

PICC 中国人民财产保险股份有限公司

PICC PROPERTY AND CASUALTY COMPANY LIMITED

2020 Annual Results

PICC P&C (2328.HK)



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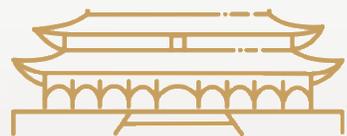
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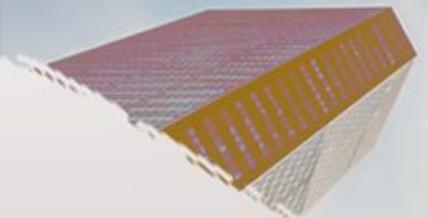
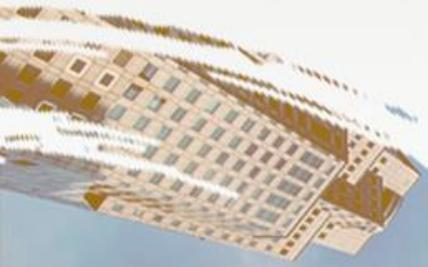
Key
Initiatives
for 2021





Section I

Results Overview and Work Review



Results Overview



Business Development Achieved Positive Growth

RMB433.187 bn **31.8%**
Gross Written Premiums Market Share

Underwriting Profitability Improved

RMB4.177 bn **98.9%**
Underwriting Profit Combined Ratio

Total Investment Income Hit a New Record High

RMB23.18 bn **4.8%**
Total Investment Income Total Investment Yield

Overall Profitability Maintained Stable

RMB24.676 bn **RMB20.868 bn**
Profit Before Tax Net Profit

Financial Strength Enhanced Steadily

RMB646.801 bn **RMB190.031 bn**
Total Assets Net Assets

Dividend Payout Ratio Remained Stable

RMB0.375 **40%**
Proposed Dividend per Share Dividend Payout Ratio

Fully serving national economy and people's livelihood, improving its capability to serve the macro-economy

- Underwrote insurance liabilities of RMB1,275 trillion
- Served a population of 700+ mm through government entrusted health insurance business
- The only SOE receiving the highest rating from the State Council's Poverty Alleviation Office for 2 consecutive years
- Launched "Ten Warming Services" for claims settlement to combat COVID-19
- Upgraded "traffic police and insurer joint work", with 4 municipalities and 332 cities fully covered and a population of 4.68 mm served
- Widely acclaimed for its full support for resumption of work and production



2020 Work Review



Upgrading the insurance supply and promoting the capability of developing new markets

- Vigorously developed the agriculture insurance business by raising protection standards, expanding business scope and increasing product types
- Created an emergency public health assistance insurance, covering a population of 78.6 mm
- Launched the first catastrophe insurance product in China covering typhoon and flood
- Improved the insurance product system for the first set of major technical equipment, technology insurance, IP insurance, providing risk coverage of RMB453.6 bn in total
- Actively developed "Urban Insurance" business

Fully upgrading online services, accelerating implementation of digital transformation

- Online customer rate of household motor insurance reached 89.0%
- Online claim service usage rate of household motor insurance reached 93.2%
- A population of 53+ mm served by the "PICC" APP
- Preliminarily constructed the 3-In-1 online service system integrating "Manual + Self-service + Robot"
- Accelerated the application of new management tools such as "Motor vehicle Insurance Manager", Claims Operation Command System, and "Seven Platforms" etc.

Optimizing business structure, strengthening cost reduction and profitability enhancement

- Actively optimized business structure, eliminate high-risk businesses and long-term loss making business
- Strengthened risk control for credit & surety insurance, accelerated the phase-out of existing risks
- Reduction of claims cost through technology-powered claims handling, Jia'AnPei, etc. totaled RMB9.9 bn
- Enhanced disaster and loss prevention and risk mitigation management



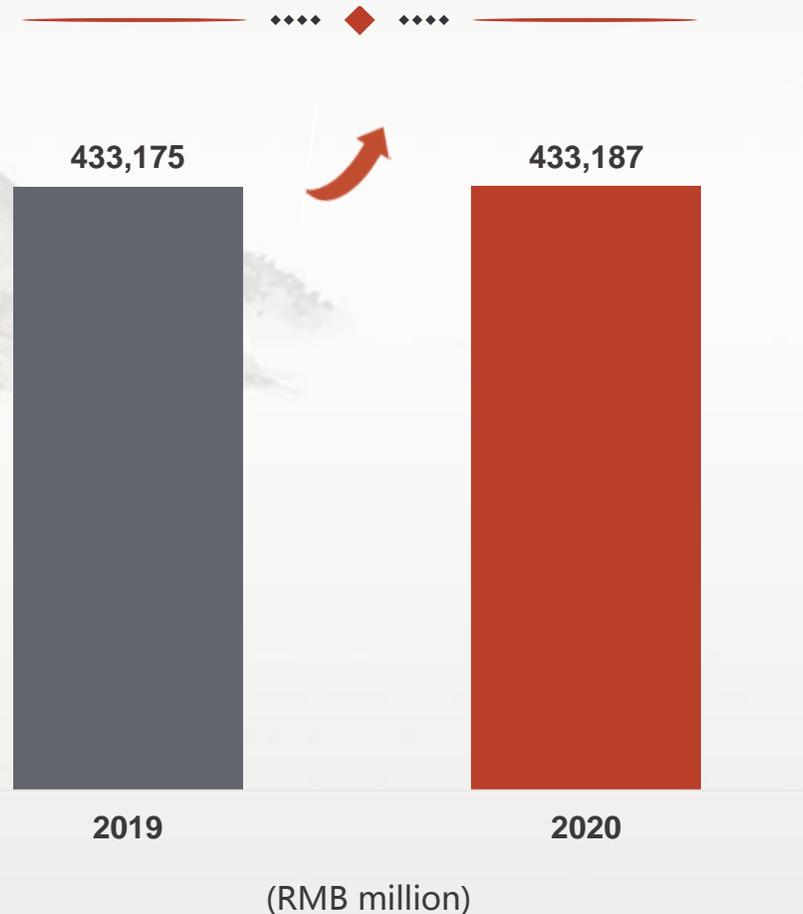
Section II

Overview of Insurance Business Operations

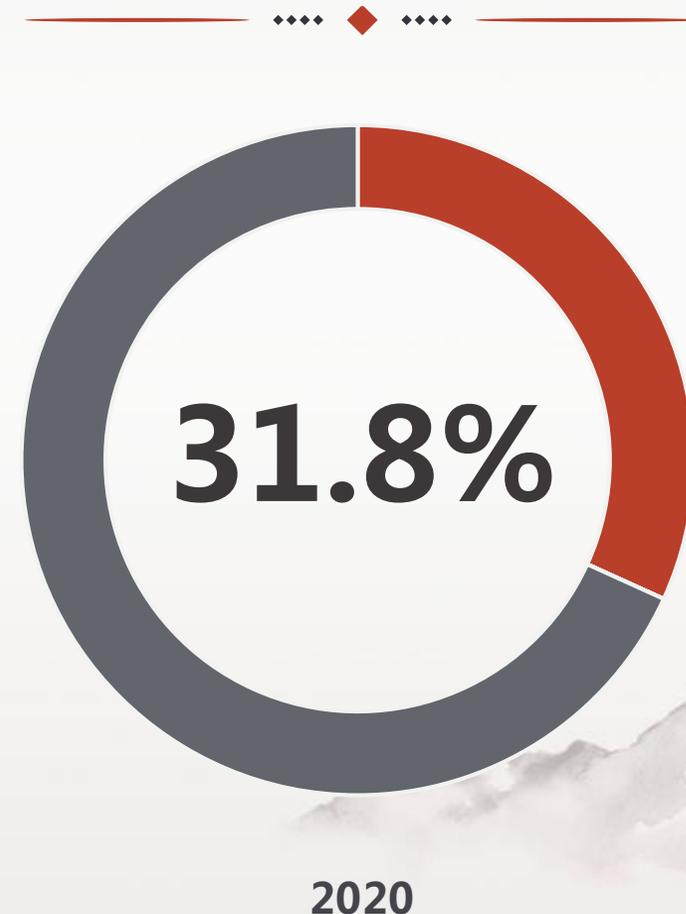


Business Development Achieved Positive Growth Dominant Market Position Maintained

Positive Growth of GWP

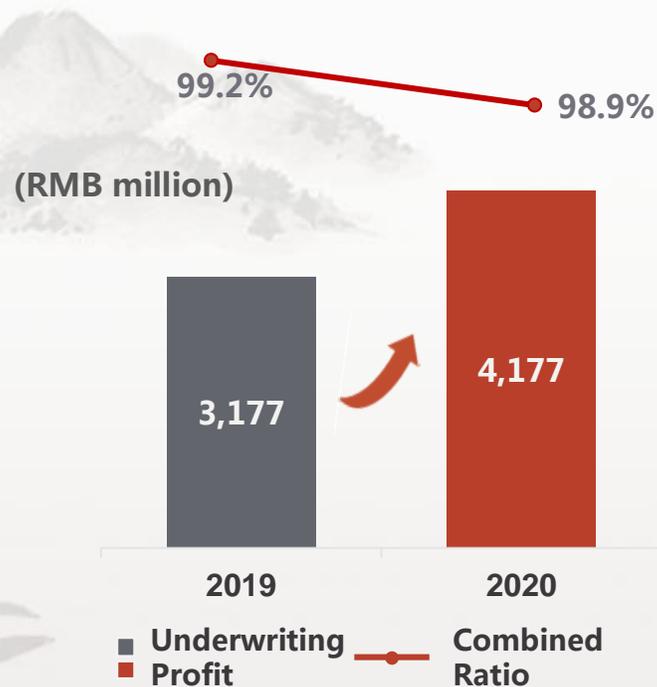


Market Share Remained No. 1

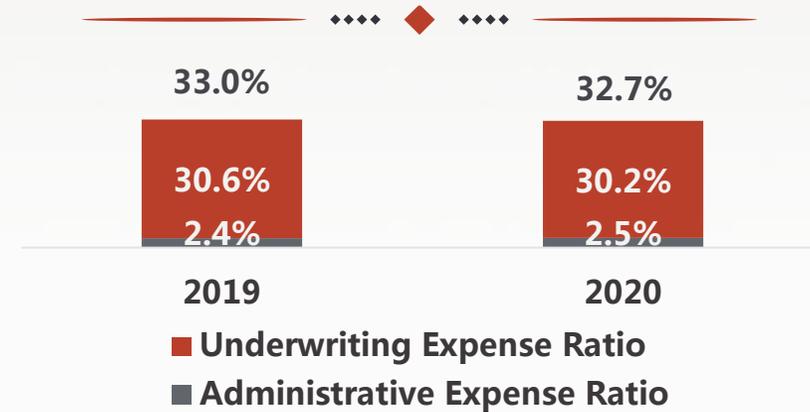


Underwriting Profit Increased Significantly Underwriting Profitability Outperformed Industry

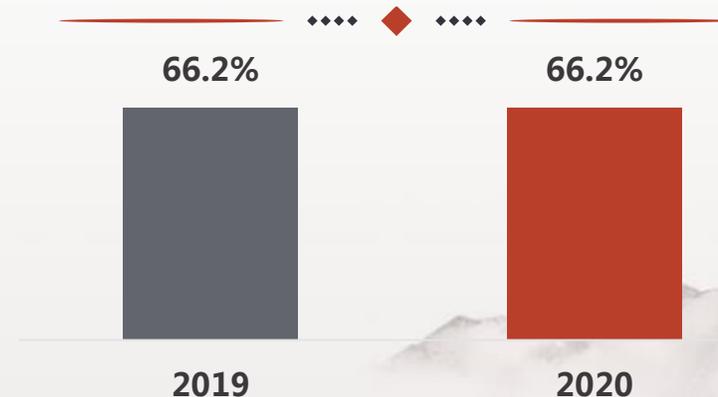
Combined Ratio **Down 0.3ppts YoY**
Underwriting Profit **Up 31.5% YoY**



Expense Ratio **Down 0.3ppts YoY**

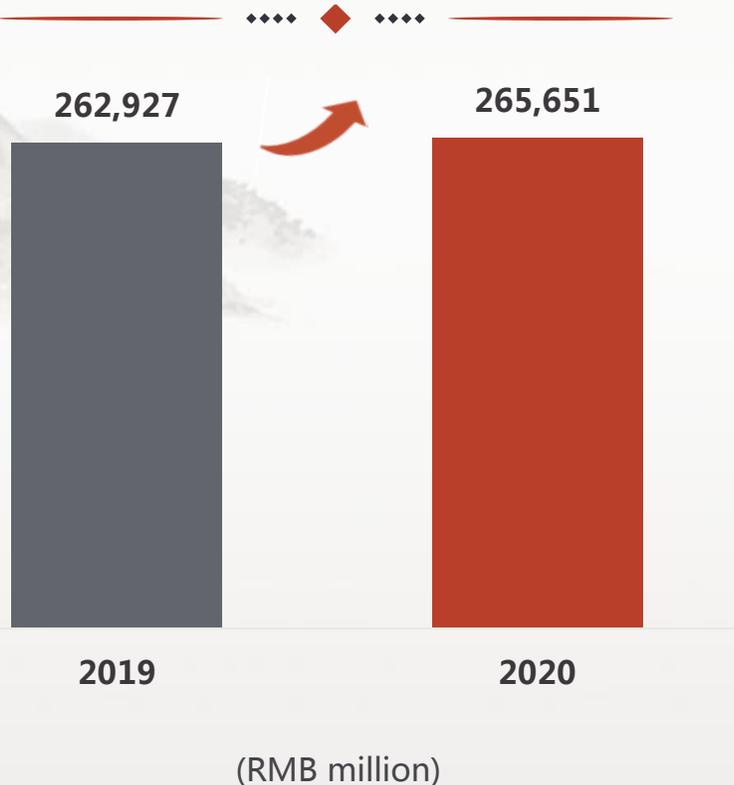


Loss Ratio **Remained Flat YoY**



Motor Insurance Business Grew Steadily Business Structure Continued to Be Optimized

GWP of Motor Insurance Up 1.0% YoY Outperforming the Industry



Business Structure Continued to Be Optimized

- ▣ Renewal rate of household motor insurance **73.1%, up 4.5ppts YoY**
- ▣ Market share of household motor insurance **up 0.95ppts YoY**
- ▣ Household motor vehicles covered **up 10.7% YoY**
- ▣ % of premiums from household motor insurance **up 0.8ppts YoY**
- ▣ % of customers from renewed commercial motor insurance that had not filed any claims **up 2.0ppts YoY**

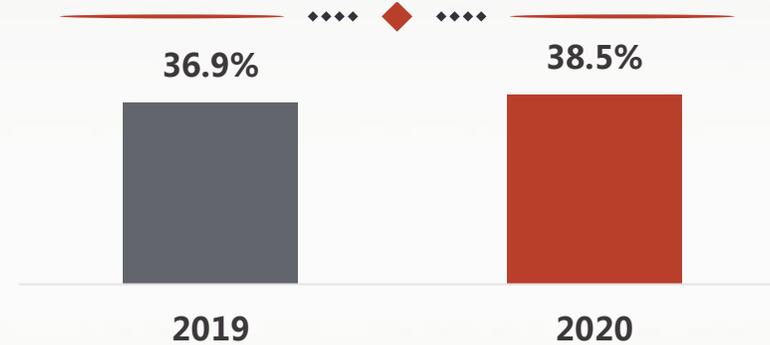
Motor Insurance Underwriting Profit Increased Significantly Underwriting Profitability Outperformed Industry

Combined Ratio of Motor Insurance
Down 0.2ppts YoY
Underwriting Profit Up 7.4% YoY

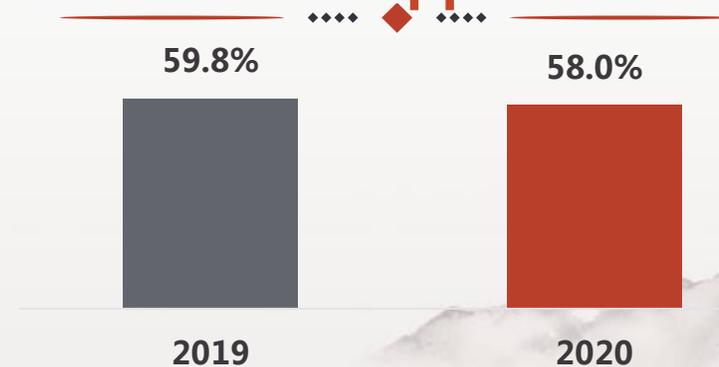
(RMB million)



Expense Ratio of Motor Insurance
Up 1.6ppts YoY

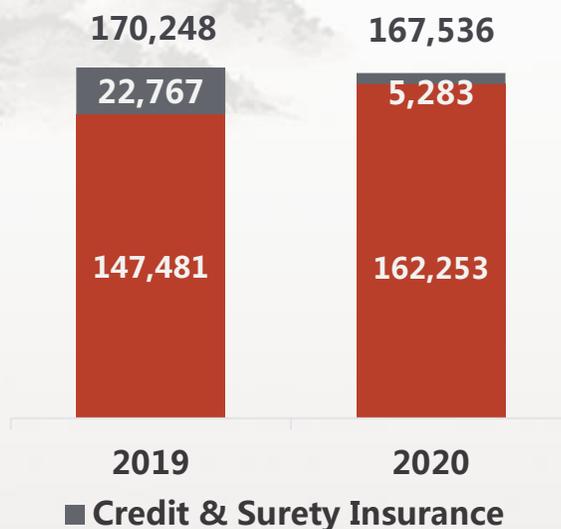


Loss Ratio of Motor Insurance
Down 1.8ppts YoY



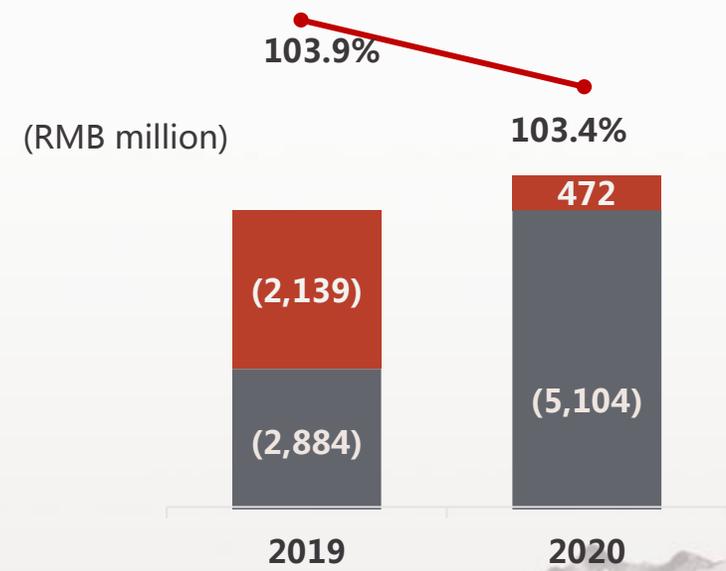
Continued to Strengthen Risk Management Profitability of Non-Motor Insurance Business Improved

**GWP of Non-Motor Insurance
Excluding Credit & Surety Insurance
Up 10.0% YoY**



(RMB million)

**Combined Ratio of Non-Motor Insurance
Down 0.5ppts YoY
Underwriting Profit excl. credit & surety
insurance reached RMB472 mm**



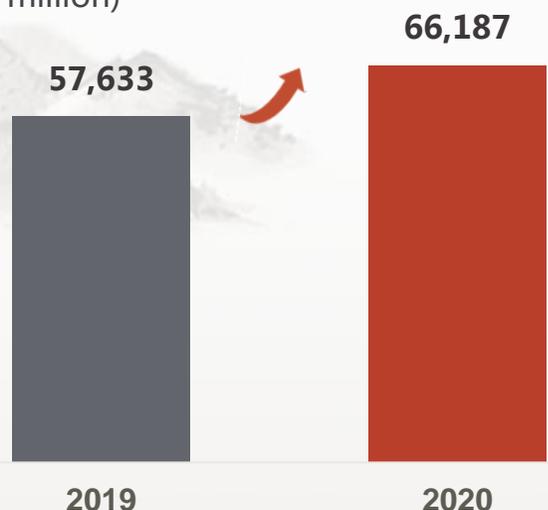
(RMB million)

- Underwriting Loss of Credit & Surety Insurance
- Underwriting Profit/Loss of Other Insurance
- Combined Ratio

Accidental Injury & Health Insurance Saw Rapid Growth Underwriting Loss Reduced

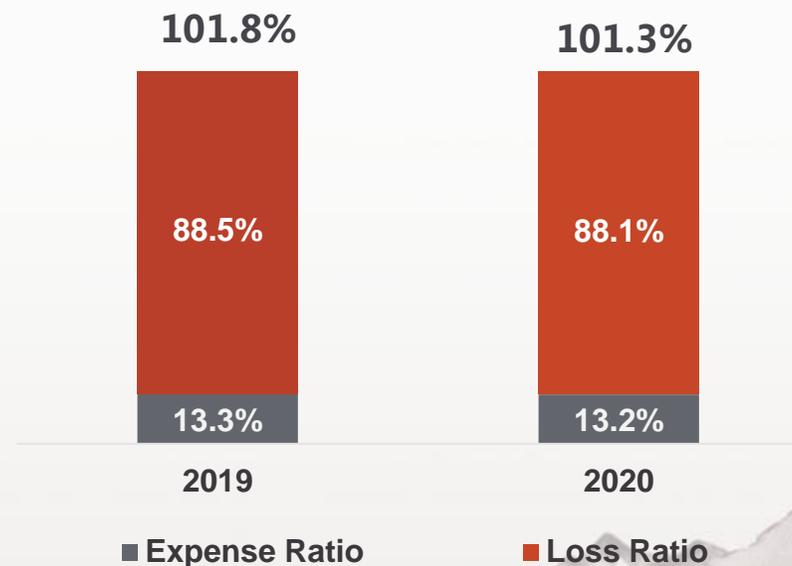
GWP of Accidental Injury & Health Insurance **Up 14.8% YoY**

(RMB million)



- Continued to serve the "Healthy China" strategy, further promoted product and business model innovation, the integration of policy-oriented businesses and commercial businesses, and balanced layout of online and offline channels to achieve rapid growth

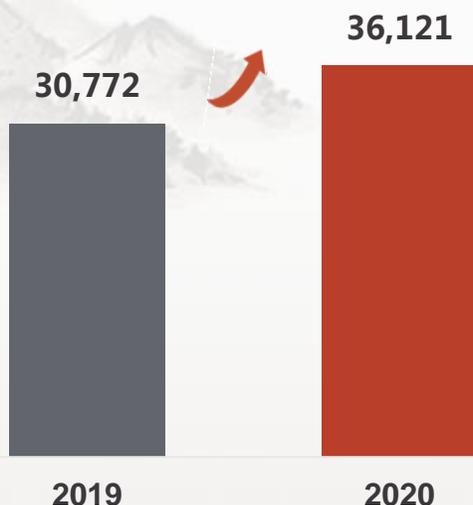
Combined Ratio of Accidental Injury & Health Insurance **Down 0.5ppts YoY**



Agriculture Insurance Saw Rapid Growth Underwriting Profitability Improved

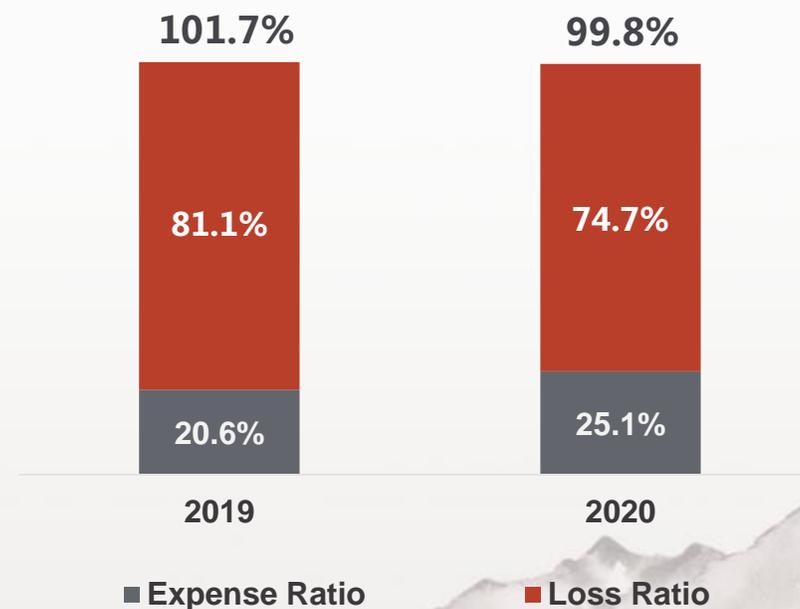
GWP of Agriculture Insurance Up 17.4% YoY

(RMB million)



- Raised protection standards, expanded business scope and increased product types for agriculture insurance.
- Strengthened product innovation and improved comprehensive service capabilities
- Maintained dominant market position

Combined Ratio of Agriculture Insurance Down 1.9ppts YoY



Liability Insurance Achieved Better Social and Economic Benefits

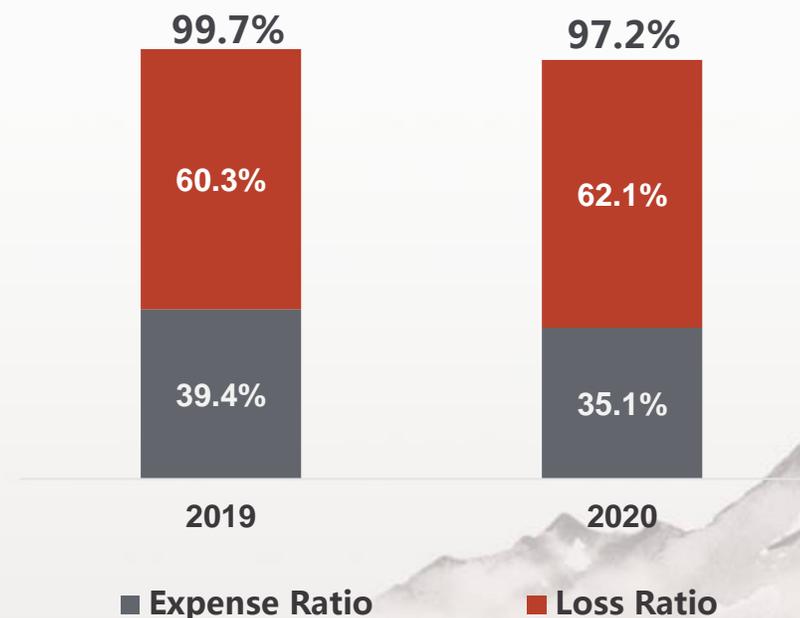
GWP of Liability Insurance Up 4.6% YoY

(RMB million)



- Served the real economy, escorted the national key strategies, participated in the social governance, and safeguarded the new economy
- Strengthened product innovation and development to assist resumption of work, production and school
- Created a new model of "insurance + risk control + technology + service"

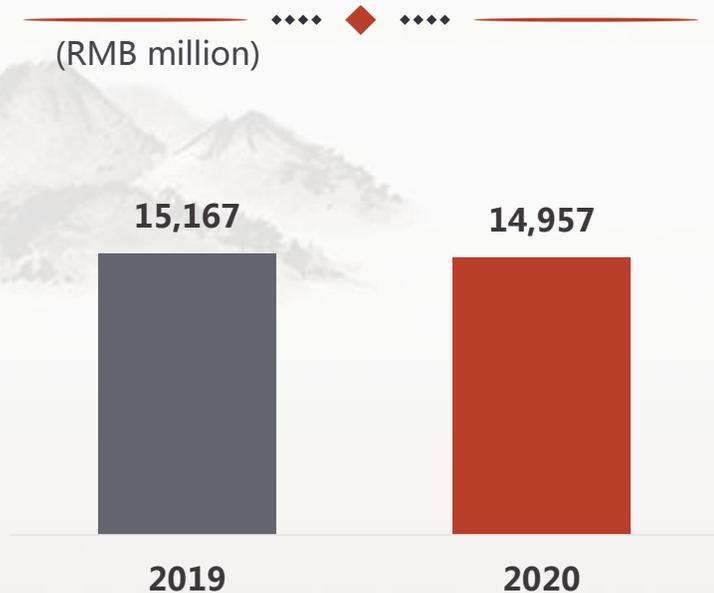
Combined Ratio of Liability Insurance Down 2.5ppts YoY



Commercial Property Insurance Continued to Reduce Losses

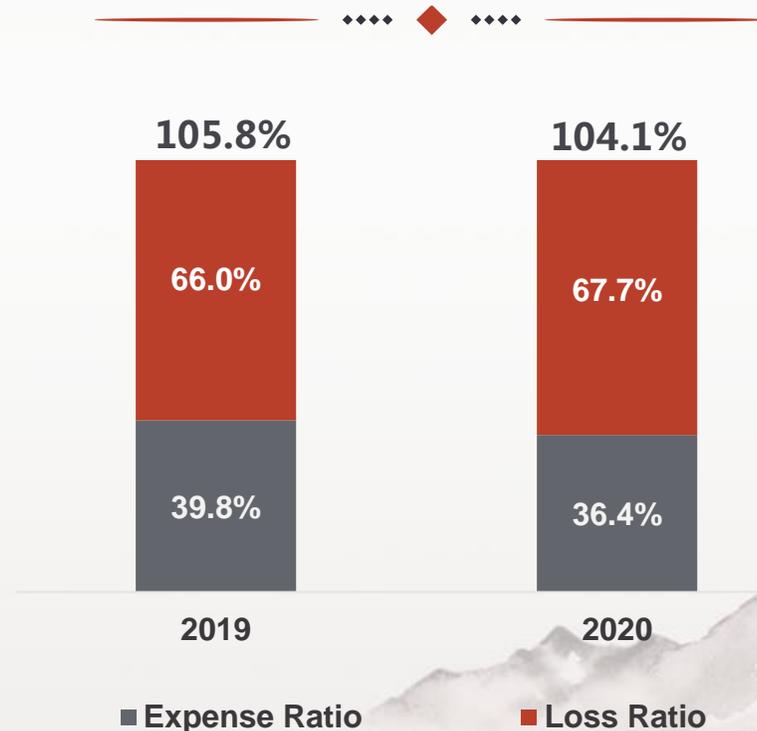
GWP of Commercial Property Insurance **Down 1.4% YoY**

(RMB million)



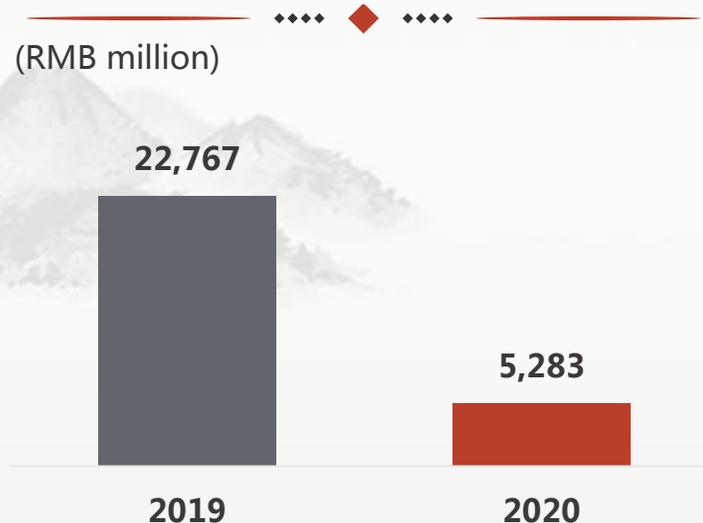
- Strengthened risk control
- Optimized business development plan
- Actively developed new businesses

Combined Ratio of Commercial Property Insurance **Down 1.7ppts YoY**



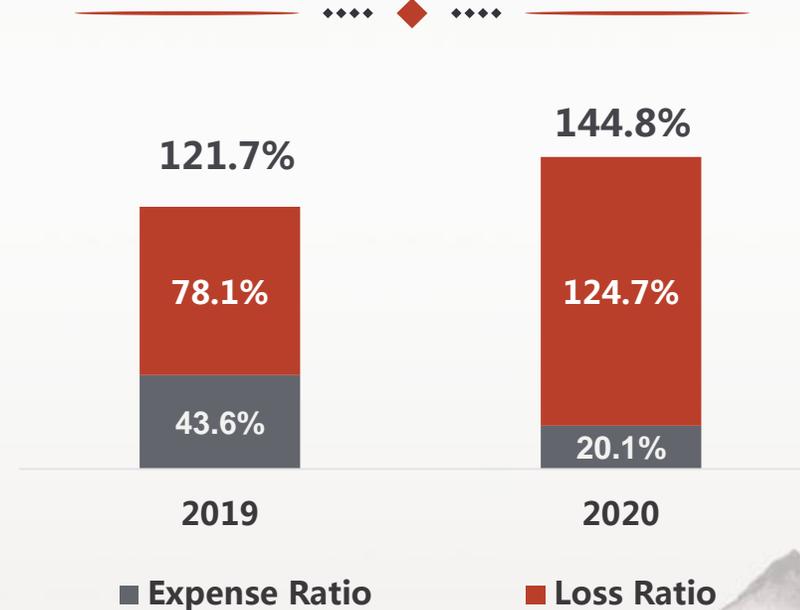
Clearance of Credit & Surety Insurance Risks Accelerated

GWP of Credit & Surety Insurance Down 76.8% YoY



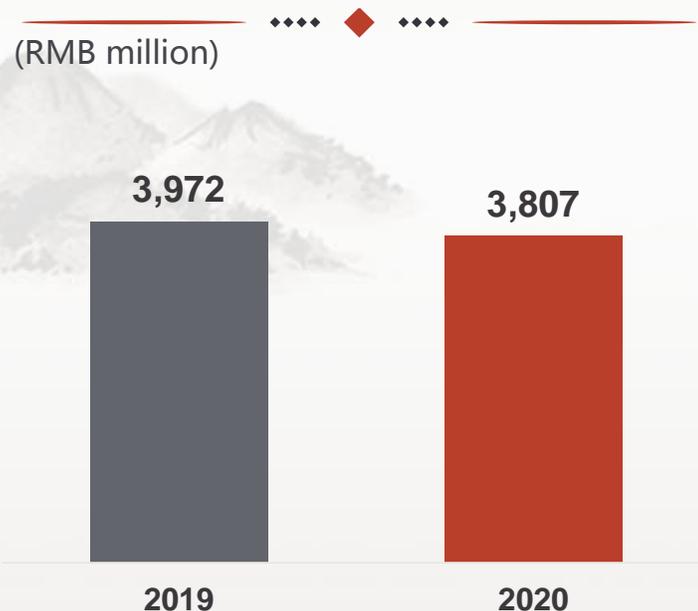
- Accelerated the clearance of the risks of existing businesses
- Strictly controlled the quality of new business

Combined Ratio of Credit & Surety Insurance Up 23.1ppts YoY

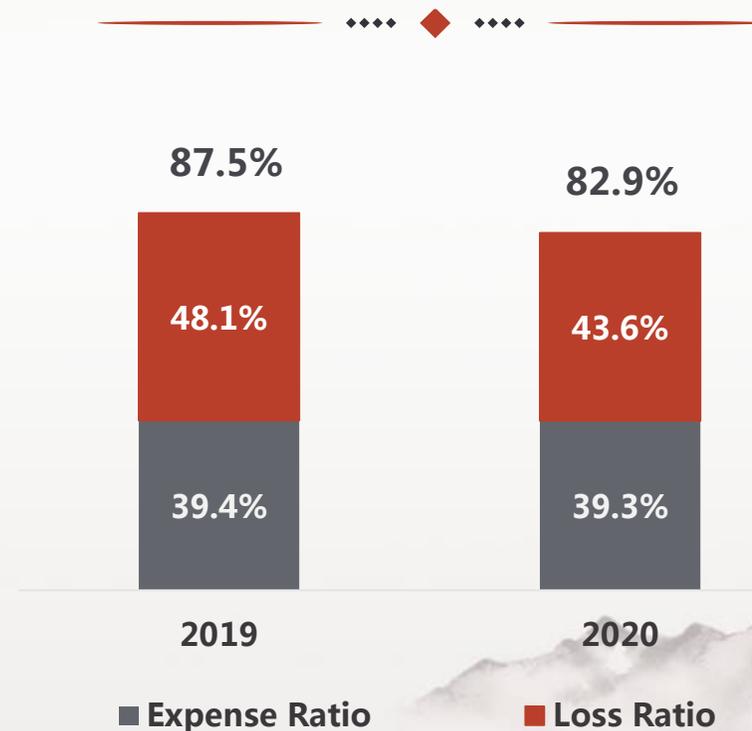


Quality of Cargo Insurance Further Improved

GWP of Cargo Insurance Down 4.2% YoY



Combined Ratio of Cargo Insurance Down 4.6ppts YoY



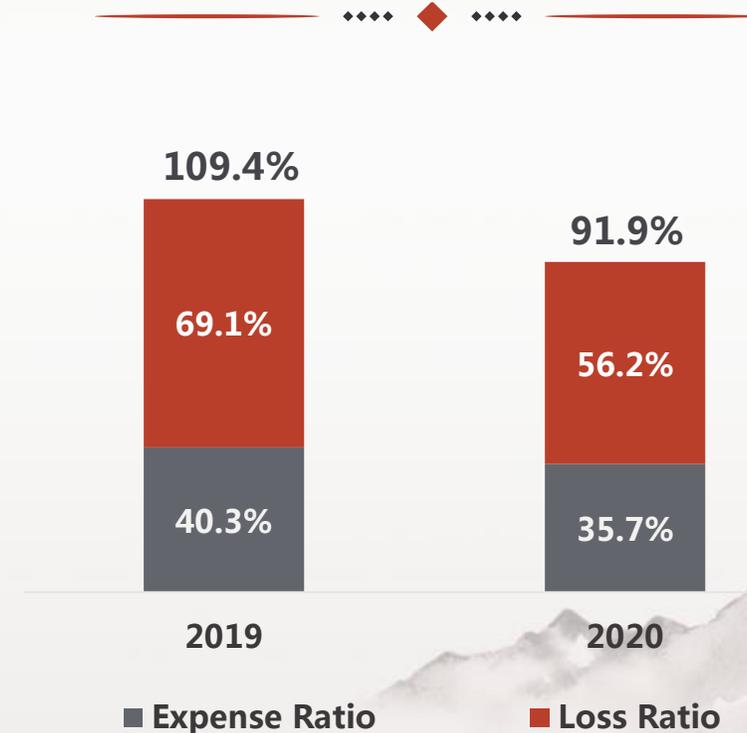
Overall Profitability of Other Insurance Businesses Improved Significantly

GWP of Other Insurances Remained Flat YoY



- Escorted national major projects such as "Tianwen No.1" and "China's Eye of Heaven"
- Served national key projects and major strategies such as 2022 Beijing Winter Olympics and the "Belt and Road" Initiative
- Seized the opportunities of infrastructure investment growth rebound

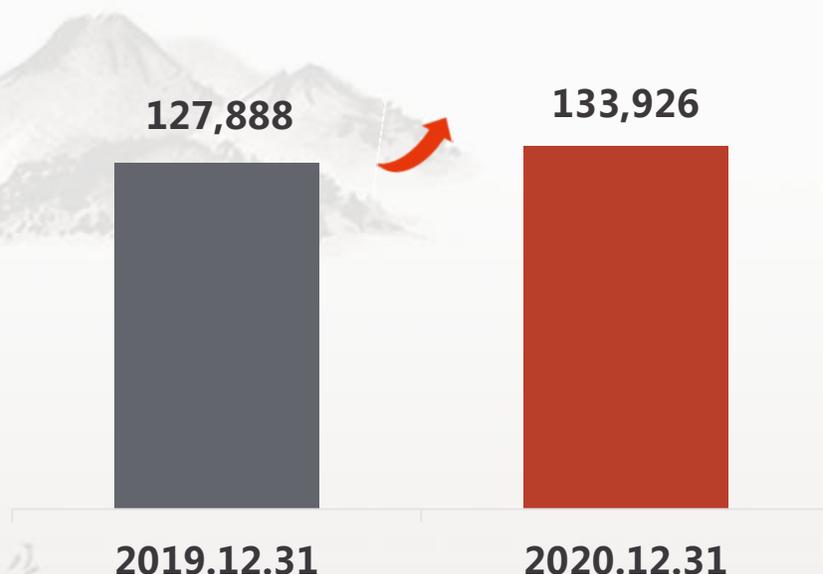
Combined Ratio of Other Insurances Down 17.5ppts YoY



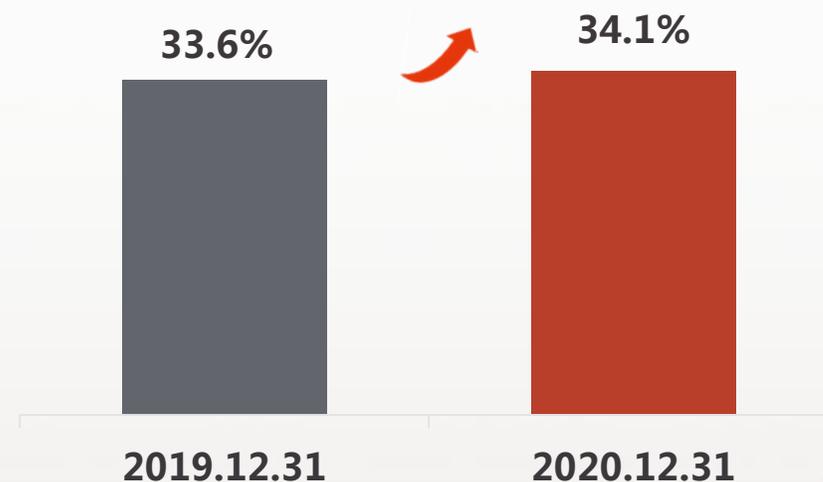
Sufficient Appropriation of Loss and LAE Reserves

Net Loss and LAE Reserves Up 4.7% vs. Beginning of the Year

(RMB million)



Net Loss and LAE Reserves Ratio Up 0.5ppts vs. Beginning of the Year





Section III

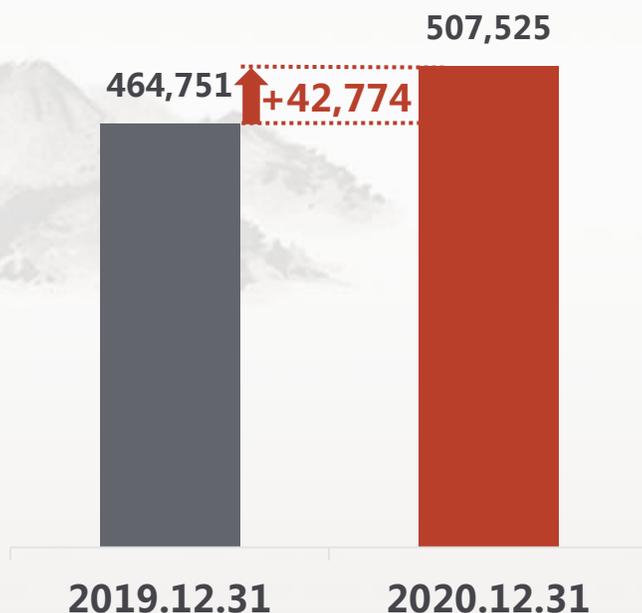
Overview of Insurance Fund Investment Business



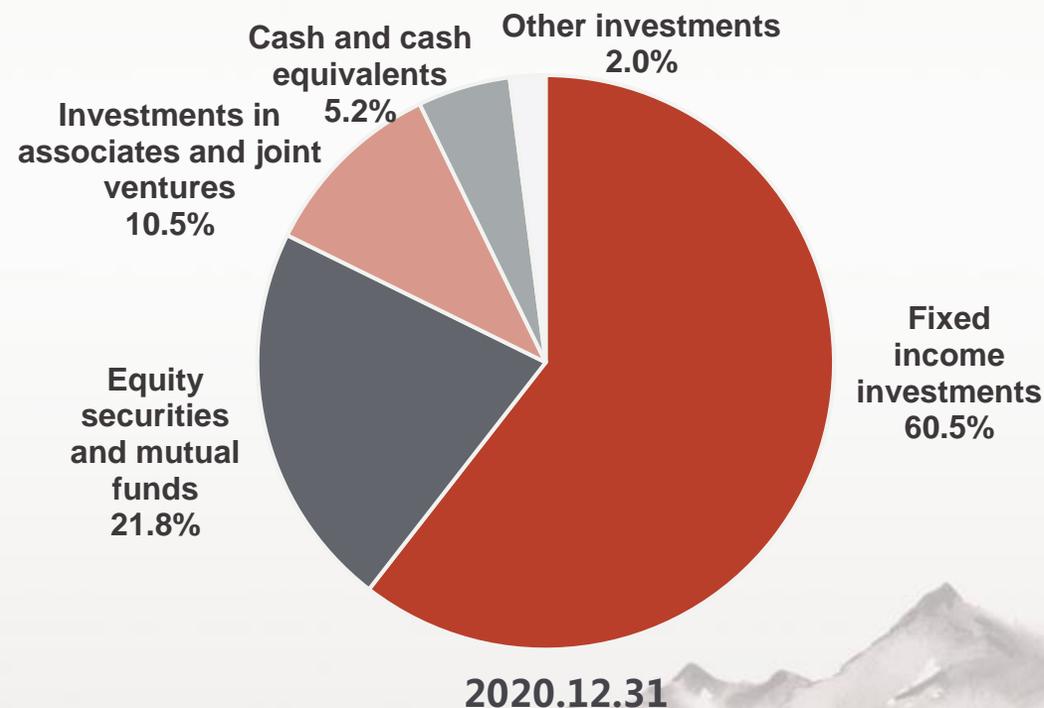
Total Investment Assets Continued to Grow Investment Portfolio Remained Prudent

Total Investment Assets Up 9.2% vs. Beginning of the Year

(RMB million)



Investment Portfolio Remained Prudent

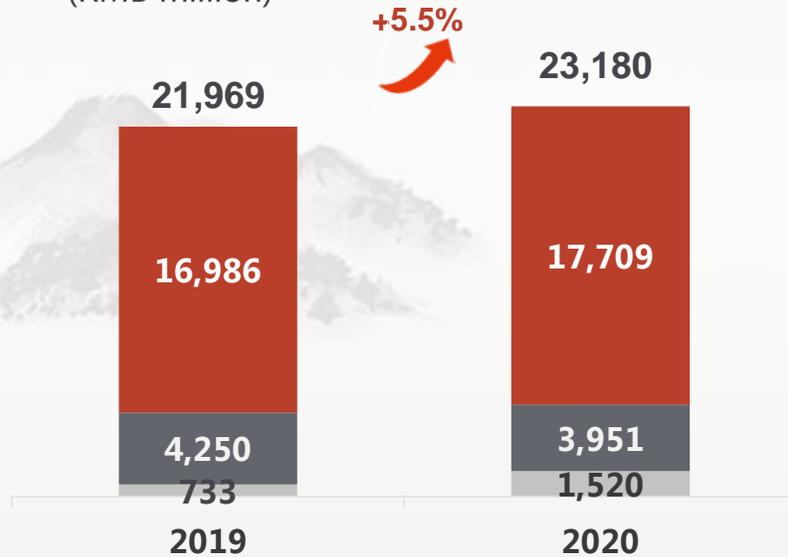


Note: 1) Round-off difference may exist;
2) Cash & Cash Equivalents are mainly RMB, including financial assets repurchased within 3 months;
3) "Other investments" include investment properties, capital security fund, etc.

Total Investment Income Increased YoY Investment Yield Decreased Slightly

Investment Income

(RMB million)



- Interest, dividend and rental income (net investment income)
- Share of Profits in associates and joint venture
- Net realized and unrealized gains on investments

Investment Yields

	2020	2019	Change YoY
Total Investment Yield	4.8%	4.9%	-0.1ppts
Net Investment Yield	3.6%	3.8%	-0.2ppts



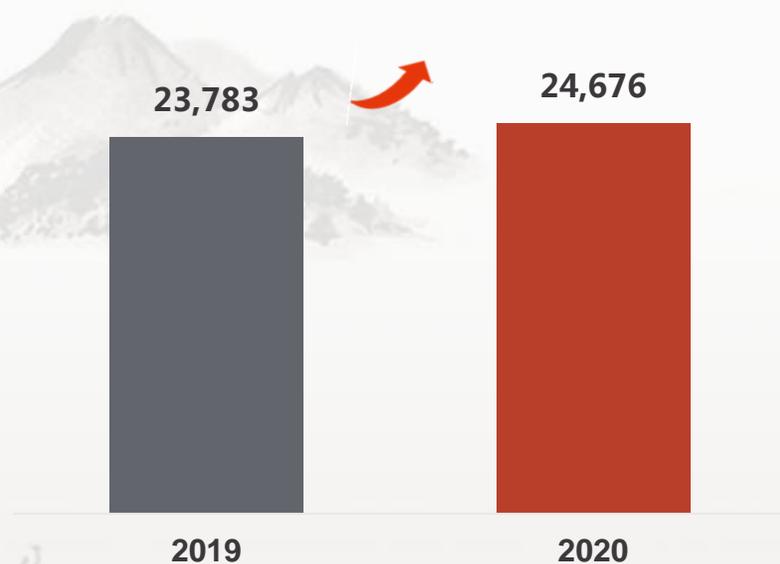
Section IV

Overall Performance



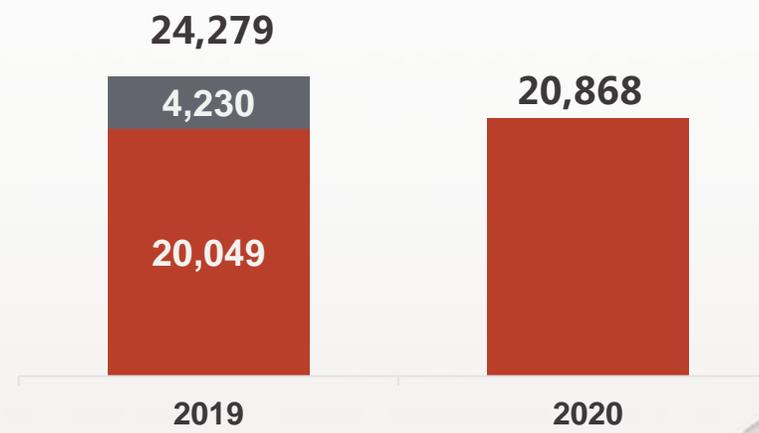
Overall Profitability Grew Steadily

Profit Before Tax
Up 3.8% YoY



(RMB million)

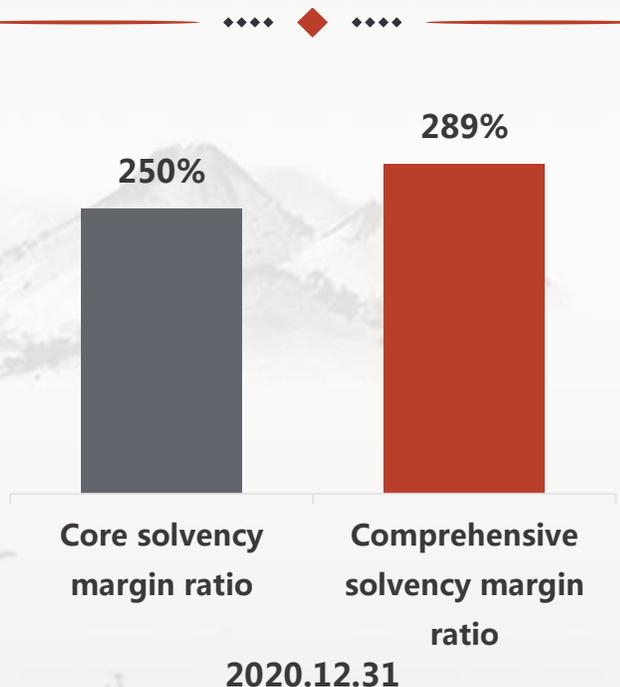
Excluding the Impact of Changes in
Tax Policies on Commission Expenses
Net Profit Increased 4.1% YoY



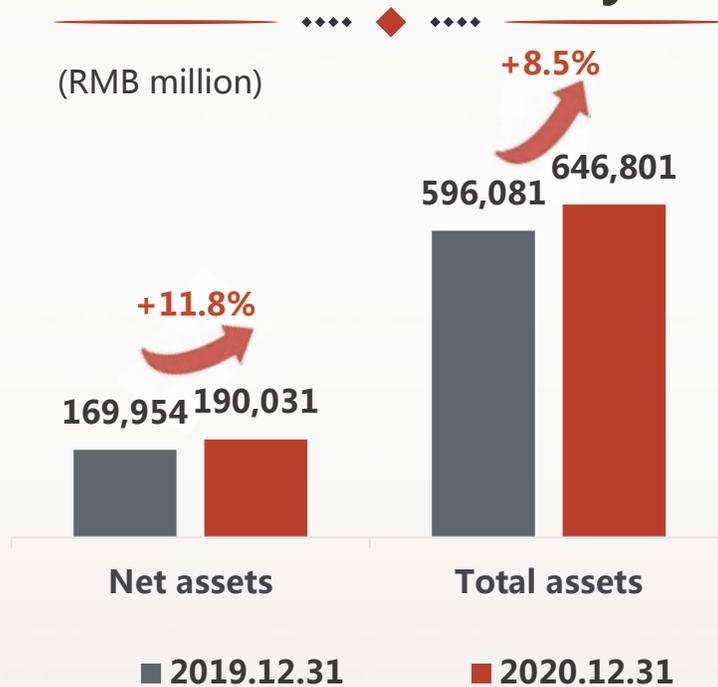
■ Impact of Changes in Tax Policies on
Commission Expenses
(RMB million)

Financial Strength Enhanced Steadily, with a Dividend Payout Ratio of 40%

Solvency Margin Ratio Remained Solid



Scale of Assets Increased Steadily



Proposed Dividend

RMB 0.375
per Share

Dividend Payout
Ratio: 40%

Company Honors



Business Development Strengths

21st Century Business Herald	"Best Property Insurance Company of the Year 2020 in Asia" the property insurance company ranking the 1st for 12 consecutive years
Top 100 Hong Kong Listed Companies Research Center, Finet	Ranked 31st in the main list of "Top 100 in Comprehensive Strengths" of "HONG KONG STOCKS – TOP 100" On list for 8 consecutive years
Moody's Investor Services	A1 Insurance financial strength rating (Stable Outlook) the highest level among the domestic insurance companies
The Paper	"Insurance Company of the Year (Property Insurance)"
Financial Times	"Best Insurance Company in Serving 'Six Priorities' and Stability in Six Areas for the Year" , the only awarded company in insurance industry
Shanghai Securities News	Excellent Insurance Protection Brand of the Year

Corporate Social Responsibility

A Grand Gathering Marking the Nation's Poverty Alleviation Accomplishments	Jiangxi Le An County-level Branch and Division of Insurance Poverty Alleviation of Department of Agriculture Insurance and Insurance Poverty Alleviation of the headquarter were awarded "Anti-poverty Role Models"
China Association for Disaster Prevention	"Outstanding Contribution Award for Fighting against the Pandemic" the only awarded insurance company
Economic Media Association of China, China Times	"Contribution Award for Targeted Poverty Alleviation of the Year 2020" the only awarded company in insurance industry

Service and Technology Innovation

China Banking and Insurance News	"2019-2020 Golden Medal Service Institution" "2019-2020 Model Medal Case of Service Innovation" was awarded to "Traffic Police and Insurer Joint Work"
Securities Times	"2020 China Insurance Industry Innovation Ark Award" was awarded to "Traffic Police and Insurer Joint Work"
China Business News	"Insurance Technology Innovation of the Year"
IDC Financial Insights	"Technology Application Scenario Innovation Award in China Financial Industry" was awarded to "Integrated Project of Agriculture Insurance Digital Transformation"
The Data Management Community (DMDA)	"Data Governance Best Practice Award" was awarded to "The Construction of Data Resource Management System Based on Big Data Resource Centre"



Section V

Key Initiatives for 2021



Key Initiatives for 2021

Excellent Insurance Strategy

01 Upgrade insurance supply and improve business development capability.

Optimize motor insurance business operation model, improve risk pricing capability, accelerate high-quality business development, keep the competitive edge in motor insurance; as for non-motor insurance, strengthen underwriting risk control, continue to optimize business structure, focus on the needs of individual, corporate and government customers, innovate products and services, and transform from providing insurance products to risk solutions to create greater value for customers.

02 Deepen cost reduction and efficiency enhancement to improve profitability.

Optimize business structure; implement the management and control over precise costs of claim settlement, innovate loss reduction and empower services, and carry out risk reduction management through joint work of underwriting and claims settlement; refine the overall budget management and improve management of premiums receivable.

03 Accelerate technology empowerment and promote digitalised operating capability.

Enhance digital infrastructure construction to build an integrated customer operating model; build an online-offline integrated sales and service platform, implement intelligent and accurate marketing; create a digitalised and intelligent underwriting and claim settlement model.

04 Innovate the regional operation model and improve regional competitiveness.

Seize the opportunity to enhance urban market operating capabilities through technology empowerment and innovation breakthroughs; strengthen the leading position in the county-level market; implement overseas expansion plan to explore new development space.

06 Uphold the bottom line of risk control and improve compliance operation capabilities.

Deepen the overall risk management and promote the development of a new digital overall risk management model; refine the internal control and compliance system, implement the risk preference system, and consolidate the responsibility of "three tiers of defense " and enhance risk management over key areas and critical processes, refine emergency plans for significant risk events, and uphold the bottom line of zero occurrence of systematic risks.

05 Adjust assets allocation flexibly and steadily improve investment income.

Strictly control the size of equity assets, adjust the position in secondary market equities according to the market, and optimize equity structure; maintain the current proportion of fixed income assets, under the precondition of strict control over credit risk, flexibly allocate bonds, financial products and bank deposits in light of relative advantages. Reduce liquid assets and further improve fund utilization efficiency under the premise of ensuring the company' s overall liquidity safety.