

# 2009 Interim Results

Aug 24, 2009



**PICC 中国人保**

中国2010年上海世博会全球合作伙伴  
Global Partner of Expo 2010 Shanghai China

**中国人民财产保险股份有限公司**

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- **Mr. WU Yan** Chairman, Executive Director
- **Mr. WANG Yincheng** Vice Chairman, Executive Director, President
- **Ms. LIU Zhenghuan** Executive Director, Executive Vice President and Board Secretary
- **Mr. CHEN Donghui** Actuarial Expert

## Performance Highlights and Business Review

## Financial Performance and 2H09 Initiatives



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# 1H09 Results Highlights

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1

Turnover YoY growth at 13.7% with 42.4% market share, further reinforces the market leader position

2

Cash premium received increased YoY at 23.3% with noticeable improvement in premium receivable management

3

Loss ratio YoY down by 3.2 ppt to 72.7%

4

Expenses remain stable with expense ratio of 30.3%

5

Net profit of RMB 322 MM, YoY increased of RMB 614 MM

6

YoY growth of net cash flow from operating activities at 322.5% and increase of assets under investment by 21.4% YTD



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## 1H09 Non-life Business Environment Review

- ◆ **With macro economy stabilizing, growth in insurance business backed by the stimulus policy like “RMB 4 Trillion Investment” amid favorable macro-environment**
- ◆ **Motor business on a fast track with the growing car sales**
- ◆ **China’s non-life business evolves under fierce competition, stringent regulations and industry-wide self-discipline**

# Promote Development — Enhance Sales Capability 6

**1** Take advantage of the favorable policy and speed up the development of every business line

**2** Access the rural insurance market with increased coverage and expand business

**3** Further improve sales policy and provide more support to the sales force to bring their initiative into full force

**4** Enhance channel buildup with the nationwide E-commerce operation taking shape

Enhance sales capability and take the business onto a new level



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# Focus on Efficiency — Enhance Profitability 7



# Risk Control — Enhance Risk Control Capability 8

1

◆ Bring the actuarial skills into full play

2

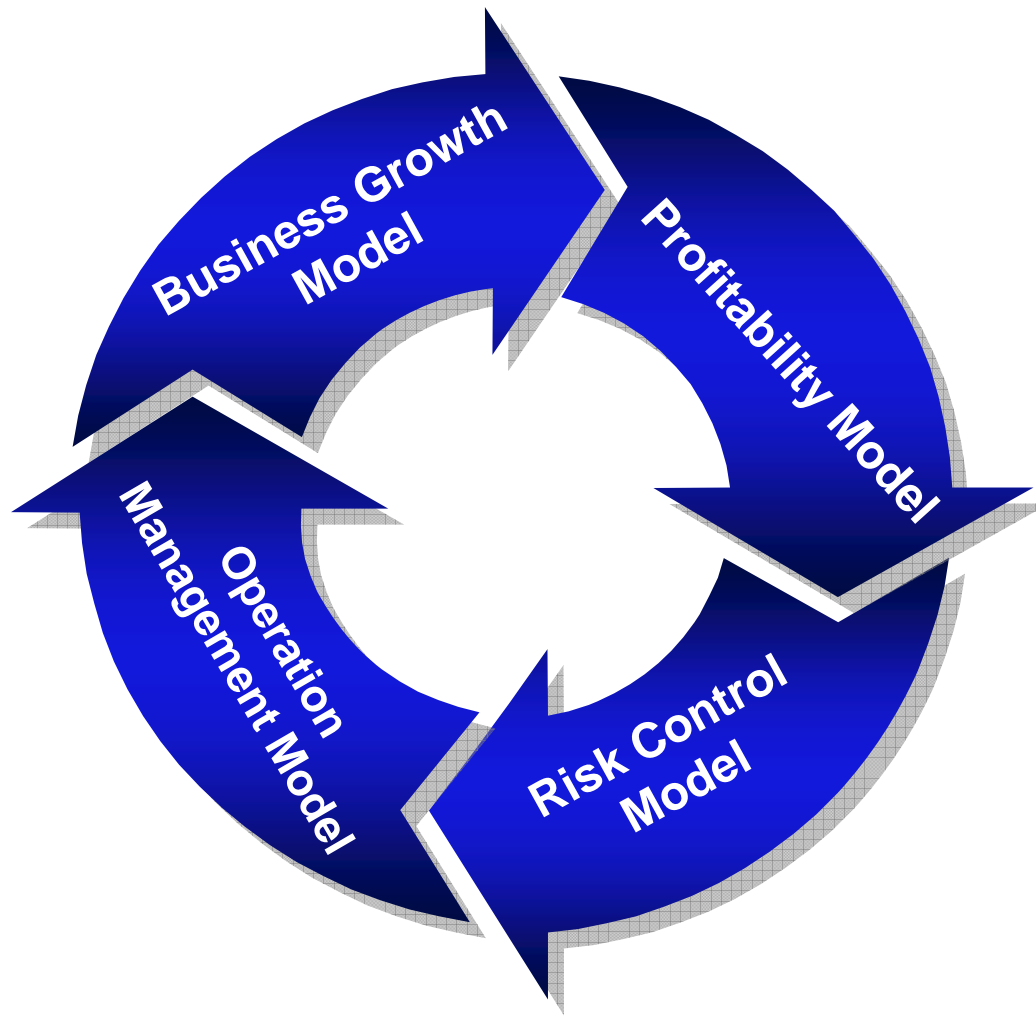
◆ Improve the management of premium receivables

3

◆ Strictly adhere to operation compliances

# Improve Business Model and Enhance Operational Management

9



**1** Enhance business growth model with structure optimization and quality improvement as its core contents

**2** Enhance profitability model with cost control as its core content

**3** Enhance risk control model with underwriting, claims management and reinsurance as its core contents

**4** Enhance operation management model with centralized management as its core contents



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## 2H09 Outlook

- ◆ **With the strong recovery of the macro economy, the premium income is expected to maintain a strong growth momentum**
- ◆ **More stringent industry regulation and improved market order amid fierce competition**
- ◆ **Self-discipline in place , underwriting for profit becomes industry consensus**  
**New regulations introduced to have significant impact over the development of the market**
- ◆ **The implementation of the upcoming insurance law will have a lasting impact on the industry**
- ◆ **With the completion of PICC Group's restructuring, Group's capability is strengthened, which will be able to provide PICC with more support**
- ◆ **PICC will grasp opportunities, further increase its market shares in rural and urban markets while continuing expand its sales capability and improve its profitability to achieve better results for its 60<sup>th</sup> anniversary.**

**Performance Highlights and  
Business Review**

**Financial Performance and  
2H09 Initiatives**

# 1H09 Financial Performance

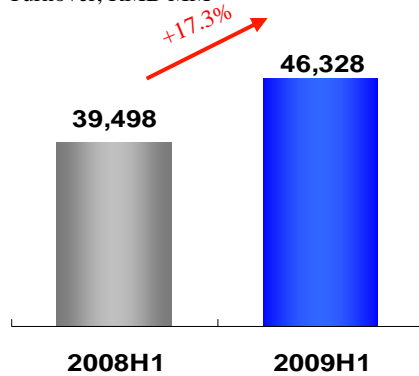
12

RMB MM		2008H1	2009H1	YOY Change
Turnover	↑	58,970	67,050	13.7%
Net premium earned	↓	40,181	40,140	(0.1%)
Underwriting profit	↑	(2,087)	(1,212)	(41.9%)
Investment return	↓	2,856	1,822	(36.2%)
Net income	↑	(292)	322	n.a.
EPS (RMB)	↑	(0.026)	0.029	n.a.
Net cash flow from operating	↑	2,895	12,231	322.5%

		2008.12.31	2009.6.30	Change
Total assets	↑	152,852	178,479	16.8%
Net assets	↑	21,809	23,015	5.5%
Total assets under investment	↑	81,697	99,186	21.4%

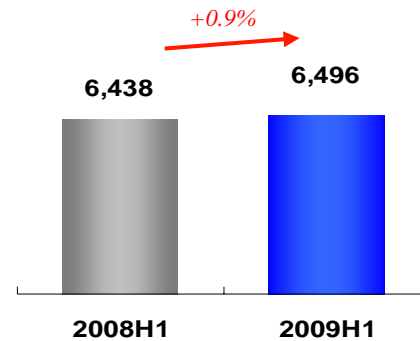
## Motor

Turnover, RMB MM



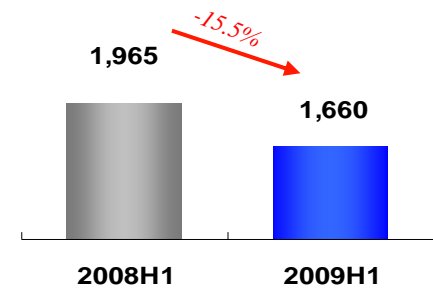
## Commercial Property

Turnover, RMB MM



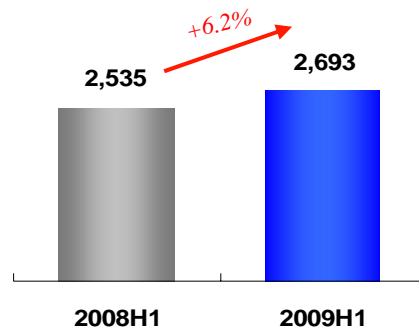
## Cargo

Turnover, RMB MM



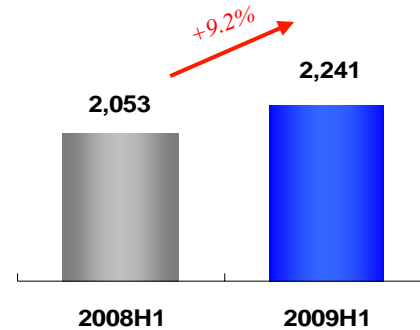
## Liability

Turnover, RMB MM



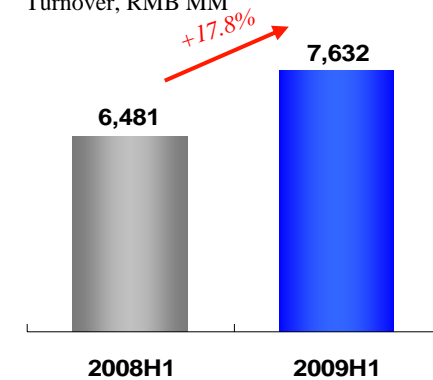
## Accidental & Health

Turnover, RMB MM



## Others

Turnover, RMB MM

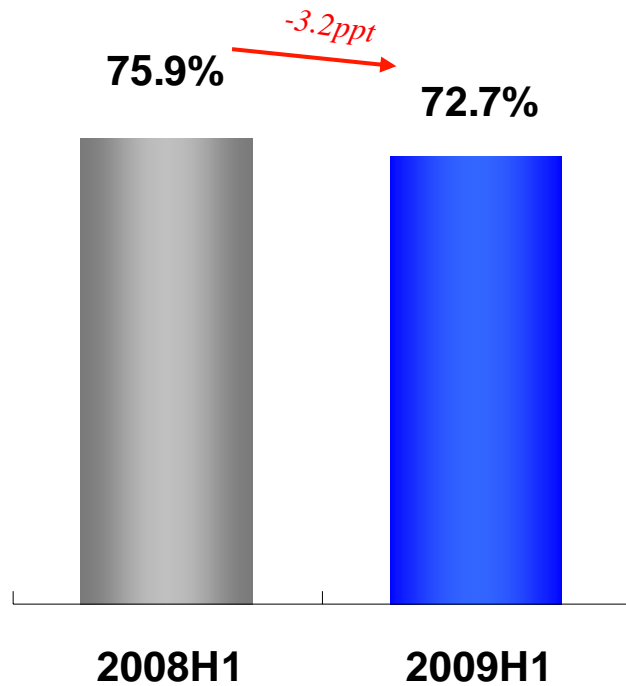


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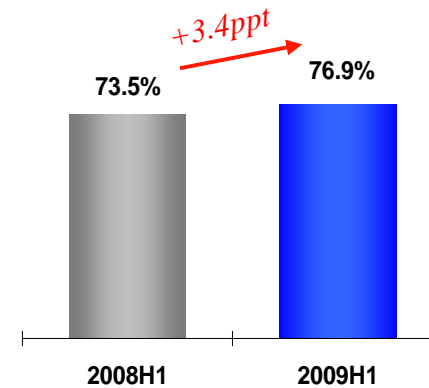
# YoY Decrease of Loss Ratio

14

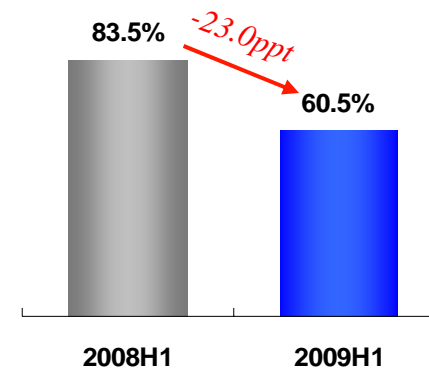
## Loss Ratio



## Motor Loss Ratio



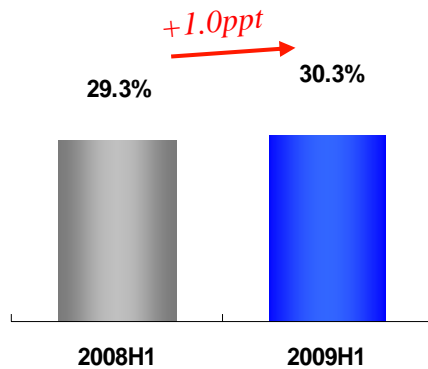
## Non-Motor Loss Ratio



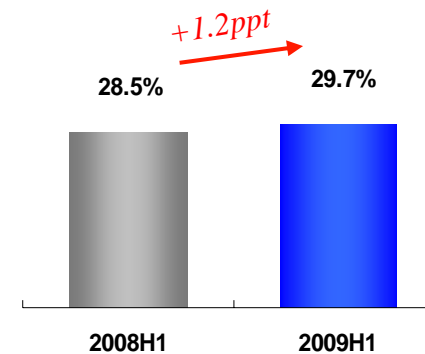
# Moderate Increase of Expense Ratio

15

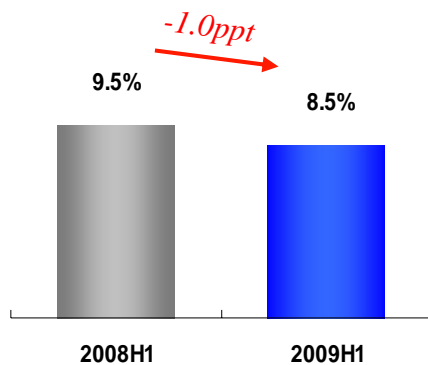
## Expense Ratio



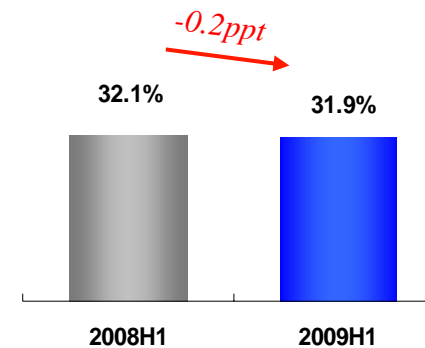
## Motor Expense Ratio



## G&A Expense Ratio



## Non-motor Expense Ratio

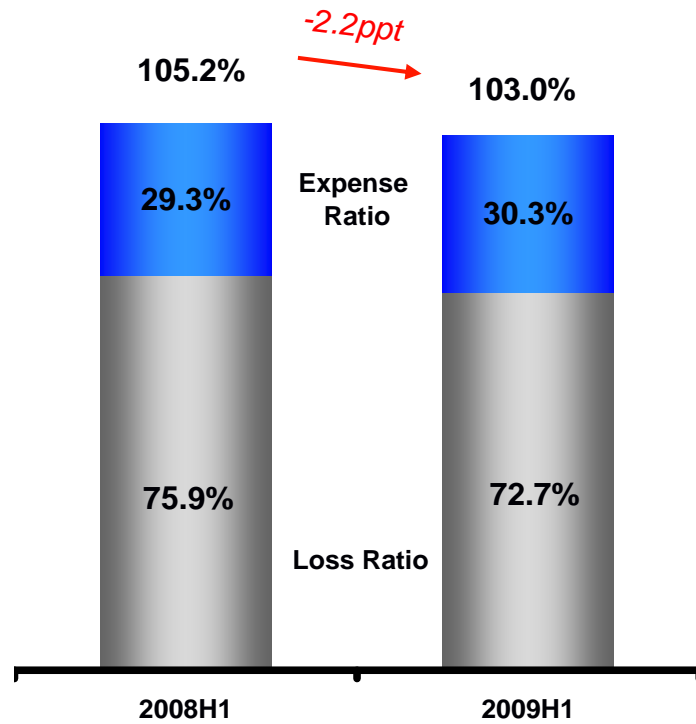


$$\text{G \& A Expense Ratio} = \frac{\text{G\&A Expense}}{\text{Turnover}}$$

# Improved Underwriting Performance

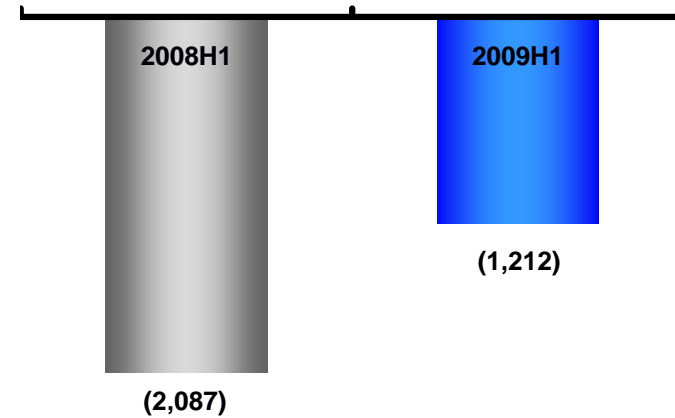
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## Combined Ratio



## Underwriting Profit

RMB MM



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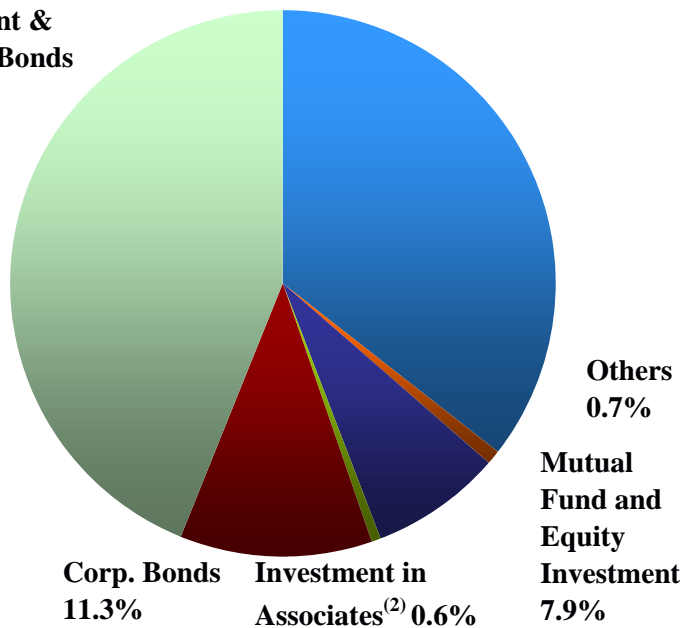
# Stable Investment Strategy and Flexible Investment Allocation

## Dec 31, 2008

Total Assets Under Investment: 81.696 Bn

**Cash & Cash Equivalents**  
35.6%

**Government & Financial Bonds**  
43.9%

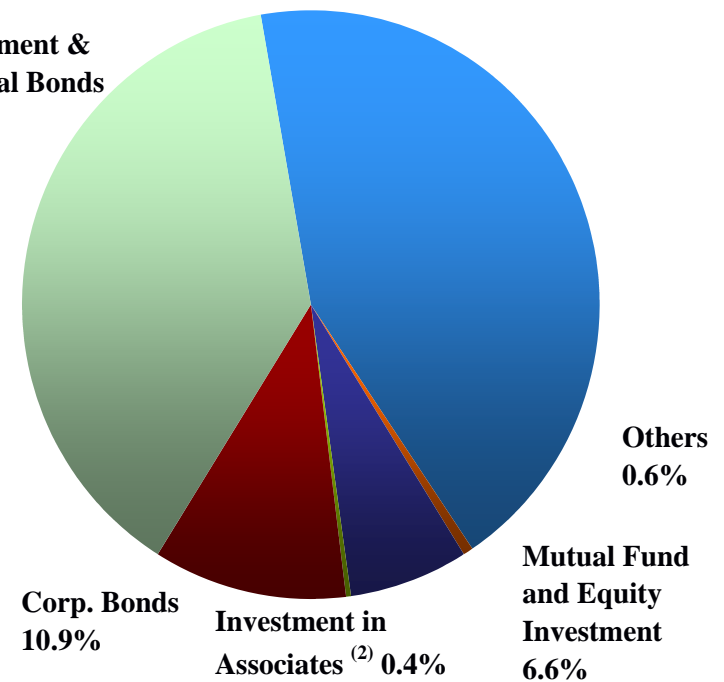


## Jun 30, 2009

Total Assets Under Investment: 99.186 Bn

**Cash & Cash Equivalents**  
43.2%

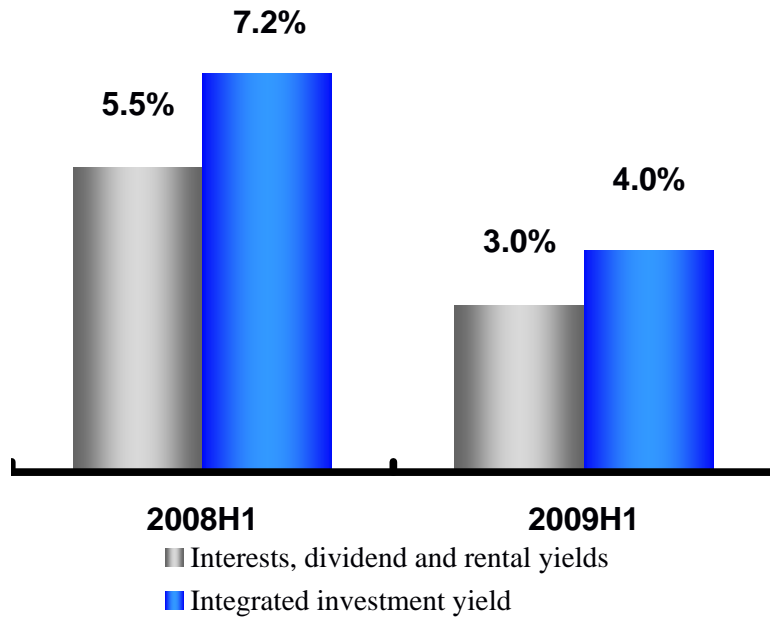
**Government & Financial Bonds**  
38.2%



Note: 1、The sum may not be 100% due to the omit of mantissa

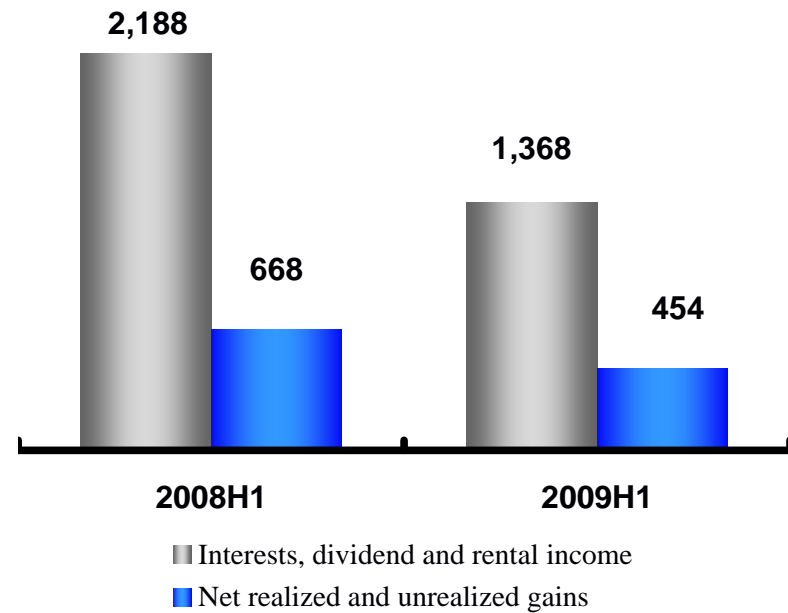
2、Investment in associates includes investment in PICC life and its assets

## Investment Yield



## Investment Income Mix

RMB MM

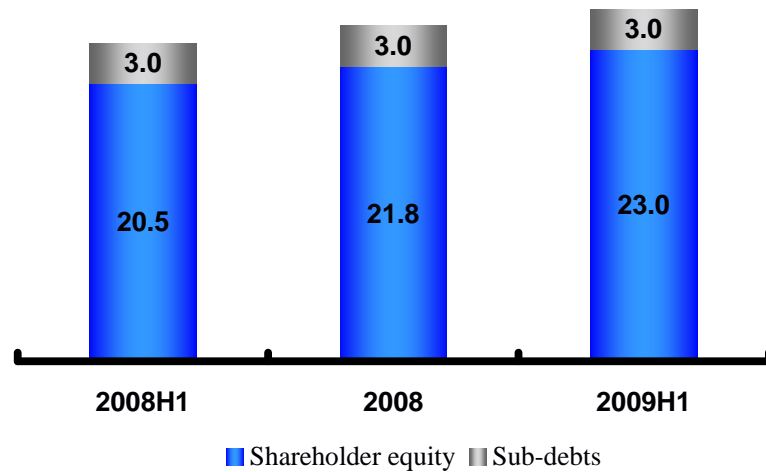


# Consistent Stable Capital Capacity

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## Leverage Ratio

RMB Bn



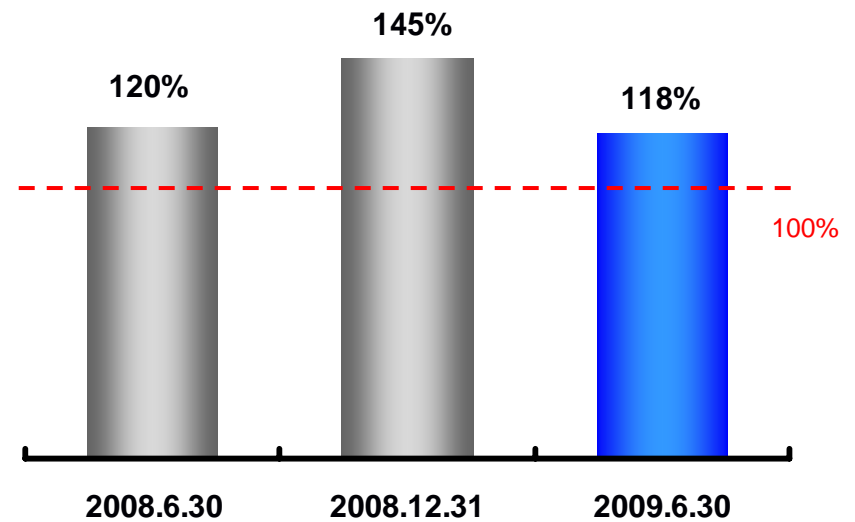
3.5X

3.1X

3.3X

$$\frac{\text{Net Premium Underwritten}}{\text{(Shareholder equity + sub-debts)}}$$

## Solvency Ratio



1

Focus on key procedures to improve operating performance

2

Further professionalize, standardize, centralize and differentiate development while optimize operations and management model

3

Maintain stable investment strategy to raise investment income

4

Intensify internal control and compliance to strengthen and improve risk control

# Thank You!



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