

**CPIC ( SH601601, HK02601 )**
**Stock Data (ending April 30, 2017)**

Total equity base (in million)	9,062
A-share	6,287
H-share	2,775
Total Cap ( in RMB million )	245,134
A-share	174,464
H-share ( in HKD million )	79,781
6-mth highest/lowest	
A-share (in RMB)	31.14/25.66
H-share (in HKD)	30.55/26.60

**Investor Relations Calendar**

May 25, 2017

Essence Securities 2017 Interim  
Strategy Conference  
Changsha

June 2, 2017

Morgan Stanley Third China Summit  
Beijing

June 27, 2017

Meryll Lynch Asia Pacific Summit  
Singapore

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**Premium Income ( Unit: in RMB million )**

	Jan. to Apr	Changes	April	Changes
<b>P &amp; C</b>	34,577	1.79%	8,304	1.70%
<b>Life</b>	82,658	39.67%	7,738	13.28%

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## Company Updates

- **CPIC Group party chief KONG Qingwei meets with shareholders**

CPIC Group party chief KONG Qingwei recently held meetings with A-share and H-share shareholders and expressed gratitude for their unstinting support for the company's healthy development.

During the meeting, Mr. Kong said the company will continue to be well-behaved, focusing on insurance and upholding protection while enhancing its professionalism and capabilities. It will adhere to "industry benchmarking" against leading insurance peers both at home and abroad, and strive to meet the demand of customers, China's real economy and the execution of China's national strategies. It will implement the digital strategy to enhance quality and efficiency and foster new growth engines. Ultimately, the company seeks to deliver sustainable value growth and generate decent returns for its shareholders.

- **CPIC P/C launches new claims system as part of its E-Agricultural Platform**

Recently, CPIC P/C launched the pilot programme for a new internet-driven customer service model "Claims Payment within Minutes" in 3 places of He'nan Province. During its test run, the new system successfully handled 237 cases, with an average turnaround of 20 minutes and the fastest less than 10 minutes. The new model re-engineers business processes, reduces paperwork requirement and seeks to address the pain spots of claims payment for aquatic and livestock farmers.

## Regulatory Updates

- **CIRC tightens regulation of life insurance product design**

CIRC recently issued The Circular on the Product Design of Life Insurance Companies, which requires insurers to develop products focusing on protection and based on fundamental insurance principles such as loss-sharing, risk homogeneity and the law of large numbers.

Under the new regulation, term life and whole life insurance products should focus on the cover of and planning for the death risk of consumers, with gradual increase in the level of protection. Long-term annuity should center on the accumulation of long-term survival benefits and pension funds for consumers, while providing long-term and sustainable fund withdrawals. Health insurance products should give priority to the cover for and planning of consumers' health-related risk, while increasing the coverage and effectiveness of the protection.

The circular imposes a minimum of 5 years before the first payment of living benefits can be made for endowment and annuity products. At the same time, annual payment or withdrawal is capped at 20% of paid premiums. The new rule also bans universal or unit-linked products as riders.

- **CIRC issues a circular to strengthen industry risk control**

Recently CIRC issued The Circular on Enhancing the Risk Control of the Insurance Industry. The document stresses the primary responsibility of insurance companies in the strengthening of risk control of the industry, and calls for increased precautionary efforts to forestall systemic risks and safeguard the healthy development of the insurance sector.

The circular sets forth nine major risks for the industry, with 39 prevention and mitigation measures in 10 areas. First, to address liquidity risk, insurers are required to improve the management system, enhance risk monitoring and contingency plans and increase the responsibility of shareholders. Second, to cope with insurance funds utilization risk, insurance companies shall put in place prudent investment mechanisms, enhance information disclosure and shall not bypass regulations via investments unfairly favoring shareholders or related parties. Third, to increase the control of strategy risk, insurers shall improve governance, enhance management of shareholders and related party transactions, while formulating “scientific” strategies. Fourth, to mitigate risk in new business areas, insurance companies are required to focus on risk prevention in credit and guarantee insurance and internet insurance. Fifth, to tackle risk contagion, insurers shall conduct a full review of external risks to prevent risk contagion from other sectors. Sixth, efforts shall be made to enhance the control of mass incident risk, via increased management of sales behaviors, better protection of consumer rights, and proper handling of possible triggers of mass incidents like illegal fund-raising. Seventh, insurance companies shall conduct a comprehensive review of risks, improve internal control and information filing so as to prevent the risk of “ill-preparedness and ignorance”. Eighth, to control the risk of irregularities in capital contribution, insurers are required to enhance capital management, prevent the capital from being siphoned off, as well as other forms of irregularities such as false capital contribution via improper innovations or illegal means. Ninth, to deal with reputational risk, insurers shall enhance media monitoring, and strengthen capabilities in PR crisis management. Tenth, insurance companies shall improve systems and mechanisms for internal control and risk management, focusing on enhanced leadership, better definition of responsibilities, improved information disclosure and increased accountability.