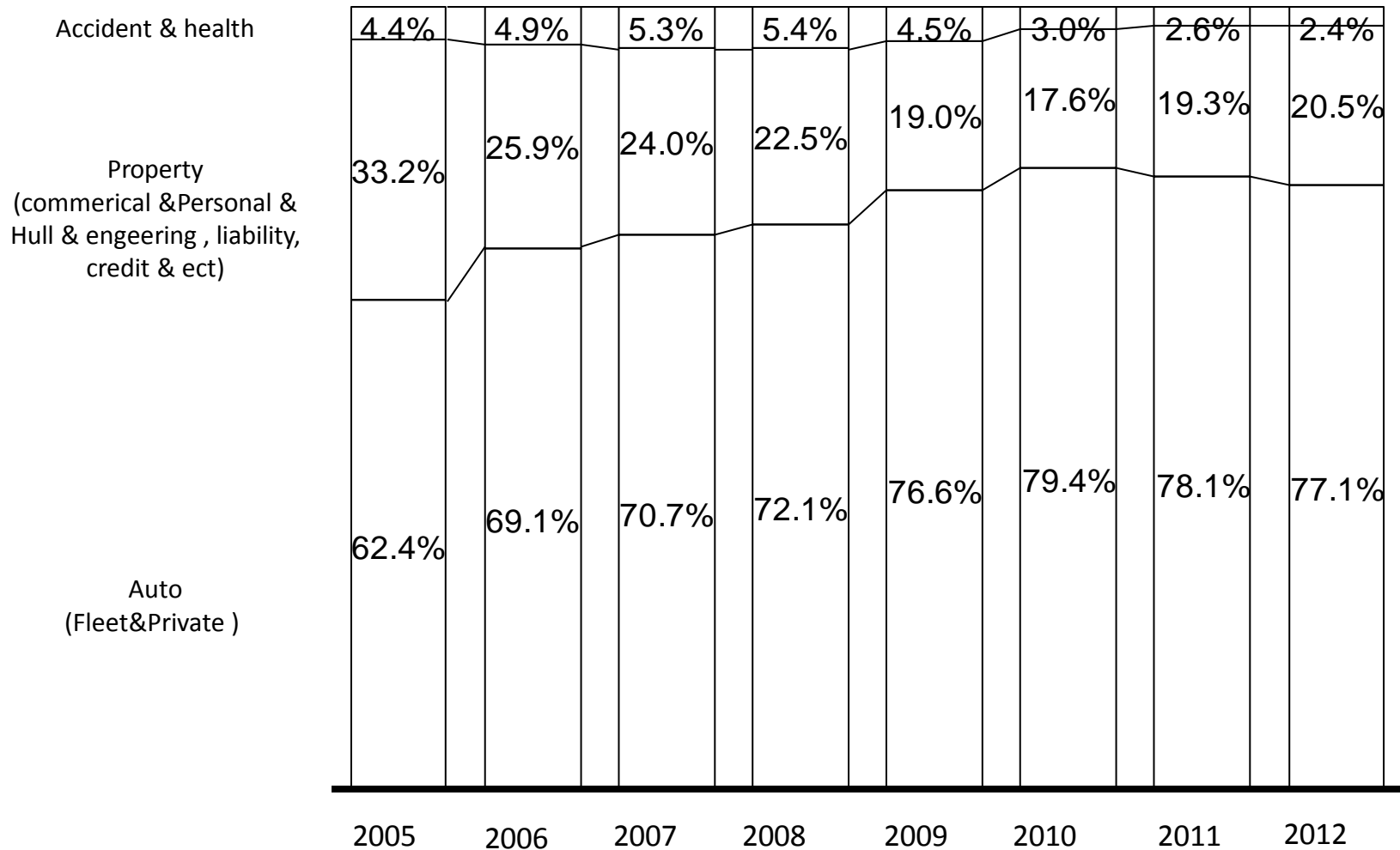


**Operational Results** — maintained good profit in past 10 years, except for 2008 due to abnormal catastrophic events - snow storms , earthquakes, and rainstorms.

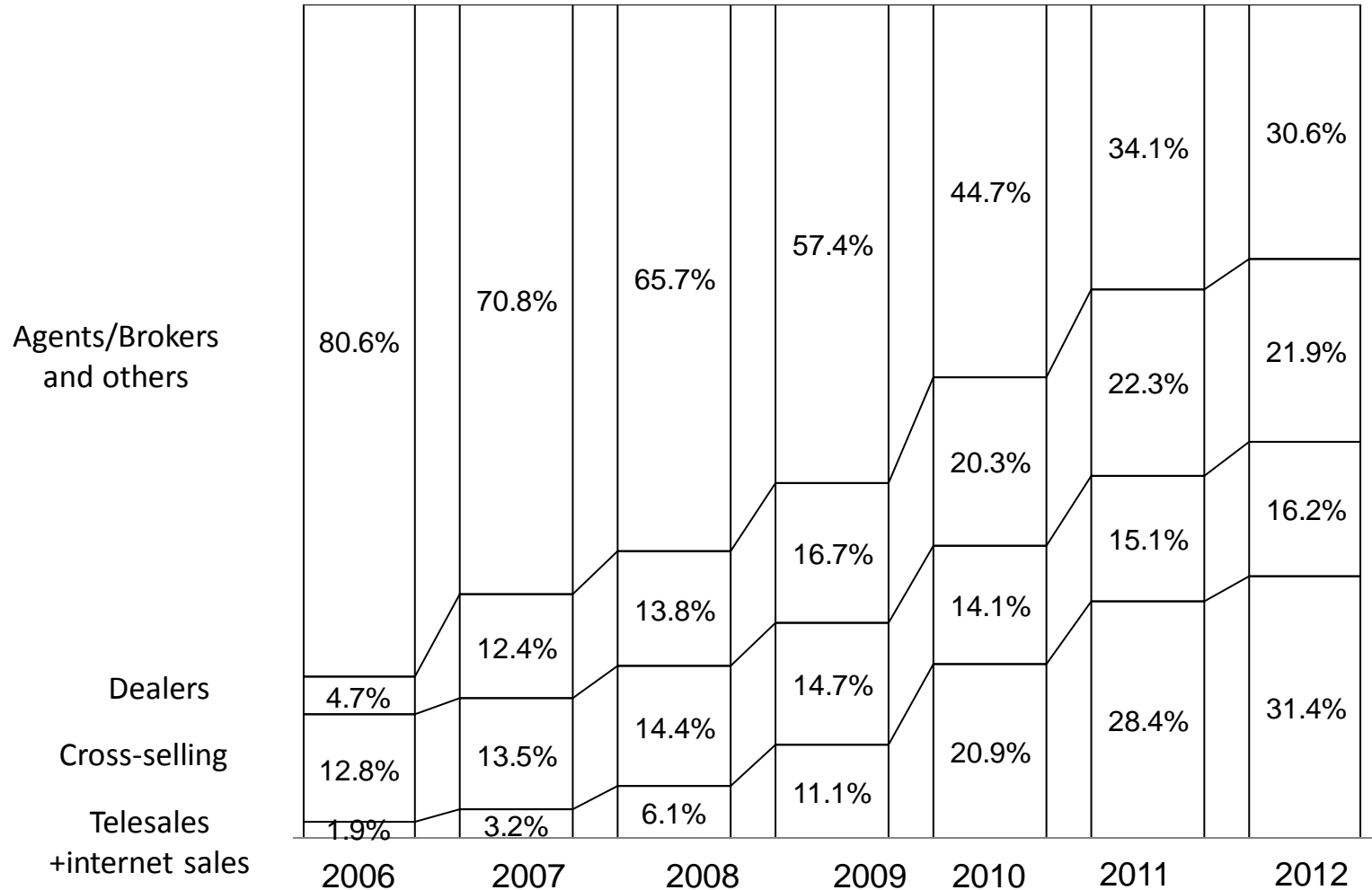


Data source: annual statement released by Hong Kong Exchanges and Clearing Limited

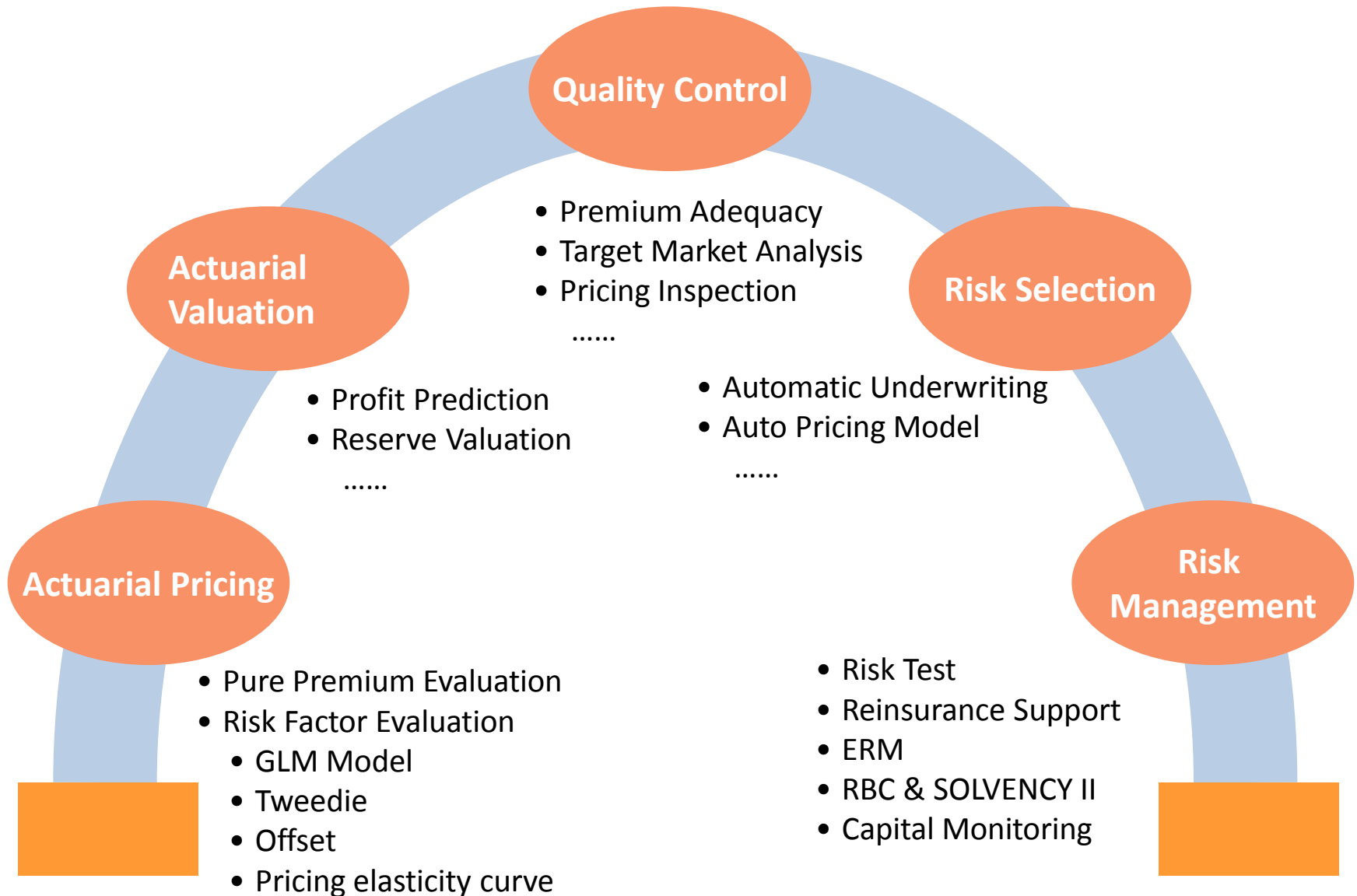
# Product Lines — Auto insurance dominates, Property second, then Accident & Health



**Channels** — telesales, internet sales, cross-selling and dealers have become major business channels, relying on integrated financial services mechanism and platform.



# National Leading and International-Standard Actuarial Systems





# Claim Services - “Fast, Easy and Free”

## Fast

### Fast Payment

- Payment first, then car repairing
- payment received within 3 days after reporting for claims under 10000.

## Easy

### Considerate Bodily Injury Adjusting Services

- Considerate and stand-by adjusting services.

## Free

### Free Road Assistance

- 7-day, 24-hour free road assistance within 100 kms.

# Credit Rating



**“A” Rating to Ping An P&C.**

**“A” Long term counterparty credit and insurer financial strength ratings.**

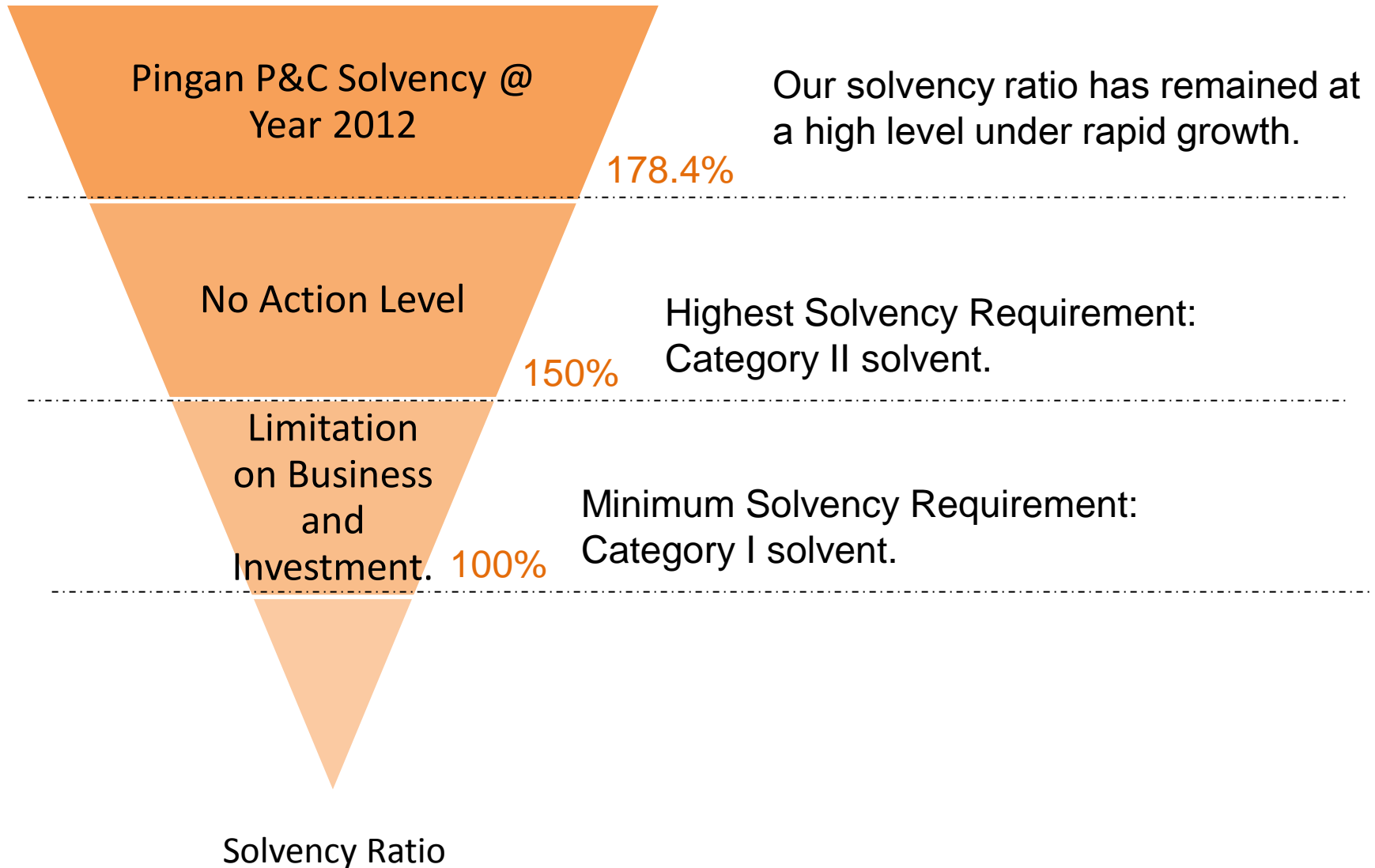


**“AAA” rated by Da Gong Global Rating, an affiliate of Moody’s Investors Services.**



**“AAA” rated by China ChengXin International Rating, a J-V with Fitch International**

# Statutory Solvency





## Opportunities and Challenges in P&C industry

# Opportunities and Challenges in P&C Industry (1)

## ➤ Great market potential/rapid growth in business

- Steady growth in new car sales; rapid growth in telesales and internet sales.

## ➤ Auto Compulsory Accident Liability Insurance opened to foreign insurance companies/ industry competition aggravates

- In May 1st, 2012, Auto Compulsory Accident Liability Insurance was opened to foreign insurance companies, through which foreign insurance companies can open their insurance market in China.

## ➤ Commercial Auto information platform has enhanced risk classification capability, encouraging drivers to drive safely

## ➤ Loss cost increasing annually

- Accessory costs, labor fee and bodily injury compensation standards consistently rising.

## Opportunities and Challenges in P&C Industry (2)

- The coming reform of Auto insurance clauses and rates will steadily lead the market to diversified competition
  - According to regulatory notice, the reform is proposed to be implemented in 2013
  - Industry association organizes to formulate example clauses and referable rates
  - Eligible companies can independently develop their commercial auto insurance clauses and rates. Eligibility relates to business volume, profitability, solvency and expertise level.
- With the arrival of Big Data Era, risk classification capability will become the main competitive advantage
  - Companies are actively investigating new rating relativities: model, credit history, educational level, and etc.
  - Application of Telematics and UBI

Thank you!