

Responding to the Call of the Era Improving Risk Management Capabilities

December 6, 2018 Shenzhen



The more advanced the era is, the more important the life insurance is. In the new era, New China Life (NCI) pioneers the proposal of “risk managing specialist” , and is committed to providing customers with “whole-life, comprehensive, family-wide” risk management services, witnessing and safeguarding the good life of individuals and families throughout their life cycle.



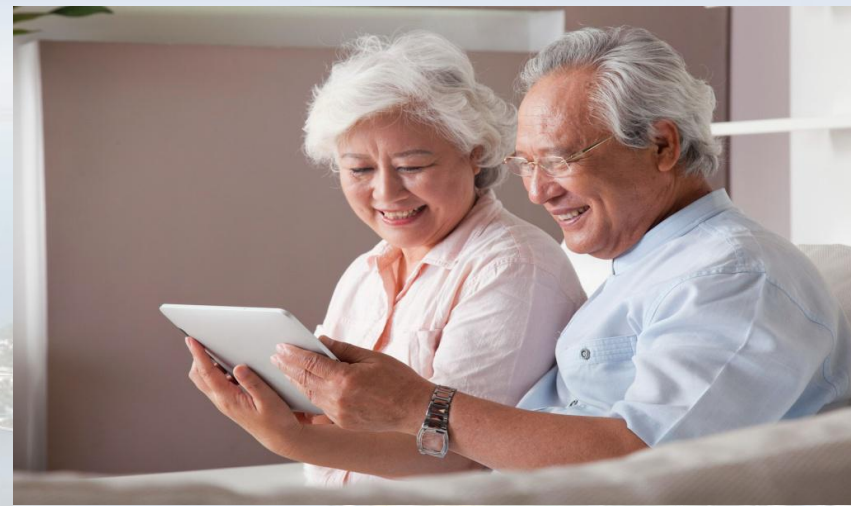
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I. Risk Management Demands Booming

Consumption trends indicate people begin to manage their risks.

- **Growing demands for managing health risks have brought in the rapid development of "health economy" .**
- **Meeting the demands for managing aged-care risks has become a priority for the happy life of the middle-aged and the elderly.**



I. Risk Management Demands Booming

Government has expanded policy space for risk management services.

2014
Aug

“The New National Ten” : Boosting the modern insurance industry and functioning as the risk manager

Strengthening the risk management role of insurers

2013
Now

Tax Benefit: Notice on issues related to personal income tax for enterprise annuities and occupational annuities

Notice on the pilot personal income tax program for commercial health insurance

Notice on the pilot project of personal deferred tax commercial pension insurance

Tax incentives for insurers and consumers

2017
Nov

Opening-up: Removing the cap on foreign investment

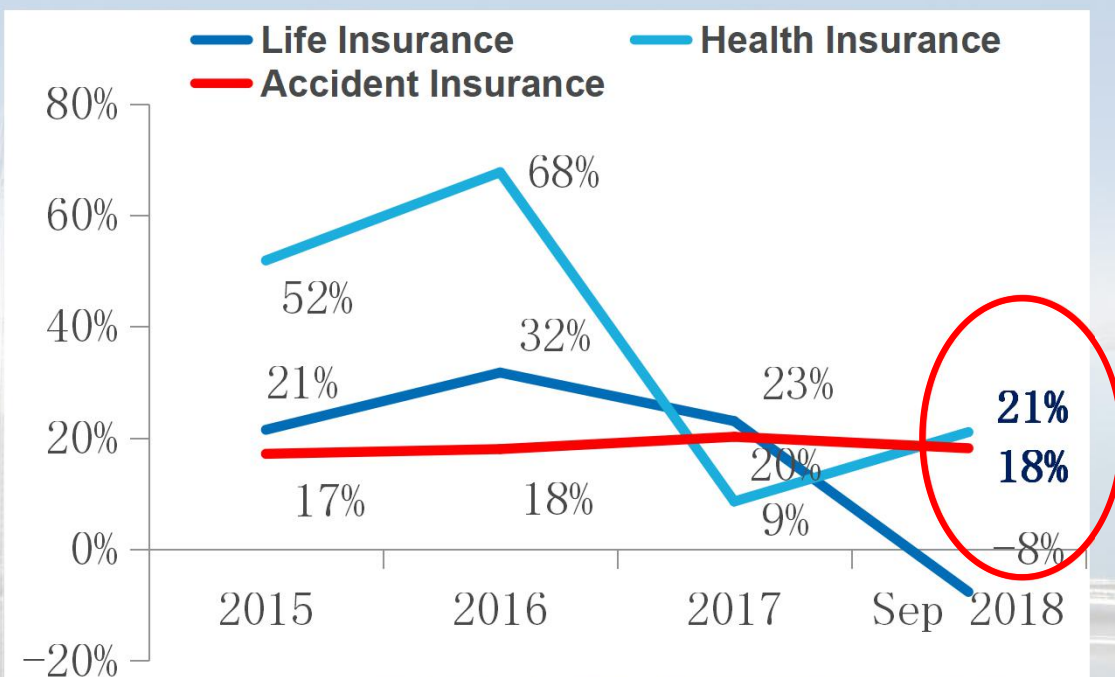
Introducing more world-class risk management services

I. Risk Management Demands Booming

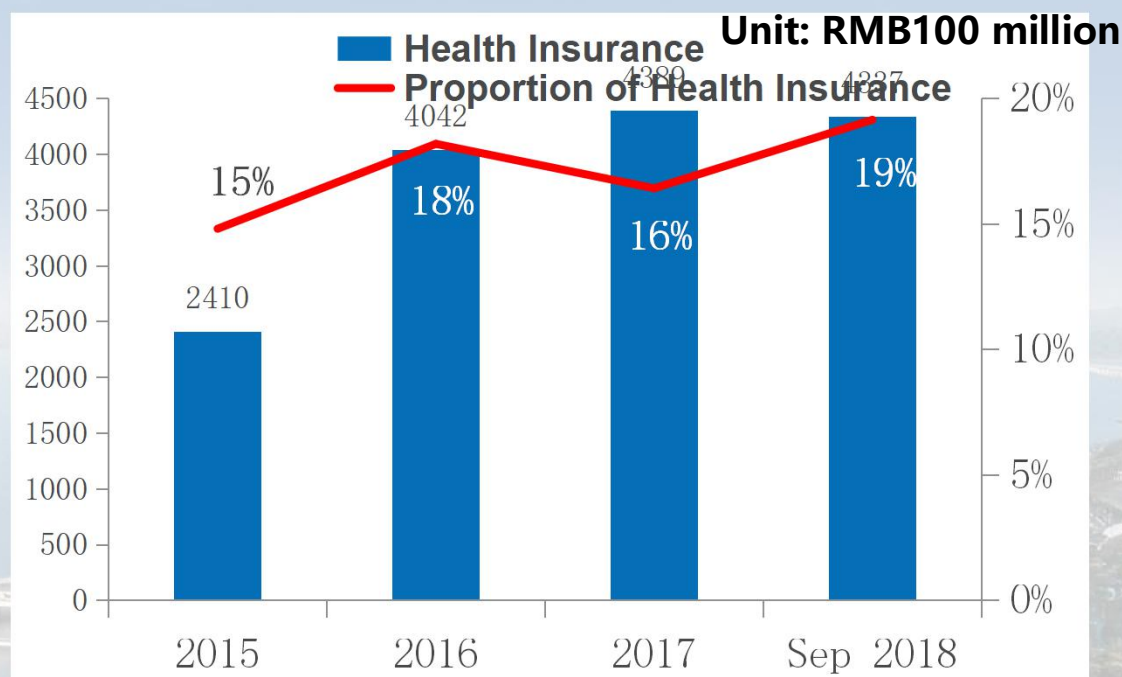
Risk management will boost life insurance industry.

- Health insurance has become an important part of the life insurance industry and possesses great potential.

Protection business becomes a new growth point



Protection business becomes a necessary choice



Note: Data sourced from the website of former CIRC.

II. Risk Management Capacity Growing

1. Risk Management Business

- Protection business has become the company's core business

First year premiums (FYP)
from protection business

RMB8.7 billion

Growth rate of FYP from
protection business

14%

Proportion of protection
business in FYP

62%

Note: The data is from the health and accident insurance business of NCI as at June 30, 2018.

II. Risk Management Capacity Growing

- Actively step into the health and pension industry

Granted qualification as investment manager and account manager

Pension insurance subsidiary

Lianhuachi Apartment for the aged and Yanqing aged-care community in Beijing and Boao aged-care community in Hainan

Community and apartment for the aged

NCI

Physical examination center

16 physical examination centers nationwide have served about 420,000 people annually

Excellent Rehabilitation Hospital

Got license in 2017
Started operation in early 2018

II. Risk Management Capacity Growing

2. Risk Management Service

- Improve customer experience with claim settlement



Claims

RMB6 billion

29%

Claims paid grew fast



Customers

356,000

45%

The number of customers received claims increased



Agents

112,000

16%

The number of agents who settled claims raised

Note: The data above is from the first three quarters of 2018. The data of customers received claims and of agents settled claims are from the individual insurance channel of NCI.

II. Risk Management Capacity Growing

3. Risk Management Team

- **Shifting to risk managing specialists**
- **Compiled the first risk management training materials**
- **Granted 7,158 agents the qualification of risk managing specialist**

Provide comprehensive risk management service

Provide life long service

Keep learning

Build personal service brand

Establish right marketing awareness

Risk managing specialist



II. Risk Management Capacity Growing

4. Risk Management Technology

- Risk management technologies are advancing.



Professional Team

110 staff completed the NCI-Swiss Re underwriting and claim-settlement senior training course with 8 sessions

Intelligent underwriting system

Magnum, the intelligent underwriting system, won Asia Insurance Best Insurer Technology Award

Experience analysis model

Experience analysis model has been serving the critical illness business of the company

III. Risk Management Service Upgrading

Provide whole-life, comprehensive and family-wide risk management solutions for customers.

Whole-life

Comprehensive

Family-wide

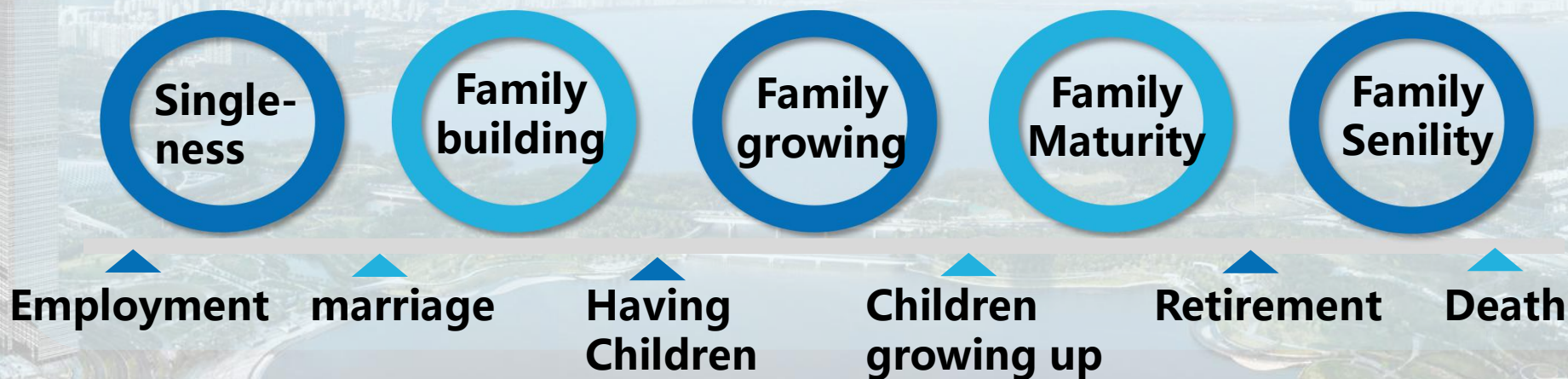
III. Risk Management Service Upgrading

1. Whole Life

Cover the whole life of individuals



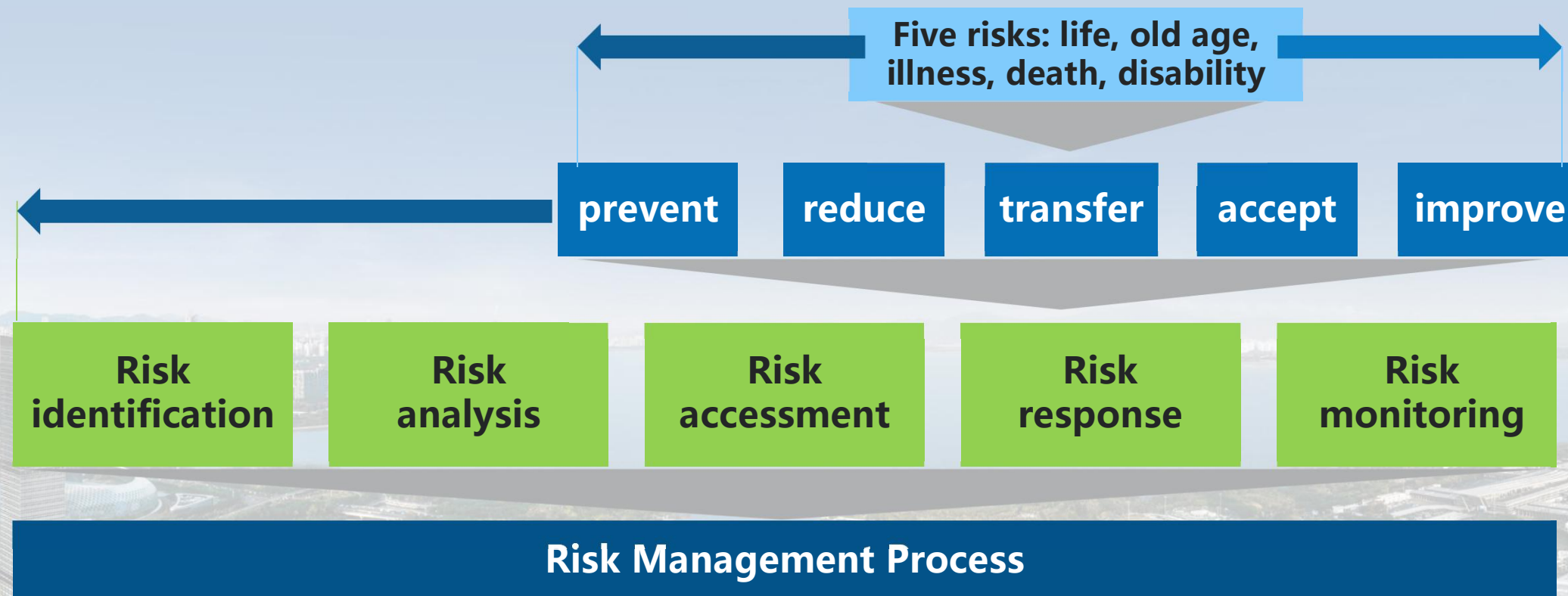
Cover the whole life of families



III. Risk Management Service Upgrading

2. Comprehensive

- Full coverage



III. Risk Management Service Upgrading

3. Family-wide

Pillar of a family



Every family member



- Care for every family member
- Nonstandard family member included
- Family risk fully covered

IV. Implementation Priorities

1. Stick to the core business of protection



**Growing
Volume of
protection
business**



**Growing
proportion of
protection
business**



**Wealth
management
business as
important
supplement**

IV. Implementation Priorities

2. Carry on the product strategy of “main insurance sales through riders”

Differentiated business

Company

- “1+N” product mix
- The first CVD rider will be launched during the jump-start period to fill the market

Optimized experience

Customers

- By the end of Q3 2018, the number of rider claims was 329,000, taking up 86% of the total. The gross payment of rider claims was up 43% YoY

Stable income

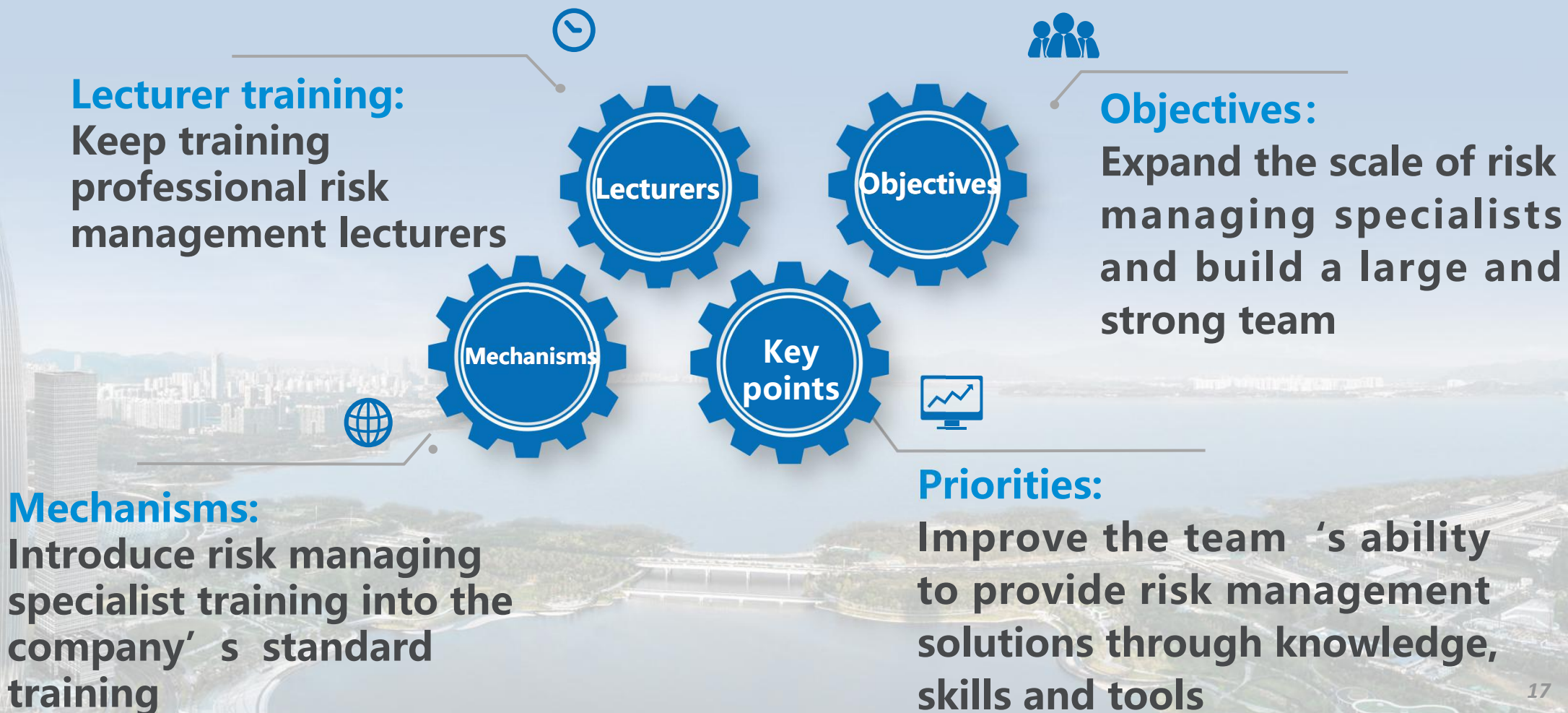
Agents

- FYC and renewal commission of riders bring stable income to the sales force

Note: Claims data is from NCI for the first three quarters of 2018.

IV. Implementation Priorities

3. Speed up team building of risk managing specialists



IV. Implementation Priorities


4. Upgrade risk management product chains

Meet differentiated customer demands



IV. Implementation Priorities

5. Stick to prudent investment strategy



**Stable
ROI**

- **Strengthen asset and liability management, align investment with business strategy, and identify account-level asset allocation requirements**
- **strengthen tactical asset allocation and entrusted management abilities, closely monitor financial markets, seize cyclical opportunities, select appropriate internal and out-sourced investment managers to realize above market average investment returns**
- **Pre-research and prepare for the implementation of the new accounting standard**
- **Broaden investment channels and types through foreign and alternative investments with prudence and thorough research.**

IV. Implementation Priorities

6. Improving internal risk management ability

Prevention-oriented



Introduce risk prevention to front-line business with regular monitoring

Team-building



Assign risk management specialist in management teams of branches

Defects rectification



Push forward internal risk management through defects rectification

Technology empowerment



Strengthen the construction of risk control technology system and establish advanced risk management model

THANKS

NCI
Care for
each and everyday

