The insurance market is forecast to grow steadily at a CAGR of 8.4% over 2015-20. The market is quite concentrated and is dominated by the domestic insurance companies. However, competition in the market is becoming more severe. Thanks to policy change, insurance companies are now entitled to attract consumers with more competitive prices and more product innovation.”

– Linda Li, Senior Research Analyst

This report looks at the following areas:

- Insurers need to pay more attention to their services to differentiate themselves and increase loyalty
- Foreign issuers can increase brand awareness to win more customers
- Simple and more affordable insurance products have the potential to grow

The insurance industry has gained importance on a nationwide level. The Government is aiming to establish a more competitive modern insurance market, and this is the most important market driver in the next few years. Consumers’ growing concern about health and well-being issues has also fuelled the market, especially the non-life insurance sector.
Table of Contents

Overview

What you need to know

Products covered in this report

Executive Summary

The market

Figure 2: Premium income in China, 2010-20

Companies and brands

Figure 3: Premium share of top 10 companies in life insurance sector, 2013-15 August

Figure 4: Premium share of top 10 companies in non-life insurance sector, 2013-15 August

The consumer

Great potential in accident insurance

Figure 5: Insurance products bought in the last two years, July 2015

Education is crucial for converting non-buyers

Figure 6: Reasons for not buying certain insurance, July 2015

Insurance agents dominate the purchase channel, but internet channel is catching up

Figure 7: Purchase channels of insurance products, July 2015

People around me and insurance agents are most important influencers

Figure 8: Information sources used when buying insurances, July 2015

Product design comes first; insurer brand and services are secondary

Figure 9: Consideration factors when choosing insurance products, July 2015

Chinese consumers have low brand loyalty to insurers

Figure 10: Selected attitudes towards insurance, July 2015

Meet the Mintropolitans

What we think

Issues and Insights

Insurers need to pay more attention to their services to differentiate themselves and increase loyalty

The facts

The implications

Foreign issuers can increase brand awareness to win more customers

The facts

The implications

Simple and more affordable insurance products have the potential to grow

The facts

The implications

The Market – What You Need to Know
Insurance market is starting to grow, led by the life insurance sector
Motor insurance is the biggest segment in the non-life insurance sector
Government support in insurance ensures the continuous growth

Market Size and Forecast

Insurance market has started to boost
Figure 11: Insurance premium income in China, 2010-15
Figure 12: Insurance density in China, 2010-14

Insurance premium is forecast to grow at a CAGR of 10.1% over 2015-20
Figure 13: Insurance premium income in China, 2010-20

Market Factors

Drivers
- Government support in insurance ensures continuous growth
- Innovations in both insurance products and selling channels
- The marketization of insurance premium and yield rate

Challenges
- The credibility of insurance companies in China needs improvement
- The number of actuaries may not satisfy the rapid growth of insurance industry

Market Segmentation

Life insurance leads to the growth of the insurance industry since 2014
Figure 14: Benchmark lending and deposit rate in China, October 2010-October 2015
Figure 15: Premium income of life insurance in China, 2010-20

The growth of non-life insurance sector has slowed down
Figure 16: Non-life insurance premium income in China, by segment, 2010-15

Motor insurance is likely to benefit from consumer interest in buying more expensive cars
The well-being segment enjoys the fastest growth
Growth forecast of non-life insurance segment
Figure 17: Non-life insurance premium income, 2010-20

Key Players – What You Need to Know

The Chinese insurance market is concentrated, and is dominated by domestic insurers
Insurance companies are using more digital platforms to sell and promote their products and services
The fast development of internet finance has raised opportunities for insurance companies

Market Share

The Chinese insurance market is dominated by domestic companies
The competition in the life insurance sector is getting more severe, making the sector less concentrated
Figure 18: Value share of premium income in life insurance market, China, 2013-15

Stable company performance in non-life insurance
Figure 19: Value share of premium income in the non-life insurance market, China, 2013-15
Insurance companies launch more specific insurance types to engage consumers
Leveraging the digital methods to promote insurance sales
Mobile apps
Social media
Using the fast growth of internet finance to sell insurance products
Encourage health insurance sales by answering consumers’ growing interest in exercising

Figure 20: Bu Bu Bao Program from Zhong An Insurance

Online-only insurance company has emerged
Leveraging the social media network to attract consumers
Usage-based Insurance – A new way to calculate premiums

Income drives insurance purchase
Insurance agent plays the most critical role in insurance selling
Consumers call for more guidance and help from insurance companies
Insurance companies have not developed brand loyalty among consumers
Insurance is not only a protection but also a financial management tool to Chinese consumers

Insurance Products Bought in the Last Two Years

Accident insurance is gaining importance
Figure 21: Insurance products bought in the last two years, July 2015

Demand for insurance is driven by income
Figure 22: Insurance products bought in the last two years, “I have bought this for myself”, by income group, July 2015

Consumers start to buy more insurance products as they get married
Figure 23: Insurance products bought in the last two years, by marital status, July 2015

Promising future for education insurance

Reasons for Not Buying Insurance

Non-buyers tend to think “it won’t happen to me” about accident insurances and home and contents insurance
Figure 24: Reasons for not buying accident insurance and home and contents insurance, July 2015

Consumers call for more guidance about choosing a suitable product

Considerable number of consumers do not believe in insurance
Figure 25: Reasons for not buying certain insurance products, July 2015

Purchase Channels

Insurance agent still dominates purchase channels
Figure 26: Purchase channels of insurance products, July 2015

Potential to sell more motor insurance, home and contents insurance and accident insurance products online
Figure 27: Selected purchase channels of insurance products, July 2015
Information Sources Used When Buying Insurance

Personal advice from friends and agents are most valued
Figure 28: Information sources used when buying insurances, July 2015

Consumers with higher income refer to more information sources
Figure 29: Information sources used when buying insurances, by household income, July 2015

Most consumers refer to fewer than three types of channels
Figure 30: Repertoire of information sources people refer to when buying insurance products, July 2015

Consideration Factors When Buying Insurance Products

Product design comes first; insurer brand and operation processes are nice-to-have features
Figure 31: Consideration factors when choosing insurance products, July 2015

Consumers call for more comprehensive insurance products

High yield insurance products to attract consumers of lower income

Consumer loyalty is low

Attitudes towards Insurance

Insurance is more likely an investment product to Chinese consumers
Figure 32: Selected attitudes towards insurance, by age and monthly household income, July 2015

Improve transparency when selling insurance products
Figure 33: Selected attitude towards insurances, July 2015
Figure 34: Selected attitudes towards insurances, July 2015

Consumers have low brand loyalty in insurance, giving opportunities for foreign issuers to grab share
Figure 35: Selected attitudes towards insurance, by age and monthly household income, July 2015

Meet the Mintropolitans

Mintropolitans buy more types of insurance products
Figure 36: Insurance products bought in the past two years, “I bought it for myself”, by consumer classification, July 2015

Offer more tailored products to attract MinT
Figure 37: Consideration factors of buying insurance products, by consumer classification, July 2015

Mintropolitans refer to more information channels when buying insurance products
Figure 38: Information channels used when buying insurance products

Mintropolitans are pioneers of innovative insurance products

Appendix – Market Size and Forecast

Figure 39: Forecast of premium income in China, by segment, 2010-20

Appendix – Market Segmentation

Figure 40: Premium income of motor insurance in China, 2010-20
Figure 41: Premium income of well-being insurance in China, 2010-20
Figure 42: Premium income of commercial insurance in China, 2010-20

Appendix – Methodology and Abbreviations

Methodology
Fan chart forecast

Mintropolitans

Why Mintropolitans?

Who are they?

Figure 43: Demographic profile of Mintropolitans vs Non-Mintropolitans, by gender, age and personal income

Figure 44: Demographic profile of Mintropolitans vs Non-Mintropolitans, by marital status, city tier and education level

Abbreviations