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***The Differentiation of China's Insurance Industry***

Fangjie OUYANG

A Graduate Student

School of Insurance, Central University of Finance and Economics

E-mail: oyfj0606@163.com

## Abstract

Since the recovery of domestic insurance industry in 1980s, China's insurance industry has developed rapidly and has become the third largest insurance market in the world. In 2016, the premium income of China's insurance industry exceeded RMB 3 trillion Yuan (+27.50% YoY). The growth rate of personal insurance<sup>1</sup> was 36.51%, reaching the highest rate since 2008. But the growth rate of property insurance was only 9.12% that the first time it had dipped below 10% mark since the 1990s. Actually, in recent years, in the process of China's insurance industry development, there has been an obvious differentiation between the personal insurance and the property insurance. Unlike the rapid growth of personal insurance, property insurance growth is slowing. Based on this, with latest available data from China's insurance market, this paper illustrated the phenomenon of the differentiation development of insurance industry and tried to theoretically analysis the reasons behind that. The main conclusions of this paper are as follows. For personal insurance, the economic transformation and aging population have brought huge impetus for its development. With the support and guidance of policies, the structures of personal insurance business have constantly optimized. As for property insurance, the economic downside and the imbalance of property insurance business structure seriously hindered its healthy development. In addition, with the development of risk management technology, the demand on property insurance will be further reduced.

**Key words:** Differentiation; Personal insurance; Property insurance; Premium; China

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<sup>1</sup> In this paper, we used the classification rules of China's insurance industry. The personal insurance includes the business of life insurance, health insurance and accidental insurance. The property insurance includes the business like auto insurance, enterprise property insurance, agriculture insurance, liability insurance, and credit insurance etc.

# 1 Introduction

Over the past 30 years, China's insurance industry has gained rapid development. In 1980, China's insurance premium income was only RMB 460 million Yuan, and by the end of 2014, China's insurance premium income has exceeded RMB 2 trillion Yuan. China has become the world's third-largest insurance market, contributing to the world's insurance market with 26% growth rate, ranking first in the world. China's insurance industry is undergoing a high-speed growth period.

Initial projections by Allianz Research suggested that total global premium income rose to a new record high of EUR 3,650 billion (+4.4% YoY) last year. Out of the EUR 150 billion in additional premiums, almost EUR 70 billion is attributable to China. This means that China is responsible for close to half of last year's growth. The "China effect" was particularly prominent in personal insurance business. Last year, the growth rate of China's personal insurance was 36.51%, reaching the highest rate since 2008.

According to recent ten years' data, the proportion of property insurance and personal insurance premium income remained basically unchanged, at a ratio of 3 to 7. Although the property insurance has made great progress, the personal insurance still dominates China's insurance industry. From Figure 1, the growth rate of personal insurance income kept the same path with total premium income. Nevertheless, the growth rate of property insurance and personal insurance was usually not consistent. In 2011, there was a negative growth of 8.57% for personal insurance because of the government's new bancassurance policy. In recent years, personal insurance's growth rate increased quickly, however property insurance's growth slowed and even decreased gradually. In 2016, the growth rate of property insurance was only 9.12% that the first time it had dipped below 10% mark since the 1990s. It can be concluded that the development trend of personal insurance and property insurance have been different. We initially predict that the differentiation will be more obvious and huge in the future.

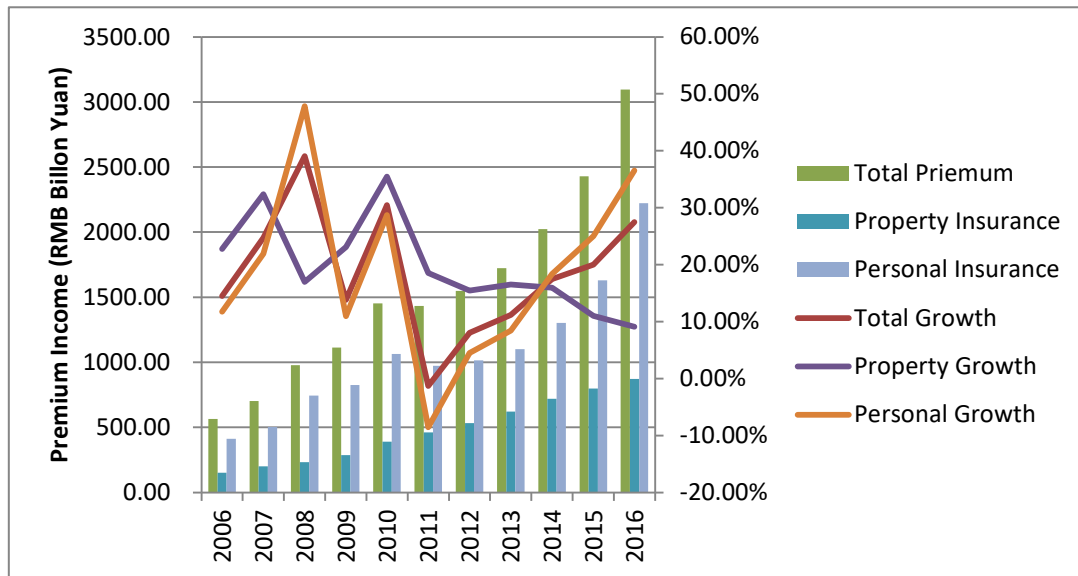


Figure 1 Premium Income and Growth Rate (YoY)

The latest data of China's insurance market will be used in this paper to illustrate the phenomenon of differentiation development of insurance. Then we try to analyze the underlying causes for this differentiation. The conclusions of this paper are as follows. Firstly, economic transformation brings development opportunities to the insurance industry, in that case technology-intensive insurance business which provided social management, such as liability, credit and illness or death will grow rapidly. Secondly, the aging population stimulates the demand for personal insurance especially health insurance. Thirdly, the product structure was remarkably improved because of better policy environment. Fourthly, after the reform of auto insurance clauses and tariffs, a compensation mechanism for small losses was absent. In that case, the crisis of customer churn is there. Fifthly, the motion to change the property insurance business structure is insufficient. Finally, with the development of risk management technology in the future, the frequency of property damage accidents will be lower, and then loss ratio will go down. So, the willing of purchasing property insurance will be weakened.

The remainder of this study is laid out as follows. Section 2 introduces the status of China's personal insurance and property insurance respectively as well as illustrates the phenomenon of differentiation of insurance industry in China. In Section 3, we have initially analyzed the cause of the differentiation in several aspects. Conclusions are made in Section 4.

## **2 Status of China's Insurance Industry**

### **2.1 Status of Personal Insurance**

In China, the personal insurance business is divided into three main types: life insurance, health insurance and accidental insurance. In the past ten years, the accidental insurance developed steadily and had little effect on the total personal insurance business, just accounting for 3.5% of the total personal insurance premium income. Therefore, I will focus on life insurance and health insurance, when studying the personal insurance business.

#### **2.1.1 Life Insurance**

In general, life insurance included ordinary life insurance, participating products, unit-linked insurance, and universal insurance. Over the past decade, life insurance business contributed more than 85% on average to the total personal insurance premium income per year. In 2011, due to the implementation of the new bancassurance policy, life insurance business which was highly dependent on the bancassurance channel had a sharp decline in premiums, leading to a -8.57% growth. The life insurance industry seems to be gloomy. Fortunately, with the process of deeper reform, CIRC<sup>2</sup> announced a series of measures, such as the market-oriented reform of life insurance tariffs which promoted a new round of rapid growth. On August 5, 2013, CIRC launched a market-oriented reform of life insurance tariffs. The reform started with ordinary products, then expanded to universal products, and further included participating products. Because of the market-oriented pricing reform of life insurance began, the product structure was remarkably improved. According to *ANNUAL REPORT OF THE CHINESE INSURANCE MARKET 2015*, in 2014 the premium income from ordinary life insurance reached RMB 429.65 billion Yuan (+258% YoY), accounting for 33.9% of the total premium income of life insurance companies. However, participating products premium income totaled RMB 650.88 billion Yuan (-20% YoY), representing 51.3% of the total premium income from life insurance companies. The situation that participating products accounted for a large proportion of the total premium income of life insurance has improved to certain

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<sup>2</sup> China Insurance Regulatory Commission (CIRC)

extent. Moreover, the pricing reform of ordinary life insurance led the life insurance industry to return to essence. However, the full liberation of pricing of life insurance led to a fierce market competition that some companies maliciously increased the assumed interest rate, causing the interest rate of universal products to go high. In the market, some products that deviated from the essence of insurance have emerged, bringing great risks to insurance companies.

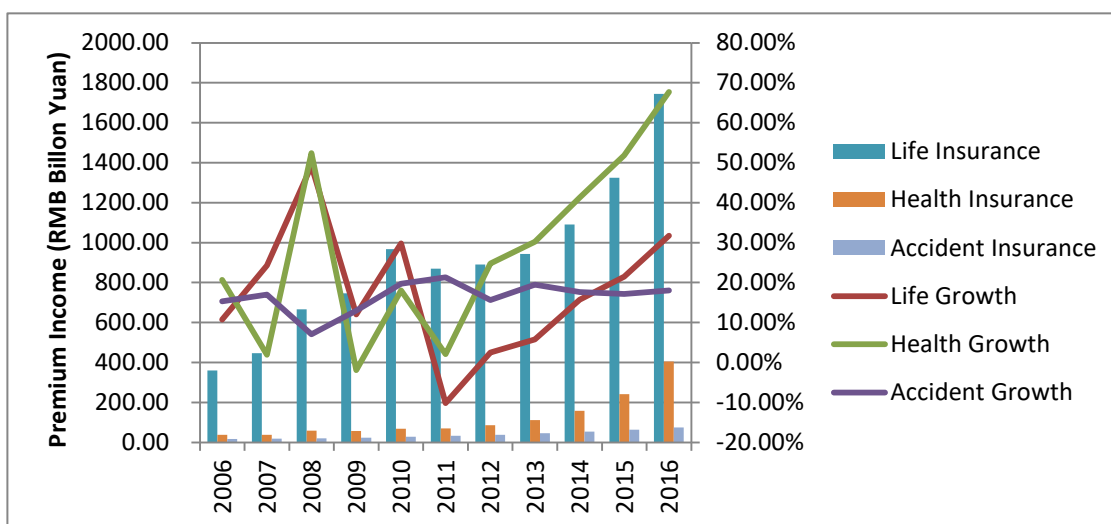


Figure 2 Premium Income and Growth Rate of Personal Insurance Business

### 2.1.2 Health Insurance

As for health insurance, in China, it is divided into four categories: disease insurance, medical insurance, disability income insurance, care insurance. Over the past decade, health insurance is growing at an average rate of 28.09% per year and rose to a new record high of 67.71% last year, becoming the fastest growing insurance business (Fig.2). In just two years, health insurance premium increased from RMB 158.7 billion Yuan to RMB 404.2 billion Yuan, accounting for 18.18% of the total premium income of personal insurance.

In 2015, China's commercial health insurance premium income accounted for only 5.88% of the total health expenditure; health insurance payment expenditure was RMB 76.3 billion yuan in 2015, the same period of personal health expenditure in total health expenditure accounted for up to 29.27%, health insurance payment expenditure in personal health expenditure accounted for only 6%<sup>3</sup>. Compared with the developed insurance market, the proportion of China's health insurance premium

<sup>3</sup> Calculations based on National Bureau of Statistics of the People's Republic of China data.

is still lower than international mature markets which were at the level of 30% or so. The proportion of health insurance in personal insurance business is very small, and there is still a big gap compared with the health needs of residents. In addition, health insurance has a relatively small share of out-of-pocket medical expenses. Hence, with the implementation of Chinese policies in the future, the scale of health insurance market will gradually expand. There is still a huge space for the development of health insurance in China.

## **2.2 Status of Property Insurance**

Since the recovery of the domestic insurance industry, the beginning and development of property insurance was ahead of personal insurance in a very long period of time. However, after the segregation of insurance business in 1996, compared to the rapid development of personal insurance, it seems that property insurance has suddenly lost its strong development momentum and got into trouble. In recent years, due to economic growth rate dropping further, property insurance market reported growth of only 9.12% that the first time it had dipped below 10% mark since the 1990s.

### **2.2.1 Auto Insurance**

During a long period, auto insurance has dominated the business of property insurance in China. As data shown, auto insurance premium income accounted for more than 75% of the total premium of property insurance business from 2006 to 2015, and showed a rising trend. The situation of auto insurance, accounting for a large proportion of the total premium income of property insurance is increasingly prominent. In 2015, auto insurance premium income reached RMB 619.9 billion Yuan (+12.38% YoY), accounting for 77.50% of total property insurance premium (showed in Fig.3). However, it is worth to note that the growth rate of the predominate business -- auto insurance showed a slowing trend, which led to a weak growth of the total property insurance business.

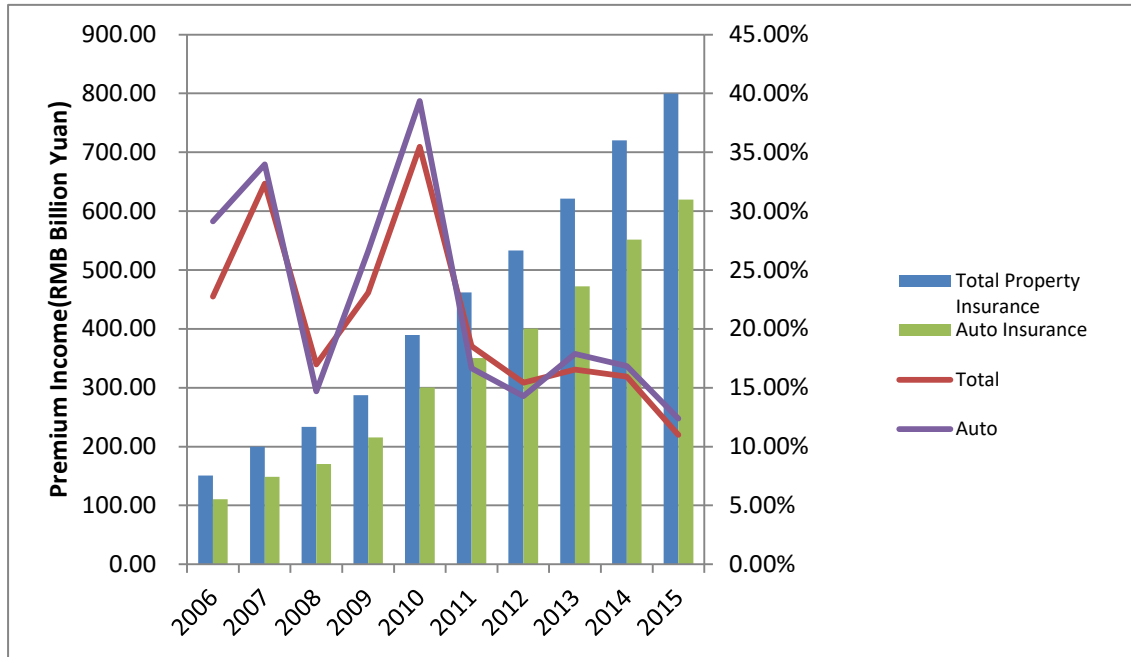


Figure 3 Premium Income and Growth Rate of Property Insurance

In June 2015, CIRC formally launched auto insurance clauses and tariffs reform. On the one hand, NCD (no claim discount) was to be incorporated into the renewal tariff measurement. In this way, the number of small loss cases decreases, leading a falling to loss ratio of auto insurance. On the other hand, deeper as the market-oriented reform went, the intense market competitions lead a large number of insurance companies to raise the fee ratio to a high level. As data shown, the loss ratio of auto insurance decreased quickly from 63% in previous years to 58% in 2016. However, the fee ratio was 41%, reaching a new record high. A great number of insurance companies' fee ratio was above the average, and even up to 60% to 80%. High fee ratio, which means higher combined ratio, caused an underwriting loss to the 80% of property insurance companies. That is to say, auto insurance, dominating the total property insurance business, appeared a wide range of losses. Hence, the development of the total property insurance was directly affected by the loss of auto insurance.

### 2.2.2 Non-auto Insurance

Besides auto insurance, in recent years, the top 5 of property insurance business are enterprise property, agriculture, liability, credit and guarantee insurance. As shown in Fig.4, in 2015, the proportion of enterprise property insurance, agricultural insurance,



liability insurance and guarantee insurance, credit insurance in China's property insurance business was only 4.83%, 4.69%, 3.77%, 2.60% and 2.41% respectively.

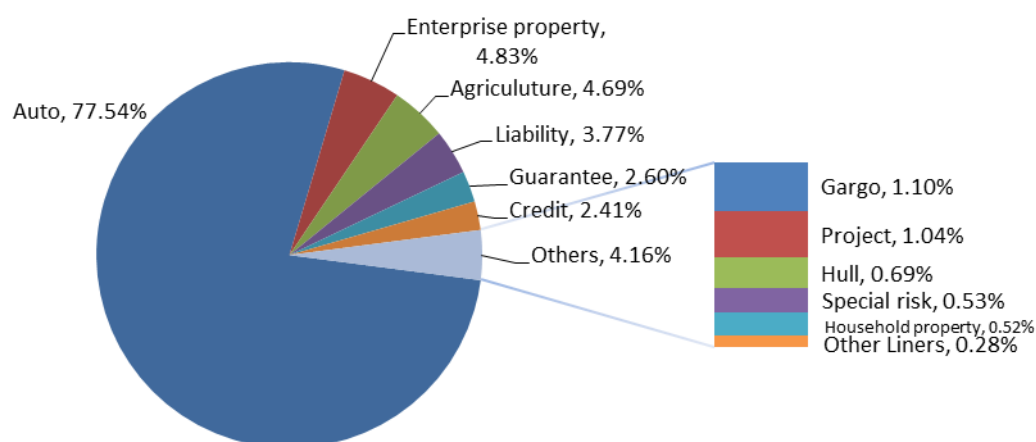


Figure 4 Structure of Property Insurance Business in 2015

Enterprise property insurance, the second largest property insurance business is far from the development of auto insurance and its growth was slower or even decreased recently. According to Fig.5, annual premium growth was reduced from 22.67% (2010) to -0.30% (2015). The premium income from enterprise property insurance stood at RMB 38.62 billion Yuan in 2015. The reasons for the slow development of enterprise property insurance may derive from two perspectives. From the perspective of demand, in the favor of national finance, large enterprises most of which are state-controlled in China lacked the demand for insurance. Moreover, large enterprises are more likely to set up their own financial plans to deal with emergencies. From the perspective of supply, single structure and high homogeneity of products were the main causing for the dilemma of enterprise property insurance business. Additionally, for the sake of risk controls, some insurance companies are reluctant to underwrite risks for small enterprises.

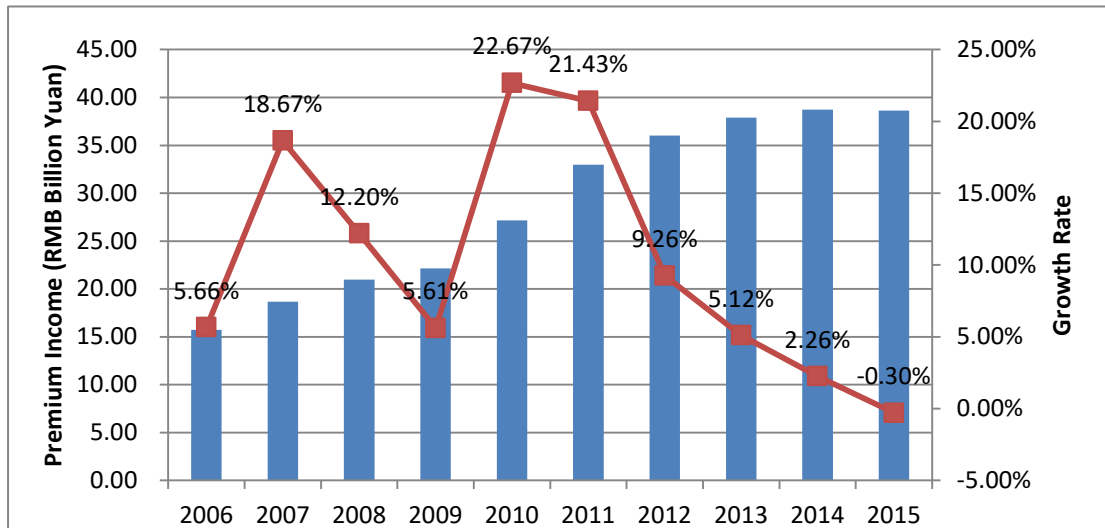


Figure 5 Premium Income and Growth Rate of Enterprise Property Insurance

As is well known, liability insurance can participated in innovative social management as an effective way to diversify social risks and mitigate conflicts. So, liability insurance is highly concerned in recently year. Over the past decade, liability insurance premium income increased from RMB 4.50 billion Yuan to RMB 30.18 billion Yuan at a growth rate of about 20% per year. However, the development of liability insurance is not going well as a result of lack of the necessary development environment and legal system. Liability insurance business still represented 3.5% of the total premium from property insurance and was unable to match the auto insurance business.

### 2.3 Summary of Phenomena

From the status of personal insurance, it keeps the improving growth momentum. The product structure was remarkably improved. With the help of supervision, the market share of protection-oriented life products will increase further. What's more, with a high speed of health insurance growth, it is expected to promote a new round of growth in personal insurance.

As for property insurance, the property insurance market structure dominated by auto insurance strengthens further. There is no enough incentive to develop enterprise property insurance. Moreover, liability insurance in the early stages of development cannot take the responsibility of promoting the development of the total property insurance. Obviously, the problems of single product and imbalance business

structure are serious. Consequently, the imbalance business structure restricted the development of the total property insurance business in China.

Based on these, supposition is made that in the development process of China's insurance industry, the situation that personal insurance dominates will not change. However, there will be a more significant differentiation between personal insurance and property insurance. That is to say, the growth rate of personal insurance will further increase, but property insurance will slowdown.

## **3 Data and Preliminary Analysis**

### **3.1 The Adjustments of Structure Promoted by Economic Transformation**

Under the “new normal”, the pressure of slowing growth is enormous and the external environment is complex. Macroeconomic is facing three prominent public risks: economic risk, social risk and environmental risk. Better quality and higher efficiency are the keys to economic development. Consequently, economic transformation and upgrading will promote the adjustments of insurance business structure. That is to say, social management will be an important growth point for insurance business. Technology-intensive insurance business which provided social management, such as liability, credit and illness or death will grow rapidly. Accompanied the economic transformation and upgrading, government will give more support to livelihood projects like environmental governance and pension industry, which will bring great development opportunities to insurance industry. For example, liability insurance can diversify social risks, mitigate conflicts, reduce government pressure and maintain social stability. With the economic reform, a favorable policy environment will be provided for the development of liability insurance.

In China, property insurance remains a relatively labor-intensive industry, due to the fact that auto insurance business which occupied the nearly 80% of market share, mainly relied on extensive use of labor and was low technology content. However, non-auto insurance business like liability insurance or credit insurance is technology-intensive, which required high professional technology on insurance companies. So there is a huge challenge for China to adjust the structure of property insurance. Furthermore, under adverse economic conditions, property insurance market which highly associated with the macroeconomic environment appeared less momentum to grow and faced a great growth pressure.

In terms of personal insurance, especially life insurance has the effect of maintaining the value of life and social wealth. In the downside scenario, due to falling interest rates, the revenue of stocks, bonds and other products has declined, leading life insurance products to become a safe haven for asset allocation. In

summary, the personal insurance industry will maintain the growth in spite of economic recession.

### 3.2 The Opportunities Brought by Aging Population

By the end of 2015, people over the age of 60 in China have reached 220 million, accounting for 16% of the total population. At present, China's elderly population has been ranked first in the world. In Figure 6, the proportion of people over 65 years old population was showed from 1996 to 2015. There is a large-scale and fast aging process since China entered an aging society in 2000. This means that the elderly population, empty nesters and disabled population will continue to increase, leading a huge demand for the pension market. Consequently, personal insurance will have tremendous development opportunities. Firstly, in order to cope with the cost of living for the elderly, more people will allocate assets to life insurance policies. Secondly, in the context of aging population, the demand on health insurance will be stimulated to deal with the risks of illness and disability. Moreover, as the Chinese family values and structure gradually changed, the care insurance which can ease the social pension pressure began to become popular.

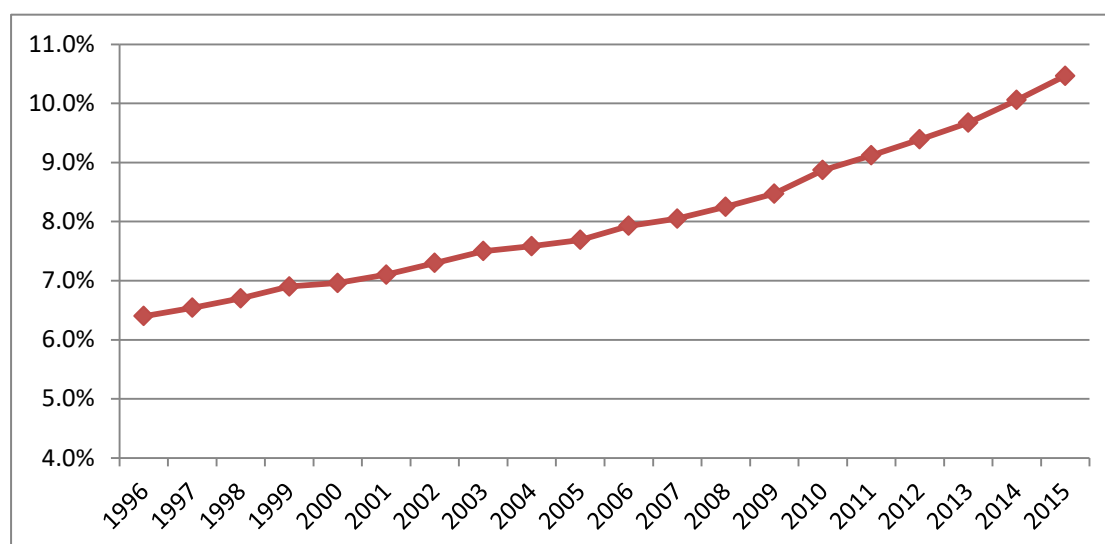


Figure 6 Proportion of Aged Population in China (1996-2015)

### **3.3 The Development of Health Insurance Supported by Policies**

In the circumstance of aging population, Chinese government hopes that the insurance industry will be able to participate in social pension services. In August 2014, the *Opinions of the State Council on Accelerating the Development of Modern Insurance Service Industry (the Opinions)* was released. It encouraged that “insurance companies involved in the health industry chain integration” and pointed out that commercial insurance should be an important pillar of the social security system. Then, in Nov. 2014, a document<sup>4</sup> specifically for the promotion of health insurance development was released. This document set out supportive policies, such as tax policy, for the development of commercial health insurance for a long time to come. It will have a far-reaching impact on the development of the health insurance. The effect of policy bonus to promote health insurance’s development has already been revealed in recently years. In the future, with more supportive policies landed, health insurance will continue to grow at a sustained and rapid speed, becoming an essential part of personal insurance.

### **3.4 Return to Essence under the Promotion of Regulatory Policy**

In recent years, in order to expand the scale of premiums, many insurance companies launched universal insurance products that were short term but high expected returns. These products not only deviated from the essence of insurance, but also involved in risk of the asset mismatch. They are not conducive to the sustained and healthy development of life insurance. To address this problem, on Mar. 18, 2016, the CIRC especially issued a document<sup>5</sup> to control the scale of short-term business. Then in Sept. 2016, the *Notice on matters relating to the further improvement of the actuarial system of personal insurance (the Notice)* was released. *The Notice* stipulated the lower limit of the proportion of the amount of personal insurance products, raising the level of protection of insurance products and stated that the insurance products which do not meet the regulatory requirements should stop selling by April 1, 2017.

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<sup>4</sup> *Several Opinions on Accelerating the Development of Commercial Health Insurance*

<sup>5</sup> *Notice on Matters Relating to the Regulation of Medium and Short - term Personal Insurance Products*

The tight issuance of regulatory policies has prompted life insurers to adjust their business structures. In Fig. 7, the data of new investment payments which was not included into insurance contract is showed. New investment payments mainly reflect the scale of investment in universal insurance products. According to Fig.7, from Mar. 2016 since the implementation of supervision, the new investment payments and its year-on-year growth rate have significantly declined. Although there was a little more obvious rebound in Nov. 2016, the growth momentum of the new investment payments will tend to slow down in the long run. In conclusion, the implement of supervision policies promoted the adjustments of life insurance business structure, encouraged the development of long term, production-oriented life products and eventually achieved the goal of returning to essence and developing sustainably.

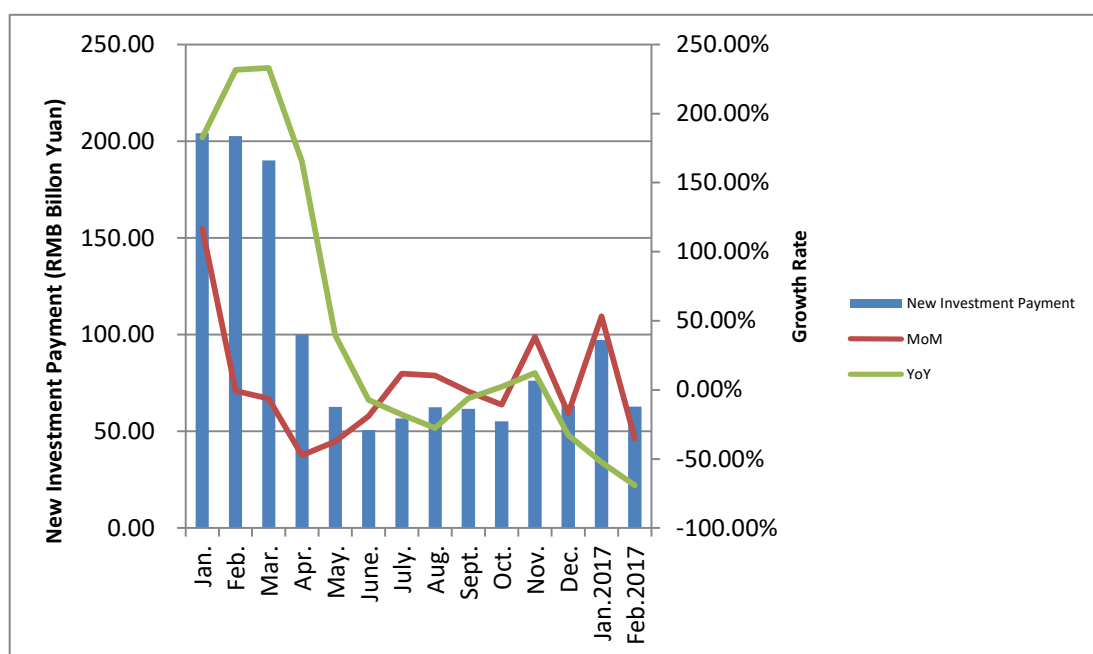


Figure 7 New Investment Payments and Growth Rate

In 2016, with the introduction of strict regulatory policy, the concept of “return to essence” has become the industry consensus. Take New China Life Insurance Company (NCI) as an example, NCI focused on regular business and substantially reduced the wholesale business. NCI is committed to the establishment of renewed business-driven growth model. As shown in Table 1<sup>6</sup>, last year, the first year premium income was RMB 47.68 billion Yuan(-8.9% YoY). But the regular premiums over ten years achieved RMB 14.13 billion Yuan (+23.2% YoY), the renewal premiums stood

<sup>6</sup> Data Source:New China Life Insurance Company Ltd. 2016 Annual Report

at RMB 64.81 billion Yuan (+9.0% YoY). More importantly, the value of new business was RMB 10.45 billion Yuan (+36.4% YoY). The business scale remained steady, but the business structure is constantly optimized, especially the new insurance policy. In 2016, the first year regular premiums accounted for 49.7% of the total first year premiums, up 17.6 percentage point over the previous year. The regular premiums over ten years contributed 59.7% to the new (first year) regular premiums. Hence, the effect of business transformation was remarkable. What's more, NCI focus on the protection-oriented insurance products that the fact could be reflected by the changes in health insurance premiums. In 2016, its health insurance premiums and accidental premiums achieved RMB 23.51 billion Yuan (+42.3% YoY), and RMB 1.30 billion Yuan (+18.4% YoY) respectively.

Table 1 New China Life Insurance Company's Key Accounting Data unit: Billion Yuan

Key accounting data	2016	2015	YoY increase/decrease
Gross written premiums and policy fees	112.56	111.86	0.6%
First year premiums	47.68	52.34	-8.9%
First year regular premiums	23.69	16.77	41.3%
Regular premiums over ten years	14.13	11.47	23.2%
...			
Value of new business	10.45	7.66	36.4%

From the previous analysis, we knew that NCI is a successful example of business restructuring. Therefore, under the guidance of supervision policies, it is foreseeable that there will be more life insurance companies return to the protection of the essence, and strive to develop the protection-oriented life insurance business. In such way, a new impetus will be provided for the healthy development of personal insurance.

### 3.5 The Absence of Compensation Mechanism for Small Losses

Unlike the many favorable conditions for the future development of personal insurance, the development of property insurance in China is facing a dilemma. In June 2015, the reform of auto insurance clauses and tariffs was launched. In this market-oriented pricing reform, the ratemaking process is more reasonable and scientific than the previous. For instance, the No Claim Discount (NCD) coefficient was introduced as a rating factor. The NCD coefficient which was only linked to the number of claims in the several previous years leads customers to weigh the benefit



between the small claims and the coming year premiums discount. Therefore, attracted by the discount of premiums, some insureds started to not report small losses to the insurers then took responsibility by themselves. Nevertheless, it is unreasonable to use the same NCD coefficient due to the same number of claims without considering the amount of claims. Future more, as a matter of fact, the frequency of small losses is very high. Data<sup>7</sup> from the ICRC showed that in all the compensation for auto insurance, the number of the claim amount less than RMB 5,000 Yuan accounted for more than 84% of the total cases. In conclusion, the small loss cases did not involve large amount of money, but the number of them was quite a lot. Hence, there is still a need for insurance compensation. It is an important node to contact customers and maintain customers. Despite the insurers could save business costs by reducing the small claims, there is a serious crisis of customer churn if the insurers cannot cope with the problem of absence of compensation mechanism for small losses.

### **3.6 The Absence of Impetus for Adjustments of Property Insurance Structure**

In 2015, the insurance premium income of property insurance was RMB 779.49 billion Yuan, an increase of RMB 79.15 billion Yuan over the previous year, of which the increase in auto insurance premiums reached RMB 68.31 billion Yuan, accounting for 86.29% of the increase in premiums. Explicitly, China's property insurance is driven by the growth of auto insurance, but it is obviously unscientific to rely solely on the auto insurance. Moreover, the implementation of the auto insurance reform in the last two years seems to be a failure.

China's property insurance market is the type of oligopoly competition. The three large insurance companies, PICC, CPIC and Ping An, have advantages in risk management, cost control and have the right of products pricing, accounting for over 61% of the property insurance market share. After the implementation of tariffs reform, market concentration has still not significantly decreased, but the differentiation of underwriting profit became more apparent. Data<sup>8</sup> showed that the

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<sup>7</sup> Data Source: [http://www.gov.cn/zhengce/2015-11/03/content\\_2959167.htm](http://www.gov.cn/zhengce/2015-11/03/content_2959167.htm)

<sup>8</sup> Data Source: <http://news.cnstock.com/paper,2017-03-08,788008.htm>

total underwriting profit of the three companies achieved nearly RMB 11 billion Yuan, but 80% of property insurance companies were deficit, resulting that all the underwriting profit of auto insurance business was only RMB 5.87 billion Yuan. Why do many property insurance companies, even if they are losses, still flock together to operate auto insurance business? The reasons are chiefly as follows. Firstly, for large insurance companies, they have earned high enough profits by virtue of auto insurance business and therefore there is insufficient impetus for them to develop non-auto insurance business. Secondly, from the perspective of small and medium-sized property insurance companies, the competition of auto insurance market is fierce, but the technical requirements for auto insurance are relatively low and its business development is much easier. However, the technical requirements for non-auto insurance business are very high, and it is difficult for small and medium-sized companies to get involved. Based on these reasons, almost no property insurance company was willing to be the first to adjust his own business structure, leading that the imbalance of China's property insurance business is becoming more and more serious. This is not conducive to the healthy development of property insurance industry.

### **3.7 The Improvement of Risk Management Technology**

With the development of insurance industry, the accumulation of experience in the insurance business, a large number of empirical data are available and made that the premium rating will be more accurate and the price probably will be cheaper. For example, the development of "Internet of Vehicles" makes the User Behavior Insurance products possible. By using the "Internet of Vehicles" technology, the insurers could have access to the individual's driving data and then take the differential pricing. In such way, the high risk individuals are probably to be rejected by the insurers.

On the other hand, the advances in technology has greatly reduced the probability of some property damage accidents and effectively achieved risk control. New technologies, such as automated driver assistance systems (ADAS), are making driving much safer. Hence, there is an expected decline in the number of accidents

and the loss ratio of property insurance due to the advanced car technology. In consideration of these, the willingness for people to buy property insurance may be weakened.

On the contrary, with the progress of society, people are more and more aware of the importance of life and health. Health management is becoming more and more popular, and the business related to personal insurance will also increase. Along with the progress of health management technology, the insurers enable to get involved in ex-ante health risk management that contains a huge space for the development of China's insurance industry.

## 4 Conclusions

According to previous theoretical analysis based on some data, we found that China's insurance industry will face the development of differentiation. Personal insurance will still dominate China's insurance industry in the long run. Benefited from favorable factors like economic transformation, supportive policies, aging population and the adjustment of insurance business etc., the vitality and growth of personal insurance will be further stimulated. What different from the past is that health insurance will play a more important part in the development of personal insurance, mainly due to the accelerated aging process.

In contrast, the development of property insurance has gotten into a dilemma. Although property insurance may continue to benefit from urbanization and rising home and car ownership, its growth will slow down as a result of the following reasons. Firstly, in the economy downside scenario, the development of the property insurance business will continually suffer negative impact. It is impossible for the development of some small business like liability insurance to change the whole of property insurance industry. Secondly, the phenomenon of imbalance in the structure of property insurance business has become increasingly prominent, which seriously restricted the development of property insurance. Thirdly, the failure of auto insurance reform resulted in the widespread loss of small and medium-sized companies, and increased the market concentration. What's more, the absence of compensation mechanism for small losses will lead a serious crisis of customer churn. Finally, with the improvement of risk management technology, compared with person-related risk, property risks are more likely to be effectively controlled, and the probability of property damage accidents will go down. Then the demand on property insurance will reduce. However, the improvement of health management technology will promote the health insurance business.

In conclusion, there will be a more dramatic differentiation in China's insurance industry, that is to say, the growth of the personal insurance industry will continue to be sustained, but the development of the property insurance industry has slowed and will further weaken.

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