

Overview of Chinese Reinsurance Market

China Property & Casualty Reinsurance Company

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- China's insurance market recovered in 1979 and in the following decade there was only one insurance company in the market, the People's Insurance Company of China(PICC). Therefore, reinsurance market did not exist at that time.
- At the end of 1980s, Ping An Insurance Company and China Pacific Insurance Company were established successively, which led to the appearance of China's reinsurance market.

- China started to implement the statutory reinsurance in 1988, which required each insurer to cede 30% of its business to PICC. There was a reinsurance department in PICC managing all the business of the statutory reinsurance.
- In 1995 China's first insurance law was issued, which lowered the percentage of the statutory reinsurance from 30% to 20%.

- PICC carried out the reform in 1996 which created the People's Insurance(Reinsurance) Company of China, also known as PICC(Reinsurance), the predecessor of China Re.
- In 1999 PICC(Reinsurance) was reorganized and renamed as China Reinsurance Company, who experienced another reorganization in 2003 and became a group with six subsidiaries as a result including China Re P&C, China Re Life, China Continent Insurance Company(a primary insurer).

- At the end of 2001 China joined the WTO, and in the following years the percentage of the statutory reinsurance in China was reduced by 5% each year. In 2006 China's statutory reinsurance was entirely eliminated.
- Therefore, nowadays all the reinsurance business in China's reinsurance market are commercial reinsurance without any statutory colors.

- Before the year of 2003 there was only one reinsurance company in the market, China Re.
- Munich Re and Swiss Re entered China's reinsurance market in 2003 by setting up their Beijing Branch. Cologne Re (General Re now) followed them by establishing its Shanghai Branch in 2004.
- By now there are eight reinsurers in the market who have registered branches in China.

- In 1985 the State Council of China issued “the Provisional Regulations on Insurance Company” stipulating that each insurer should cede 30% of its business written to PICC, which is the first regulation on reinsurance in China.
- Insurance Law was promulgated in 1995, which decreased the percentage of the statutory reinsurance from 30% to 20%.

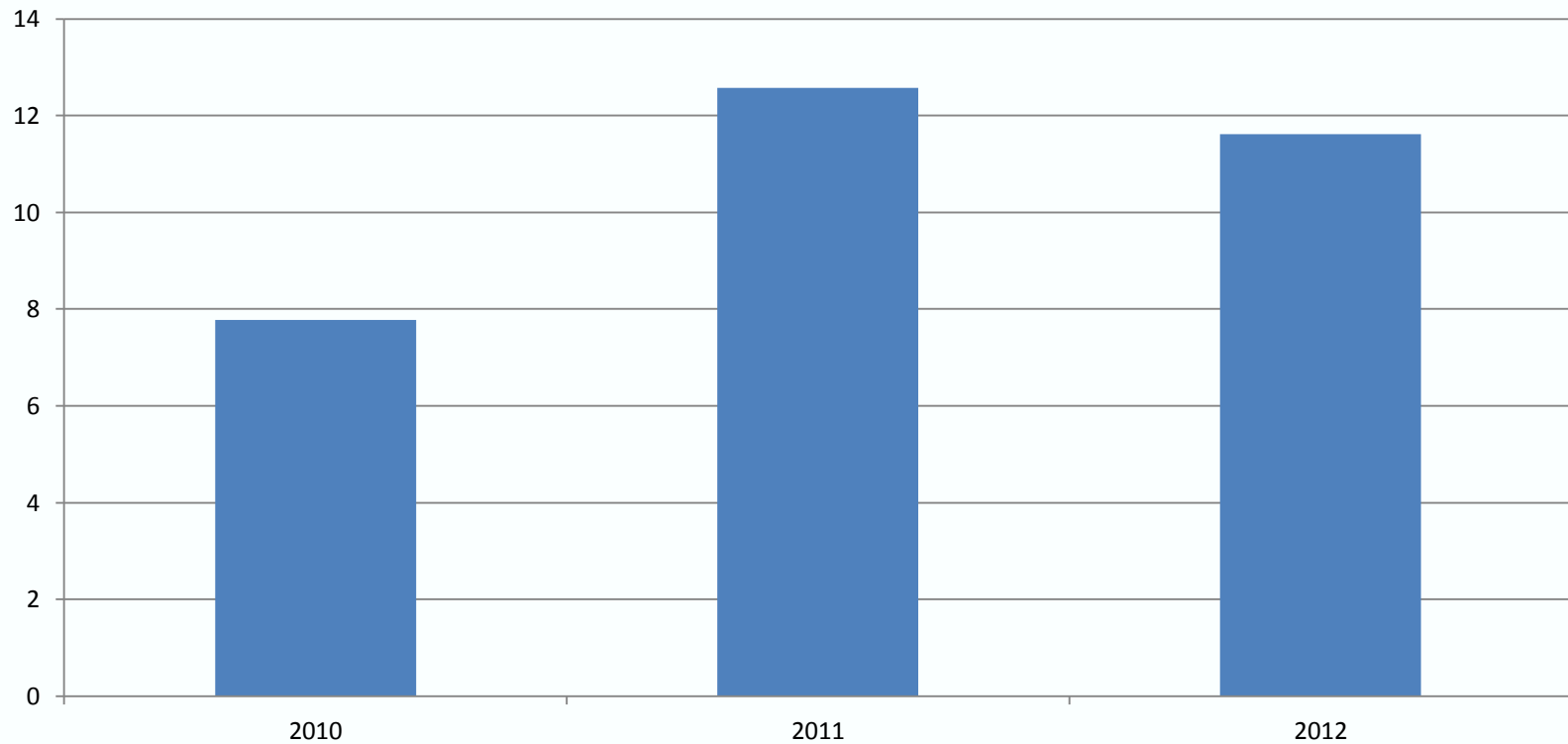
- In 2002 China Insurance Regulatory Committee(CIRC), the regulator of China's insurance industry, issued "Provision on Establishing Reinsurance Companies" specifying the requirements of the establishment of a reinsurance company.
- In 2005 "Regulation on Reinsurance Business" was issued by CIRC, which specified the solvency regulation on foreign reinsurers and the priority of reinsurance arrangements in the local market.
- This regulatory document was revised in 2010 and the priority of reinsurance arrangements in the local market was cancelled.

- In 2007 “Notification on the Security of Reinsurance Business” was issued by CIRC, which specified the requirements of eligible reinsurers selected by the primary insurers including the standards of the financial ratings and the capital strength.
- In 2009 CIRC issued “the Statements of Solvency Accounting Reports for Insurance Companies No.15: Reinsurance Business”(similar to the SSAP in the US), which specified the reinsurance accounting rules in the statutory solvency reports of an insurance company.

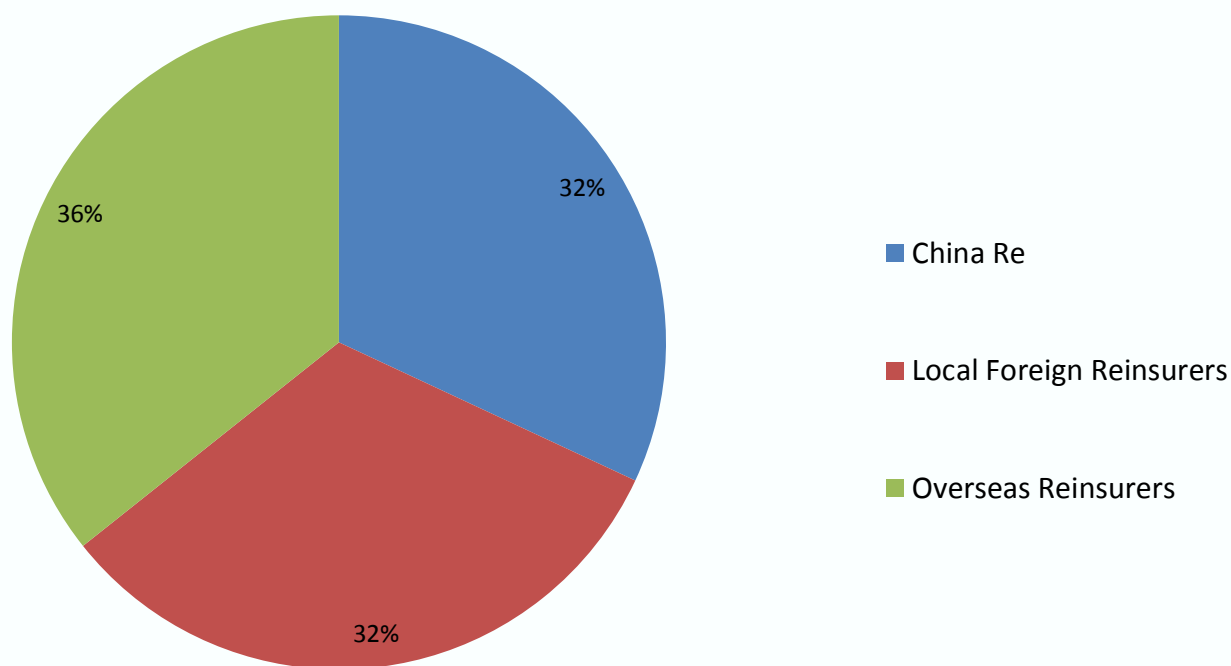
- There are around 40 FCAS's employed in China's (re)insurance market and about a quarter of them are working for reinsurance companies including China Re, Munich Re, Swiss Re, China Taiping Re(licensed in Hong Kong).
- As well, there are less than 5 qualified non-life actuaries of other actuarial organizations in China's reinsurance industry, mainly those of Institute & Faculty of Actuaries(UK) and China Association of Actuaries (CAA).

P&C Reinsurance Premium Volume by Year

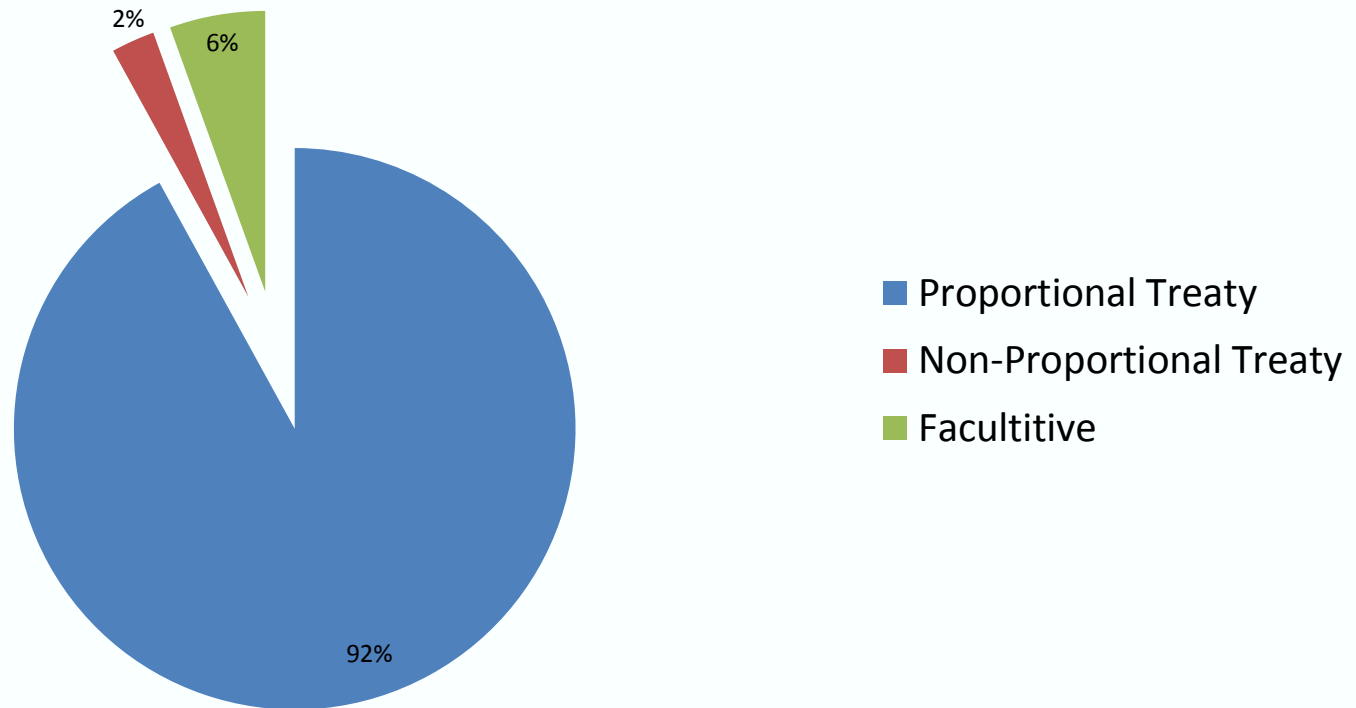
P&C Reinsurance Gross Written Premium (\$billion)



P&C Reinsurance Gross Written Premium Market Share - 2012



P&C Reinsurance Premium by Contract Type - 2012



Thank You!

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