

NCI 2017 Corporate Day

Xiamen · China

Dec. 1, 2017



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Part One: Embrace a New Era



Part Two: Create a New Chapter

Content



Part One: Embrace a New Era



I. A New Era for China



II. A New Time for Life Insurance Industry



III. A New Stage for NCI



I. A New Era for China

Socialism with Chinese characteristics ushers in a new era, bringing new opportunities for the life insurance industry.

Benefits for Society

What we now face is the contradiction between unbalanced and inadequate development and the people's ever-growing needs for a better life.

Build a safety net and necessary institutions to develop a sustainable multi-tiered social security system covering entire population with clearly defined rights, responsibilities, and support that hits the right level.

Promote the childbirth policy to mesh with related economic and social policies, and carry out research on population development strategy.

Benefits for Economy

Increase the quality of employment and income.

Make new ground in pursuing opening up on all fronts.

Benefits for Life Insurance Industry

Implement the Healthy China initiative and develop health-related industries.

Respond proactively to population aging, adopt policies and foster a social environment in which senior citizens are respected, cared for, and live happily in their later years. Provide integrated elderly care and medical services, and develop old-age programs and industries.

Demands for life insurance raised

Room for commercial insurance enlarged

Potential customers increased

Purchasing power risen

International competitiveness enhanced

Industry environment improved



I. A New Era for China

The new vision of development guides the building of a modernized economy.

Life insurance industry should follow the new vision of development in practice.

Principle	Quality first, performance prioritized	Strengthen life insurance industry
Main Task	Supply-side structural reform	Leverage on products and service
Measures	Reform of quality	Improve products and service quality
	Reform of efficiency	Increase sale and operation efficiency
	Reform of drivers	Develop protection business
Goals	Better quality, more efficient, fairer and more sustainable	Shift from scale-based, extensive growth to healthy, sustainable, intensive growth



II. A New Time for Life Insurance Industry

Strict regulation has become the new normal, posing higher requirements for life insurance industry.

**Return to the
essence of
insurance**

- Focus on and strengthen main business, improve competitiveness on protection against risks, risk management and long-term saving and investment, serve as the buffer and stabilizer of economy and society

**Serve the real
economy**

- Focus on protection, inspire creativity and vitality of market players
- Leverage on the long-term capital to serve such national strategic programs as “Belt and Road Initiative”, regional economic development and Made in China 2025

**Prevent financial
risks**

- Strengthen risk awareness and prevention, and clarify responsibilities of risk mitigation



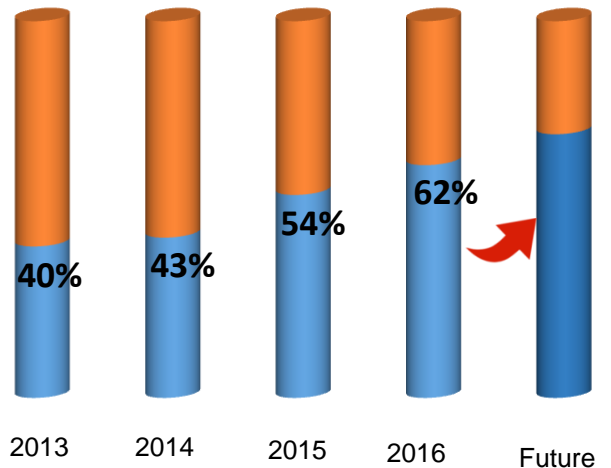
II. A New Time for Life Insurance Industry

Following the development trend of the nation, economy and regulation, life insurance industry needs to transform in three aspects:

1. Change development approach

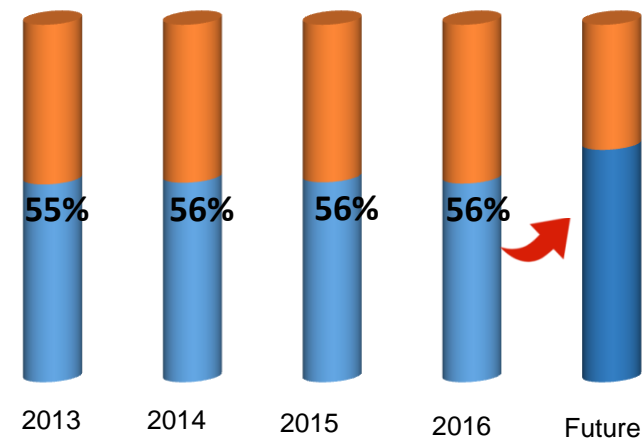
- Shift drivers of business model from single premiums to renewal premiums.

Proportion of FYRP from four listed insurance companies



■ Proportion of single premiums
■ Proportion of FYRP

Proportion of renewal premiums from four listed insurance companies



■ Proportion of FYP
■ Proportion of renewal premiums

Note: Data sourced from annual reports of listed companies.

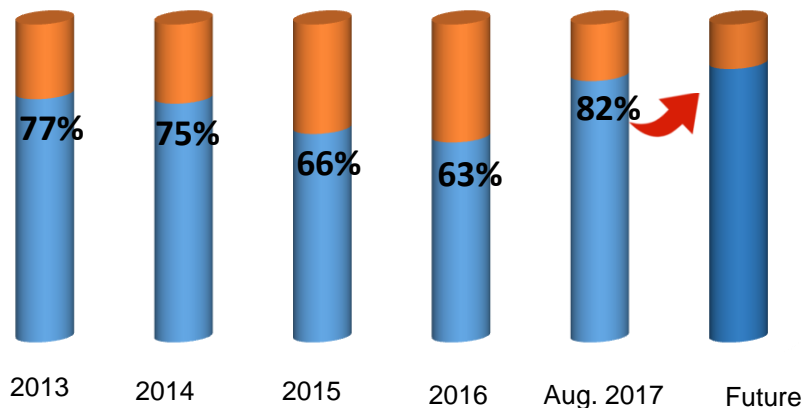


II. A New Time for Life Insurance Industry

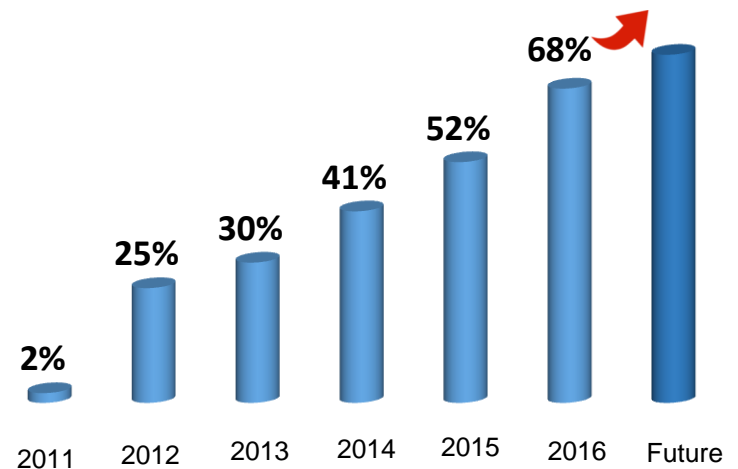
2. Foster new drivers of growth

- Shift focuses from wealth management products to pension and health products.
- The pilot program of personal tax-deferred pension insurance shall be launched by the end of 2017, forming new drivers for protection business.

Industry proportion of protection related premiums



Industry growth rate of health insurance



- Proportion of investment related premiums
- Proportion of protection related premiums

Note: Data sourced from the website of CIRC.

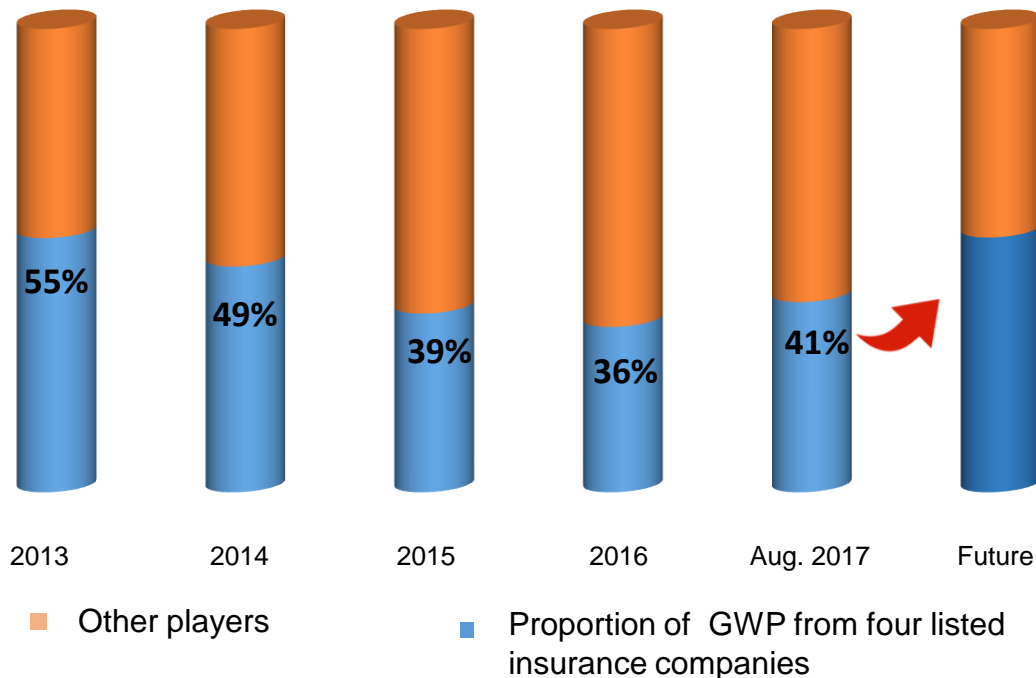


II. A New Time for Life Insurance Industry

3. Change competition landscape

- Industry giants will regain dominance instead of losing their market shares.

Proportion of GWP from four listed insurance companies in the industry



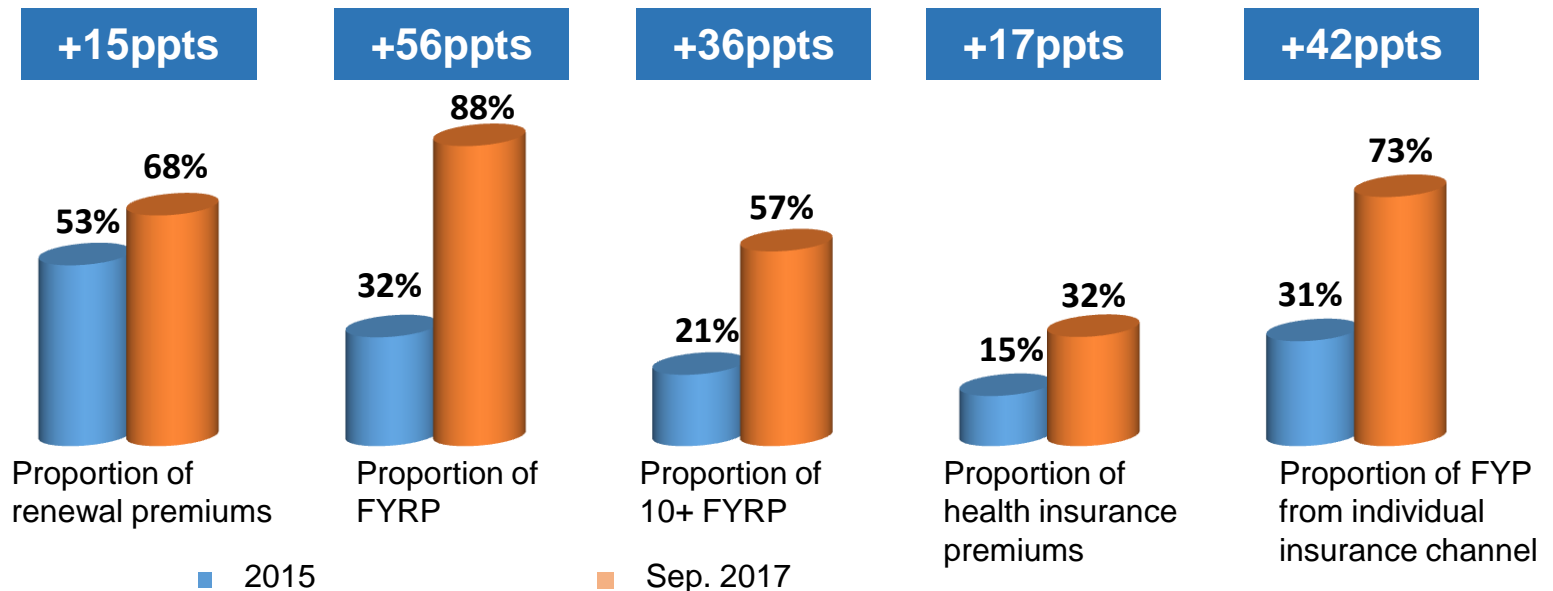
Note: Data sourced from the website of CIRC.



III. A New Stage for NCI

NCI has achieved fruitful results through two years of transformation.

1. Business structure optimized



2. Sales team further consolidated

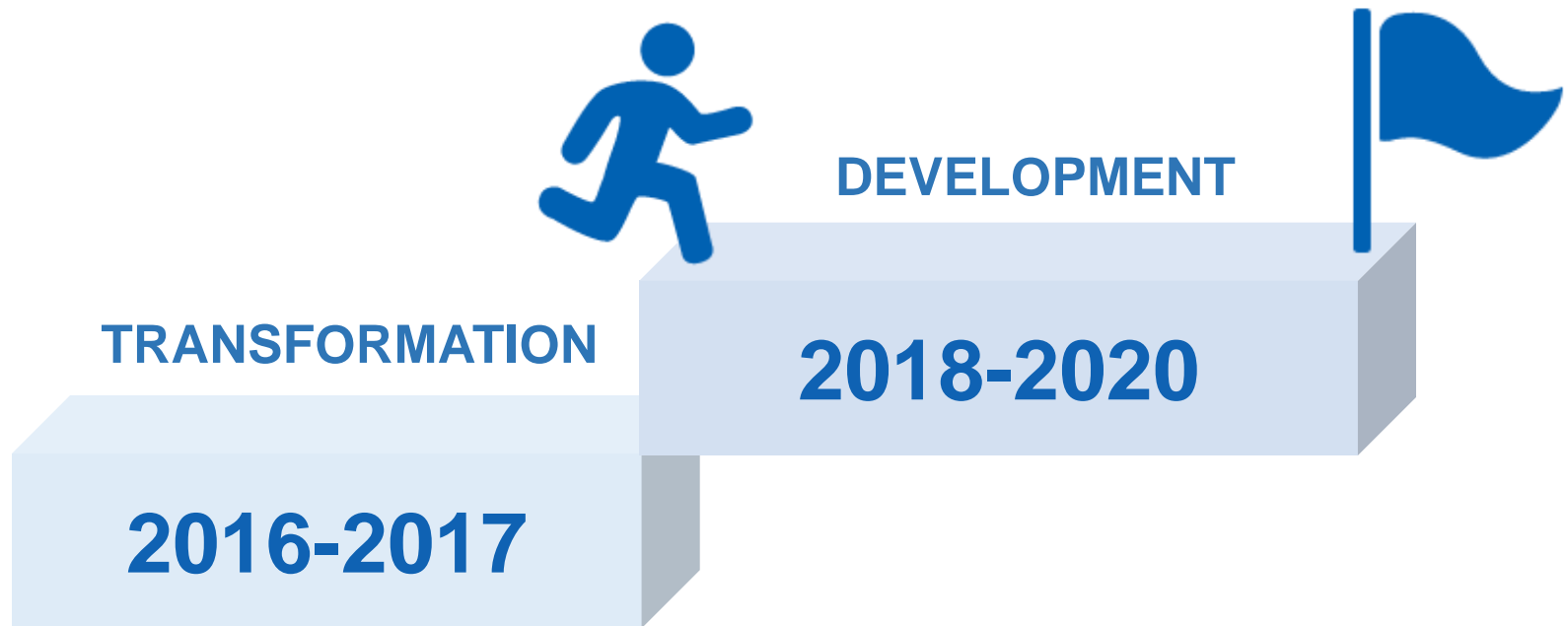
As of September 2017, agents from individual insurance channel totaled 330,000, up by 13%, and monthly average comprehensive productivity reached RMB7093, up by 13%.

Note: All data present with united standards.



III. A New Stage for NCI

In 2016, the General Meeting of shareholders of NCI deliberated and approved the "13th Five-Year Plan", which was divided into two periods, the transformation period(2016-2017) and the development period(2018-2020).



Content



Part One: Embrace a New Era






Part Two: Create a New Chapter



Content

Part Two: Create a New Chapter

-  **I. Operation Guidelines**
-  **II. Major Targets**
-  **III. Measures**



I. Operation Guidelines



Grow

- **GWP**
- **Regular premiums**
- **Health insurance**
- **Sales team**



Strengthen

- **Premium structure**
- **Leading product advantages**
- **Cost control**



Improve

- **Expense policy**
- **KPI assessment policy**
- **Compensation & benefit policy**
- **Sales team development policy**
- **Differentiated development policy**



Enhance

- **Market competitiveness**
- **Sales backup capacity**
- **Operation & management capability**
- **Self-operation capability**



II. Major Targets

Key business targets in 2018

4 Growth

- Premiums
- Value
- Sales team
- Profit

3 Increase

- Performing rate
- Retention rate
- Renewal rate

2 Reduction

- Surrender rate
- Fee loss



III. Measures



Strengthen the building of sales team



Intensify education and training



Focus on protection-type products



Improve self-operation capability of branches



Enhance operation-backing capacities



Increase risk control capability



Measures

1. Strengthen the building of sales team

Stick to the strategy of building a “three high” sales team to improve the quality and invest more resources to improve related policies and expand the number of agents.

- **Implement the strategy of building a “three high” team**
- **Expand the number of performing agents**
- **Increase dedicated resources for the development of sales team**
- **Carry out the vesting right, succession right and cross-region development right**

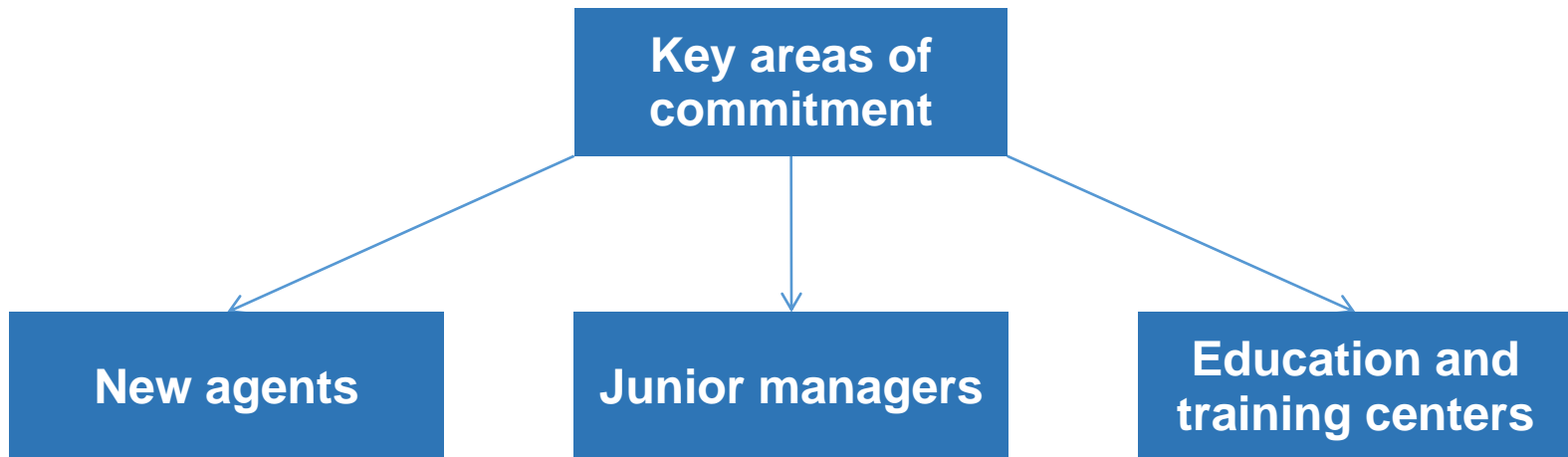
Team Growth



Measures

2. Intensify education and training

Education and training are closely linked with the development of sales team. Efforts must be made to ensure sales team can recruit and manage agents and the company can support, retain and cultivate agents.



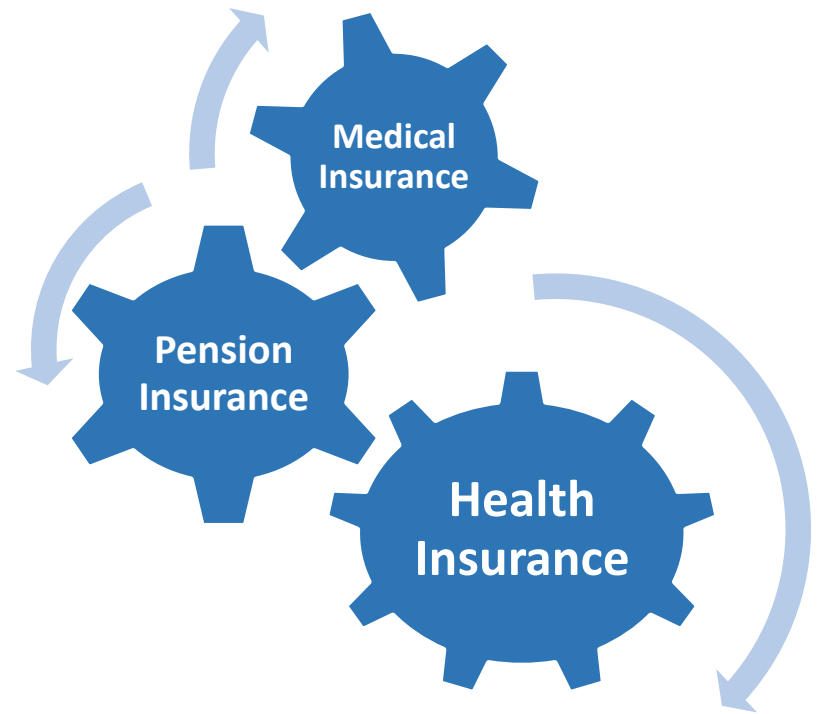
- Invest more resources into education and training
- Prioritize the development of new agents and junior managers
- Build training centers at Yanqing district of Beijing and Hefei city, Anhui province and encourage branches to build education and training centers



Measures

3. Focus on protection-type products

- Health insurance will become the mainstream product in new policies and the core product in individual insurance channel.
- The company offers rich health insurance products with good reputation, including Jiankangwuyou, a critical illness product, Multiple Protection, a multiple benefits product and Kangjianjishun, a cancer insurance product. In alliance with cost-effective rider insurance, these products can meet customers' diversified needs for healthcare and protection.
- Roll out new pension products under policy preference.

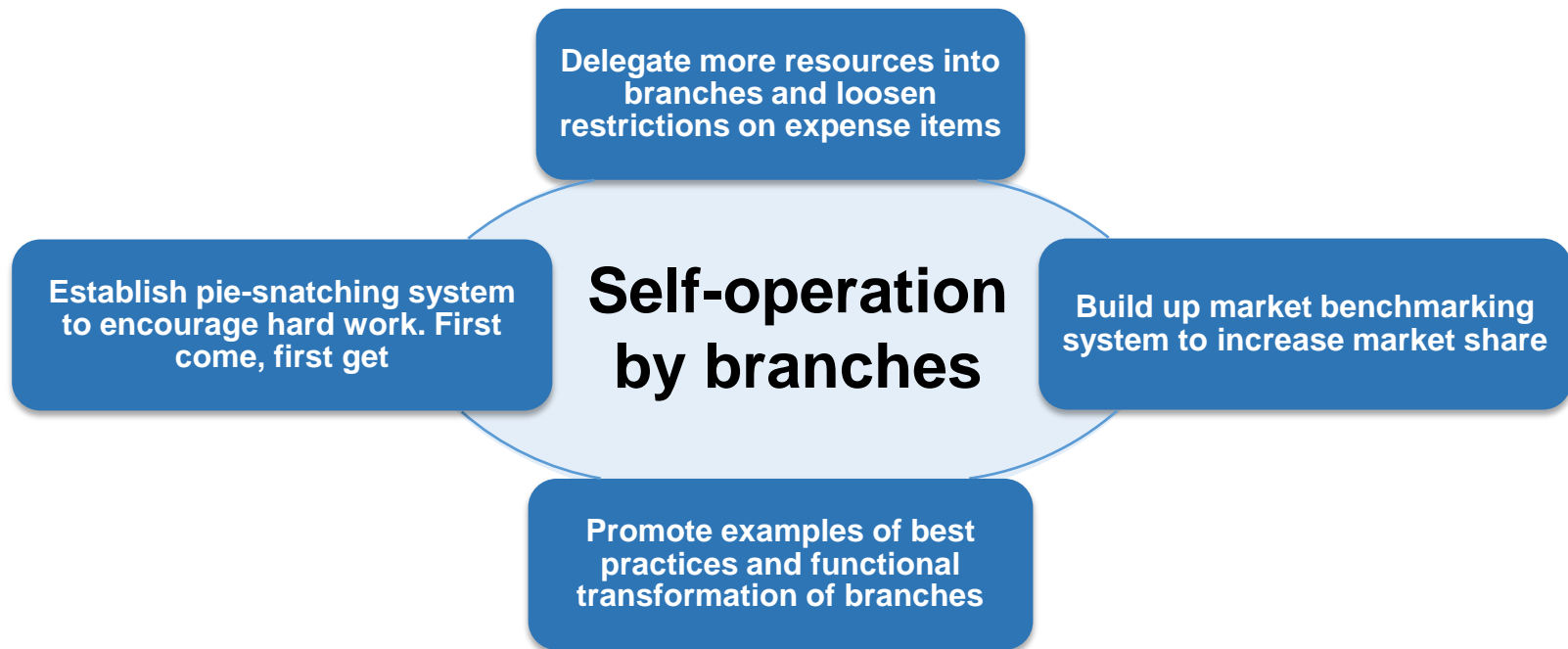




Measures

4. Improve self-operation capability of branches

- Optimize budget management system.
- Strengthen the guidance for self-operation of branches.





Measures

5. Enhance operation-backing capacities

- Keep improving service and operation efficiency with front-office sales and customers as priorities.
- Enhance the whole operation-backing capacities such as premium collection, support and service capacity.

Enhance operation-backing capacities

Premium Collection Capability

- Optimize the renewal premium collection management system to form long-term and stable customer relations
- Increase the renewal collection capability of sales team to drive GWP with renewal business

Support Capacity

- Keep cultivating international-level professionals for underwriting and claim settlement to forge NCI service brand
- Support operation to grow business
- Optimize the system platform to strengthen IT innovation

Service Capacity

- Accelerate standardization of customer service centers
- Carry out special activities such as credit accumulation to increase customers' satisfaction
- Expand self-service for customers



Measures

6. Increase risk control capability





Conclusion

Half of the people who have embarked on a journey may fall by the wayside, and thus we must act now and maintain efforts. In 2018, we will remain true to our original aspiration, keep in mind our mission and the overall situation, accelerate development and strive for NCI's dream of building Strong NCI, Valuable NCI, Sustainable NCI and Harmonious NCI.



Q & A

