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China Insurance

Weak 3Q26 earnings, but dividend yield and policy support should limit downside

We expect Chinese insurers to report very weak 3Q26 earnings, with sector NP potentially down 53% oya from last year's high base, due mainly to China equity market volatility. We do not expect this to become a major share price headwind, as 9M26 NP should remain broadly stable at -3% oya, with limited risk of profit warnings (Table). FY26E EPS revisions have also been limited after the strong 1H26 print (Figure 7), while the sector has underperformed over the past month. We would therefore use any weakness to accumulate Ping An-H and China Life-H, supported by an attractive FY27E yield of 8%/4%, resilient solvency capital and steady CSM growth. Key catalysts into the year-end should be final DPS guidance during the 3Q results calls and potential government policy support for elderly care and long-term care, potentially with tax benefits.

- **Weak 3Q print, but largely market understood.** We forecast a 53% oya decline in 3Q26 NP, excluding PICC P&C (Table), following a 223% jump in 2Q26, driven mainly by investment profit volatility. China Life and New China Life are expected to see the sharpest pressure with 89%/70% oya NP declines. Given insurers' equity exposure and FVTPL classification, accounting profit remains highly sensitive to equity market moves. By our estimate, a 10% move in equity market volatility implies 46% FY26E NP sensitivity (Figure 6).

- **Dividend and solvency risk looks manageable.** China's 10-year bond yield has fallen to 1.67%, but we do not expect this to materially weaken solvency capital. Liability funding cost remains low (Figure 11) and should continue to decline, helped by the shift into par-policies with 1.25% to 1.75% minimum guarantee rates and the scheduled run-off of legacy 3.5% non-par policies. Potential C-ROSS II Phase 3 tightening should also be cushioned by multi-year mitigation measures, similar to Korea and Taiwan. Thus, like the interim dividend, we would anticipate generous year-end DPS proposal for SOE names lifting yield.

- **Policy support could be the key catalyst into year-end.** Potential tax benefits for elderly care, long-term care and health insurance could lift product demand and margins from 2027 onwards, similar to the policy impact from the individual pension scheme rollout in Nov-22 (link) and Dec-24 (link). Ping An Life and China Life should be the key beneficiaries, given their scale, distribution strength and adequate pricing table to support sustainable margin.

- **Life growth remains solid, while non-life looks less compelling.** Life insurers delivered 17% oya NBV growth in 1H26, and we forecast 22% oya FY26E NBV growth across major insurers, supported by agency productivity gains and stable bancassurance volumes. (Table 10). By contrast, non-life growth looks muted, higher catastrophe risk, and limited upside to underwriting profit in 2H26. We forecast 96.5% (0.4%p oya) 9M26 combined ratio for PICC P&C.

- **Positioning.** We favour yield and policy support beneficiaries over stocks exposed to fading underwriting momentum and higher reinvestment risk. Our pecking order is Ping An-H, China Life-H, CPIC-H, PICC Group-H, New China Life-H and PICC P&C.

Insurance

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Investment thesis

3Q earnings pressure unlikely to derail the yield case

We think relatively soft 3Q26 financial metrics for major life insurers could create an opportunity to accumulate yield names and policy support beneficiaries. Our pecking order is Ping An-H, China Life-H, CPIC-H, PICC Group-H, New China Life-H and PICC P&C.

Broadly speaking, quarterly accounting profit for Chinese insurers tends to be highly volatile, reflecting equity market movements. This is due to their relatively high equity gearing and the accounting treatment that recognises short-term equity market volatility through the P/L, particularly in investment profit. By our estimates, a 10% move in the equity market implies 46% sensitivity to FY26E net profit. Looking at the quarterly earnings base, 3Q25 was exceptionally high, similar to 1H26. China's equity market, represented by the CSI 300 at 4,357, declined by 12% q/q during 3Q26. This is the key reason why we expect a potentially very weak earnings profile for the quarter. We forecast a 53% oya decline in 3Q26 net profit.

That said, we think weaker quarterly earnings are unlikely to become a near-term share price headwind.

First, 9M26E net profit should remain broadly stable across the sector at a 3% oya decline, while FY26E EPS revisions have been limited following the strong 1H26 results. As such, weak 3Q reporting is unlikely to trigger meaningful downside risk to EPS revisions.

Second, despite the strong 1H26 result, H/A listed insurers are down 3% and 2%, respectively, over the past month which is broadly in-line with market movement (vs. HSI/ SHCOMP: -4%/ -3%). This suggests that the market may already have partly reflected weaker 3Q earnings expectations.

Third, insurers have increasingly disclosed their core earnings profiles, excluding short-term equity market volatility. This includes China Life, while major insurers' dividend policies are generally linked to core earnings or OPAT growth. More importantly, many insurers have guided for steady DPS increases, which we interpret as a progressive dividend policy. As a result, decent interim DPS growth should provide a positive read-across for SOE insurers' yield upside potential.

Table 1: China Insurance: Valuation comparison table

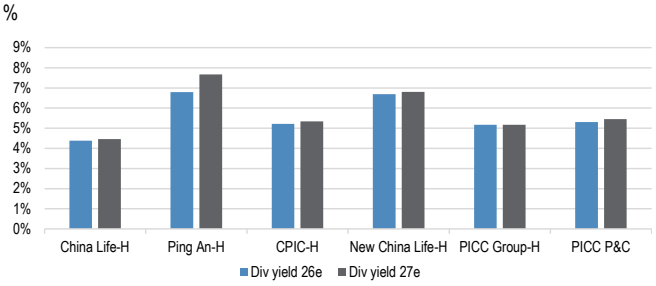
Local currency, %, x

Company	B'berg Code	Rating	Price (05-Oct-2026)	PT (Dec-27)	Upside/ downside	P/E 26e	P/E 27e	P/BV 26e	P/BV 27e
China Life-H	2628 HK Equity	OW	27.4	40.0	46%	3.9	4.5	1.0	1.0
China Life-A	601628 CH Equity	N	36.7	39.0	6%	6.1	7.0	1.6	1.5
Ping An-H	2318 HK Equity	OW	51.7	98.0	90%	5.1	4.7	0.7	0.6
Ping An-A	601318 CH Equity	OW	53.3	91.0	71%	6.1	5.7	0.8	0.7
CPIC-H	2601 HK Equity	OW	27.6	43.0	56%	4.0	4.2	0.6	0.6
CPIC-A	601601 CH Equity	OW	31.1	50.0	61%	5.3	5.5	0.8	0.8
New China Life-H	1336 HK Equity	N	44.2	46.0	4%	3.1	3.8	1.0	0.9
New China Life-A	601336 CH Equity	N	56.4	59.0	5%	4.7	5.7	1.4	1.3
PICC Group-H	1339 HK Equity	N	5.4	6.0	11%	4.4	4.9	0.5	0.4
PICC Group-A	601319 CH Equity	N	8.0	7.1	-11%	7.5	8.5	0.8	0.8
PICC P&C	2328 HK Equity	N	15.9	15.0	-6%	6.9	7.1	1.1	1.1

Source: Bloomberg Finance L.P., J.P. Morgan estimates. *: A-share price data as of 30 Sep 2026.

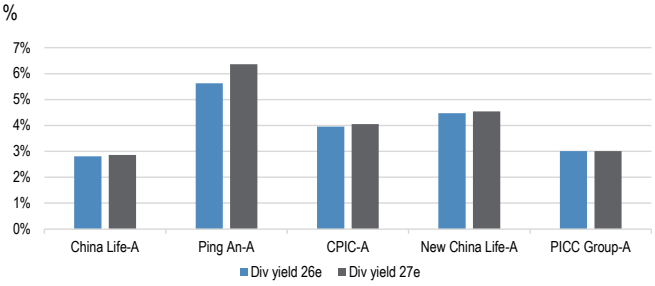
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Figure 1: China Insurance-H: FY26E/27E dividend yield forecast



Source: Bloomberg Finance L.P., J.P. Morgan estimates. Price data as of 5 Oct 2026.

Figure 2: China Insurance-A: FY26E/27E dividend yield forecast

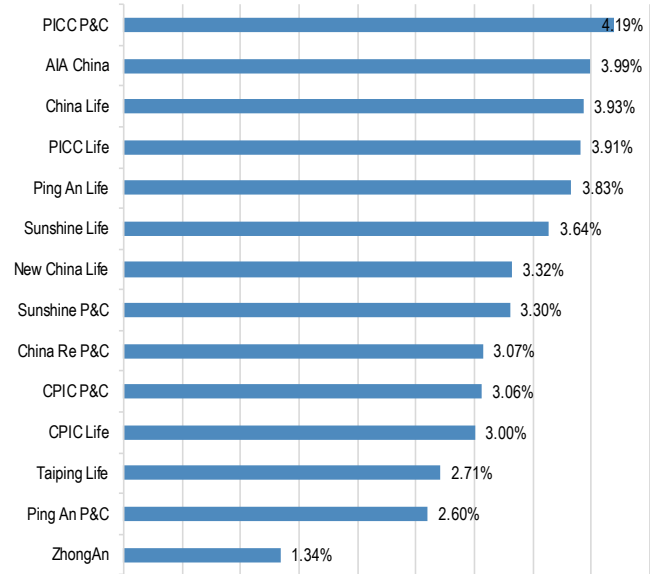


Source: Bloomberg Finance L.P., J.P. Morgan estimates. Price data as of 30 Sep 2026.

Positioning

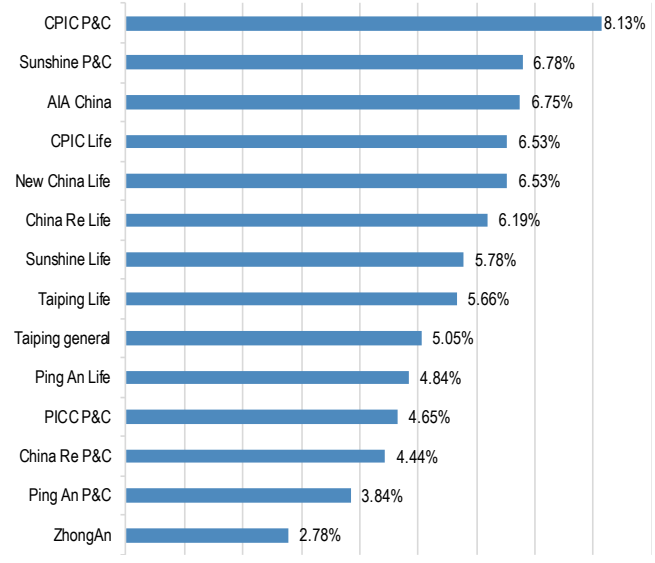
Resilient solvency capital, an attractive average FY27E H-share yield of 6%, steady liability reserve and CSM growth, and rising expectations of policy support, including potential tax benefits for elderly care and healthcare, should limit downside risk. We prefer Ping An-H as top pick, which offers the highest FY27E yield at 8%, and China Life-H, where we see meaningful DPS upside from the current 4% yield, on any weakness. By contrast, we would not chase the rally in PICC P&C or PICC Group-H, given a fading underwriting profit outlook and higher reinvestment risk in a low interest rate environment.

Figure 3: China Insurance: Net investment yield in most recent three years (as of 2Q26)



Source: Each company's 2Q26 solvency report.

Figure 4: China Insurance: Comprehensive investment yield in most recent three years (as of 2Q26)



Source: Each company's 2Q26 solvency report.

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Weaker 3Q earnings print, but unlikely to worsen share price

Excluding PICC P&C, we forecast a 53% oya decline in quarterly net profit in 3Q26, following a 223% jump in 2Q26. This is mainly driven by volatility in investment profit. We forecast 12% and 14% oya declines in 9M26E NP or -89%/-70% oya decline in 3Q26E NP for China Life and New China Life, respectively.

To be clear, Chinese insurers generally report quarterly earnings under Chinese accounting standards, rather than IFRS-17/9. PICC P&C is the exception. As a result, our quarterly earnings forecast base (i.e., 1Q or 3Q) is not prepared under IFRS-17/9, which are applied to interim and full year financial disclosures. This also means that the 3Q earnings announcement may not translate precisely into EPS revisions, due to differences in earnings recognition practices. However, it should still provide a clear directional indication for earnings trends.

Nonetheless, Chinese insurers allocate 20% of their AUM to equity investments, equivalent to 1.6x of shareholders' equity on average. Given that 68% of these equity holdings are classified as FVTPL (Figure 5), insurers' quarterly accounting profit tends to be highly sensitive to movements in China's equity market.

During 3Q26, China's equity market, as measured by the CSI 300, declined by 12%, while Hong Kong's equity market, as measured by the HSI, moved up by 8%. That said, stabbilisation of China's long-end bond yield appears to be a relief to some degree.

Table 2: China Insurance: Quarterly net profit trend (PRC ASBE accounting basis)

Rmb in million, %

	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	Y/Y	9M25	9M26E	Y/Y
China Life	28,802	12,129	126,873	(13,726)	19,505	114,984	14,000	-89%	167,804	148,489	-12%
Ping An Group	27,016	41,031	64,809	1,922	25,022	67,563	38,000	-41%	132,856	130,585	-2%
OPAT	37,907	39,825	38,532	18,151	40,780	43,416	40,459	5%	116,264	124,655	7%
CPIC	9,627	18,258	17,815	7,805	10,041	20,734	13,000	-27%	45,700	43,775	-4%
New China Life	5,882	8,917	18,058	3,427	6,501	16,292	5,500	-70%	32,857	28,293	-14%
PICC Group	12,849	13,681	20,292	(176)	8,814	27,931	13,000	-36%	46,822	49,745	6%
PICC P&C									40,268	43,727	9%

Source: Each company's 1Q25-2Q26 quarterly report, J.P. Morgan estimates. Note: PICC P&C only has H-share listing, and hence does not have A-share disclosure providing quarterly figures based on the China's ASBE accounting.

Table 3: China Insurance: Semi-annual net profit trend (IFRS-17/9 basis)

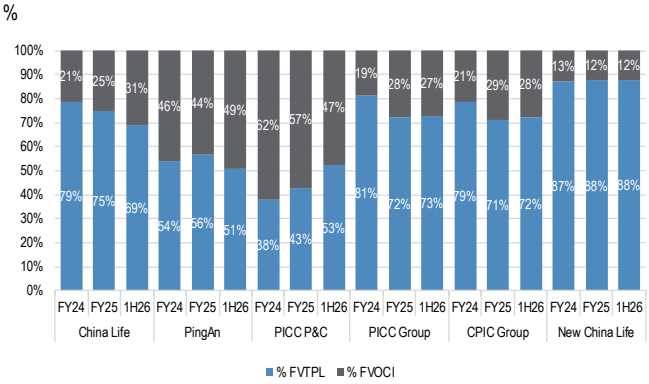
Rmb in million, %

	1H23	2H23	1H24	2H24	1H25	2H25	1H26	Y/Y
China Life	36,151	10,030	38,278	68,657	40,931	113,147	134,489	228.6%
CPIC Group	18,332	8,925	25,132	19,828	27,885	25,620	30,775	10.4%
OPAT	19,108	14,464	18,596	15,829	19,909	16,614	21,149	6.2%
New China Life	9,978	-1,266	11,083	15,146	14,799	21,485	22,793	54.0%
PICC Group	20,588	1,734	23,400	18,751	26,671	19,536	37,451	40.4%
PICC P&C	20,256	4,310	18,491	13,670	24,455	15,922	32,284	32.0%
Ping An Group	69,841	15,824	74,619	51,988	68,047	66,731	92,585	36.1%
OPAT	78,950	32,778	74,986	43,380	77,732	56,683	84,196	8.3%

Source: Each company's 1H23-1H26 interim report, FY23-25 annual report.

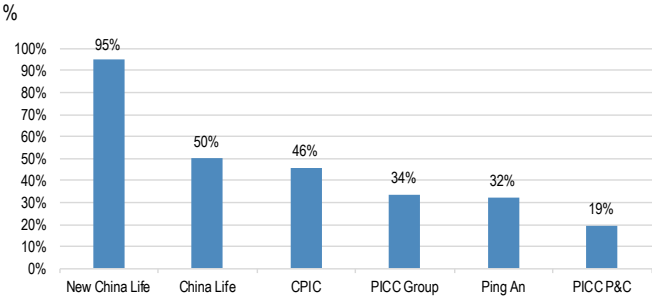
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Figure 5: China Insurance: Equity investment breakdown by accounting classification



Source: Each company's FY24-25 annual reports and 1H26 reports, J.P. Morgan calculations.

Figure 6: China Insurance: FY26E consensus NP sensitivity to 10% movement of the SHCOMP Index



Source: Each company's 1H26 interim report, Bloomberg Finance L.P., J.P. Morgan calculations. Note: Consensus data is as of 2 Sep 2026.

We highlight four points on financial figures which matter to equity investors.

First, consensus EPS revisions remain conservative. Strong 1H26 earnings growth of 67% oya on an IFRS 17/9 basis did not translate into meaningful FY26E EPS upgrades. For major life insurers, the average FY26E consensus earnings revision after the 1H results was only 3% (Figure 7). As such, we believe this quarter's weaker earnings are unlikely to create material downside risk to consensus earnings revisions.

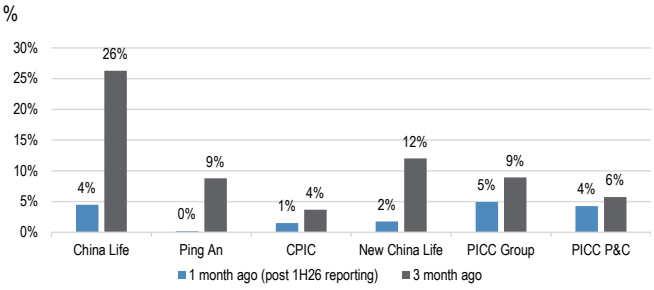
Second, DPS growth is unlikely to be directly linked to EPS. Many insurers have already guided for a stable dividend policy, which we view as progressive, and for DPS growth to be broadly in line with OPAT growth (Table 4). As a result, similar to the large interim DPS hikes we observed across SOE insurers, at 37% oya on average, we anticipate potentially generous final DPS increases, supported by steady reserve growth and adequate solvency capital.

Third, profit warnings appear unlikely. Based on our recent interactions with investors, we have noticed that many are concerned about potential negative market sentiment from profit warning announcements ahead of 3Q reporting at the end of this month. We highlight that profit alerts or warnings are based on cumulative earnings, rather than standalone quarterly figures. We forecast broadly stable 9M26E net profit growth of -3%, compared with 67% oya growth in 1H26.

Lastly, we believe the market appears to have priced in near-term earnings risk. Since the 1H26 reporting season, Chinese insurers, excluding PICC Group-H and PICC P&C, have underperformed the market over the past month, with H-share and A-share insurers down 6% and 5%, respectively, compared with declines of 4% for the HSI and 3% for the SHCOMP (Figure 9). This suggests that the market has largely absorbed near-term earnings risk.

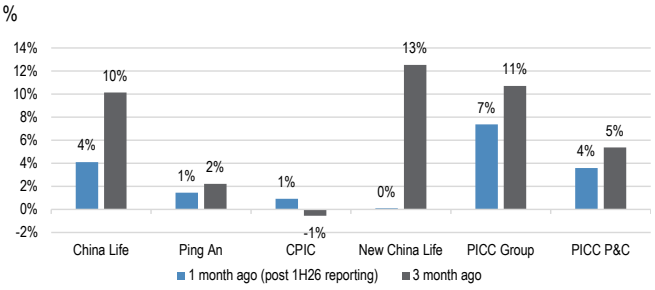
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Figure 7: China Insurance: FY26E EPS consensus revision trend



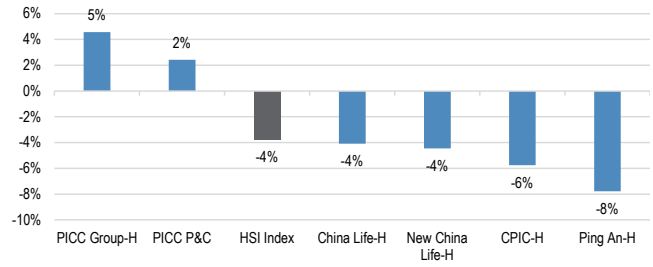
Source: Bloomberg Finance L.P. Data as of 2 Oct 2026.

Figure 8: China Insurance: FY26E DPS consensus revision trend



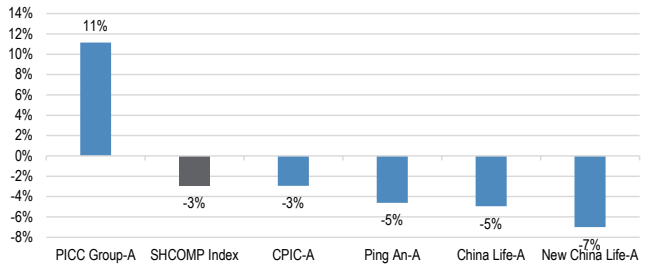
Source: Bloomberg Finance L.P. Data as of 2 Oct 2026.

Figure 9: China Insurance-H: Stock performance post 1H26 results



Source: Bloomberg Finance L.P. Price data from 27 Aug 2026 to 30 Sep 2026. Note: Past performance is not an indicator of future results

Figure 10: China Insurance-A: Stock performance post 1H26 results



Source: Bloomberg Finance L.P. Price data from 27 Aug 2026 to 30 Sep 2026. Note: Past performance is not an indicator of future results

Table 4: China Insurance: Shareholder return policy summary

	Mid-to-long-term capital management
China Life	China Life has proposed an interim dividend of Rmb0.238 and final total dividend of Rmb0.86, implying 16%/18% payout ratio in 2025.
Ping An Group	In 2024-2026, the company's annual distributable profit in each profitable year will be positive. In compliance with the solvency adequacy ratio requirements of the national laws and regulations, the company's annual dividend amount will be 20-50% of the audited net profit attributable to the parent. Ping An Group has also historically paid out an interim dividend. The company has grown cash dividends for 14 consecutive years.
CPIC	CPIC introduced its interim dividend of Rmb0.42 in 2026. The company determines interim and final dividend based on OPAT and investment performance. The initial payout ratio is expected to be set prudently, reflecting management' focus on sustaining both the flexibility and long-term credibility of the dividend policy.
PICC Group	The PICC Group proposed an interim dividend of Rmb0.075 and final total dividend of Rmb0.22, implying a 13%/21% payout ratio in 2025.
New China Life	NCI proposed an interim dividend of Rmb0.67 and final total dividend of Rmb2.73, implying 14%/23% payout ratio in 2025.
PICC P&C	PICC P&C has proposed an interim dividend of Rmb0.24 and final total dividend of Rmb0.68, implying 22%/37% payout ratio in 2025.

Source: Each company's FY25 annual report and earnings presentation.

Dividend protection now, policy upside next

Insurers' reconfirmation of full-year dividends, based on core earnings growth or progressive dividend policies, should provide near-term downside protection for share prices. More importantly, we expect potential government policy support for elderly care, long-term care and health insurance, potentially including tax benefits,

to become a key sector catalyst into the year-end. Given the government's recent 5-year plan initiative and China's rapidly ageing demographics, such policy support could have a similar market impact to the introduction of the individual pension scheme with tax benefits, first piloted in Nov 22 and fully rolled out in Dec 24. The market could start to price in higher life product margin expansion from 2027 onwards, supported by additional mortality profit contribution. Ping An Life and China Life should be the major beneficiaries.

For details: *China Healthcare/Health Insurance: China's ageing demographic: Three themes under healthcare transformation*.

Table 5: China: Pilot program details of pension related product

Product	Time	Pilot details	Pilot period	Pilot cities
Private pension	Dec-24	Starting from 15 Dec 2024, the private pension that was initially done in 36 cities as pilot program, will be expanded to the whole country. Participants with severe illnesses, those receiving unemployment insurance under certain conditions or those on minimum living allowances can apply for early pension withdrawal. The annual contribution limit is Rmb12,000, with tax benefits on contributions and withdrawals.		Nationwide
	Nov-22	On 25th Nov, the Ministry of Human resources and social security officially kicked off the private pension business with pilot program details unveiled. The first batch of financial institutions to start personal pension business include 6 large state-owned commercial banks, 12 joint-stock banks 5 city commercial banks, 11 wealth management companies, 14 securities companies, 7 independent fund sales agencies, 6 insurance companies, etc. The pilot insurance companies include China Life, PICC Life, Taiping Life, Taiping Pension, Taikang life, and National Pension..		36 cities including Beijing, Shanghai, Guanghzou, Xi'An and Chengdu, among others.
	Nov-22	Specific pension saving products were sold through commercial banks. Relative pilot programs in the bank sector have been conducted in 5 cities among Agricultural Bank of China, China bank, Industrial and Commercial Bank of China, and China Construction Bank.	1 year	Guangzhou, Qingdao, Hefei, Xi'An, and Chengdu.
Exclusive commercial pension policy	Mar-22	The pilot program scope was expanded to the whole country, allowing pension insurance companies to sell on top of the first 6 insurers.		
	Jun-21	Starting from Jun-21, the exclusive commercial pension policies were piloted in Ningbo and Chongqing for one year. The first batch of six insurers included China Life, PICC Life, Taiping Life, CPIC Life, Taikang Life and New China Life.	1 year	Chongqing, Ningbo (Zhejiang Province)
Tax-deferred pension policy	May-18	Starting from May-18, the tax-deferred pension product was piloted in selected regions for one year.	1 year	Shanghai, Fujian province (including Xiamen), Suzhou industrial Zone.

Source: CBIRC, Local news.

B/S capacity for growth and shareholder returns remains solid

China's 10-year bond yield fell to 1.67% from 1.73% as of Jun-26, decoupling from US Treasury yields. We do not think a lower risk-free rate will undermine insurers' solvency capital outlook, as their liability funding cost remains reasonably low and is in a declining phase (Figure 11), following the large addition of par-policies with minimum guarantee rates of 1.25% to 1.75% as well as scheduled retiring of 3.5% of non-par policies following the maturity.

More importantly, we do not expect potential tightening of the solvency capital framework, namely C-ROSS II Phase 3, to put pressure on insurers' B/S capacity, as multi-year mitigation measures may be introduced, similar to those adopted in other

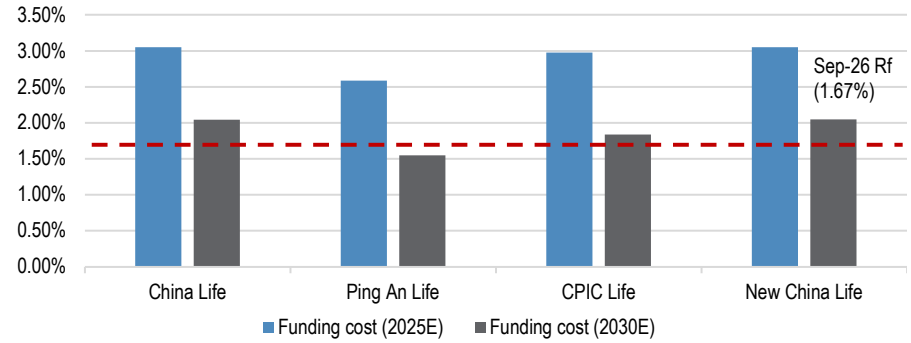
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markets that implemented the Insurance Capital Standard (ICS), such as Korea and Taiwan.

Therefore, we think insurers are quite likely to base their year-end dividend proposals on core earnings or reserve (CSM) growth. SOE insurers could also rebase their final DPS, similar to what was proposed during the interim reporting season, which would help narrow the yield gap versus Ping An-H's 8%.

Figure 11: China Insurance: Blending funding cost estimates

%



Source: J.P. Morgan estimates, Bloomberg Finance L.P. Note: Funding cost in 2025 and 2030 are both based on J.P. Morgan estimates. China's 10-year government bond yield is as of 30 September 2026.

Table 6: China Insurance: Interim DPS and payout trends

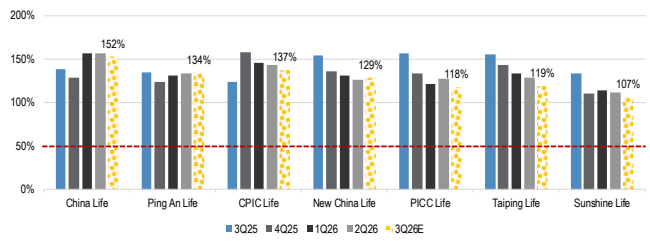
Rmb per share, %, %p

		2020	2021	2022	2023	2024	2025	2026	Y/Y
China Life	Interim DPS	-	-	-	-	0.2	0.238	0.358	50.4%
	P/O	0%	0%	0%	0%	15%	16%	8%	
Ping An Group	Interim DPS	0.8	0.88	0.92	0.93	0.93	0.95	0.98	3.2%
	P/O	21%	27%	23%	24%	22%	21%	20%	
CPIC Group	Interim DPS	-	-	-	-	-	-	0.42	100%
	P/O	-	-	-	-	-	-	13%	
New China Life	Interim DPS	-	-	-	-	0.54	0.67	0.73	9.0%
	P/O	-	-	-	-	15%	14%	10%	
PICC Group	Interim DPS	-	0.017	-	-	0.063	0.075	0.11	46.7%
	P/O	-	4%	-	-	12%	13%	13%	
PICC P&C	Interim DPS	-	-	-	-	0.208	0.24	0.34	41.7%
	P/O	-	-	-	-	25%	22%	23%	

Source: Each company's 1H20-1H26 interim report. Note: For insurers excluding Ping An Group, we calculate the interim payout ratio based on interim dividend over interim EPS, whilst Ping An's payout ratio is calculated based on interim DPS over interim OPAT per share.

Figure 12: China life Insurers: Quarterly core solvency ratio trend

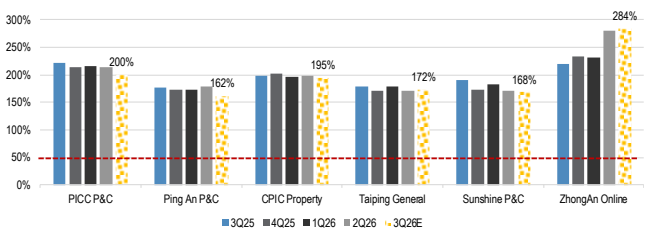
%



Source Each company's solvency reports. Note: 3Q26E is based on company projection.

Figure 13: China non-life Insurers: Quarterly core solvency ratio trend

%



Source Each company's solvency reports. Note: 3Q26E is based on company projection.

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Table 7: China Insurance: Core solvency ratio trend under C-ROSS II

%,%p

	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	Q/Q	Y/Y	*2Q26E	Act. Vs. Est.	*3Q26E
Life														
China Life	152%	155%	153%	146%	140%	137%	129%	157%	157%	0%p	17%p	158%	-1%p	152%
Ping An Life	124%	119%	116%	164%	167%	135%	123%	131%	134%	3%p	-33%p	129%	5%p	134%
CPIC Life	121%	131%	130%	140%	136%	124%	157%	146%	143%	-3%p	7%p	134%	9%p	137%
New China Life	123%	131%	124%	184%	171%	154%	135%	131%	126%	-4%p	-45%p	127%	-1%p	129%
PICC Life	163%	163%	185%	171%	171%	156%	134%	122%	128%	6%p	-44%p	115%	13%p	118%
Non-Life														
PICC P&C	205%	202%	211%	216%	213%	222%	213%	216%	214%	-2%p	1%p	198%	15%p	200%
Ping An P&C	182%	176%	171%	170%	180%	177%	173%	172%	179%	7%p	0%p	171%	9%p	162%
CPIC Property	173%	173%	183%	195%	196%	199%	203%	197%	197%	1%p	1%p	190%	8%p	195%
Foreign JV														
ICBC-AXA	150%	154%	163%	184%	195%	175%	158%	128%	136%	8%p	-59%p	109%	27%p	118%
AIA China	278%	280%	303%	294%	288%	242%	226%	207%	245%	38%p	-43%p	205%	40%p	228%
Generali China	181%	188%	194%	167%	166%	146%	138%	128%	124%	-4%p	-42%p	124%	0%p	119%
CITIC-Pru	87%	113%	144%	134%	137%	110%	124%	127%	146%	20%p	10%p	130%	16%p	139%
CIGNA & CMB	117%	134%	145%	143%	144%	139%	130%	117%	141%	25%p	-2%p	105%	37%p	135%
BoCom Life	122%	122%	121%	143%	142%	131%	163%	153%	155%	2%p	13%p	142%	13%p	144%

Source: Each company's quarterly solvency reports. Note: All data are on C-ROSS II basis. * Estimated 2Q26E/3Q26E solvency data are figures projected by the company (under a base-case scenario) and extracted from solvency ratio indicators sector in 1Q26/2Q26 solvency reports.

Table 8: China Insurance: CSM movement

Rmb in million, %

	FY22	FY23	FY24	FY25	FY26E	FY27E
China Life						
Opening CSM	805,433	783,473	769,137	742,488	768,369	810,948
New Business CSM	47,966	51,093	57,708	53,074	73,867	83,557
CSM release	(43,273)	(65,689)	(64,126)	(68,475)	(69,560)	(72,823)
Ending CSM	783,473	769,137	742,488	768,369	810,948	860,805
Y/Y		*-2%*	*-4%*	*4%*	*6%*	*6%*
Ping An L&H						
Opening CSM	877,135	818,683	768,440	731,312	725,119	746,419
New Business CSM	35,122	38,951	35,405	36,688	61,160	77,044
CSM release	(80,590)	(74,787)	(71,140)	(68,187)	(69,339)	(72,556)
Ending CSM	818,683	768,440	731,312	725,119	746,419	781,045
Y/Y		*-6%*	*-5%*	*-1%*	*3%*	*5%*
CPIC Life						
Opening CSM	343,434	327,662	325,726	345,366	356,842	369,830
New Business CSM	9,533	12,550	19,741	21,129	27,119	30,960
CSM release	(27,870)	(26,202)	(26,836)	(27,244)	(27,837)	(29,042)
Ending CSM	327,662	325,726	345,366	356,842	369,830	385,842
Y/Y		*-1%*	*6%*	*3%*	*4%*	*4%*
New China Life						
Opening CSM	187,430	175,317	169,004	175,867	181,723	182,789
New Business CSM	6,412	6,167	10,997	11,875	13,601	15,497
CSM release	(20,862)	(15,122)	(15,667)	(16,550)	(15,895)	(16,135)
Ending CSM	175,317	169,004	175,867	181,723	182,789	185,549
Y/Y		*-4%*	*4%*	*3%*	*1%*	*2%*

Source: Each company's FY22-FY25 annual report, J.P. Morgan estimates.

Life sales

Chinese insurers delivered decent life sales in 1H26, with average new business value, or NBV, growth of 17% oya (Table 9). Given strong sales volume in 1H26, we think insurers should place greater focus on products that are less sensitive to interest rates for the remainder of the year. The stronger sales push in participating policies from 2Q26 suggests limited scope for further margin expansion in 2H26. We also believe the improvement in agent productivity is likely to be more volume driven, reflecting higher ticket sizes or an increase in the number of policies sold. In the bancassurance channel, we expect stable overall demand and broader bank

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partnerships among major insurers to support volume growth. For the full year, we forecast FY26E NBV growth of 22% oya across major insurers. (Table 10).

Table 9: China life insurers: half-year NBV breakdown by distribution channel

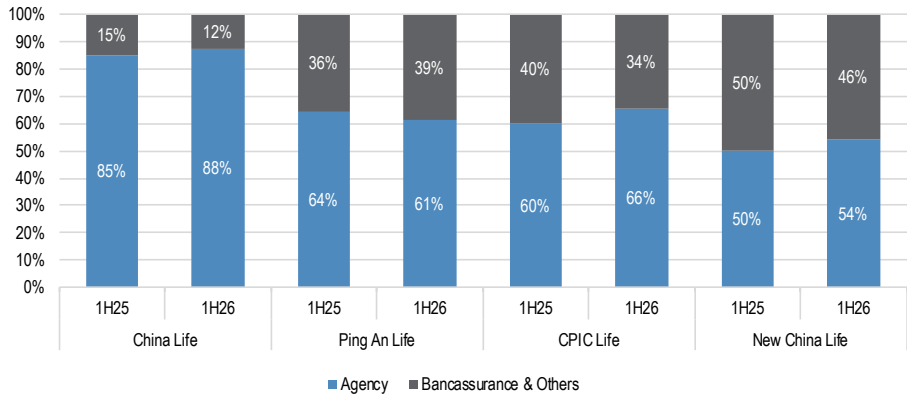
Rmb in million, %

	China Life			Ping An Life			CPIC Life			New China Life			PICC Life		
	1H25	1H26	Y/Y	1H25	1H26	Y/Y	1H25	1H26	Y/Y	1H25	1H26	Y/Y	1H25	1H26	Y/Y
Agency	24,337	33,464	38%	14,397	15,179	5%	5,724	7,066	23%	3,105	3,744	21%	2,043	2,521	23%
Bancassurance	4,209	4,703	12%	5,972	7,050	18%	3,604	3,221	-11%	3,267	3,335	2%	2,871	2,633	-8%
Others	-	-	N.A.	1,966	2,618	33%	216	471	118%	(190)	(163)	-14%	7	24	243%
Total NBV	28,546	38,167	34%	22,335	24,847	11%	9,544	10,758	13%	6,182	6,916	12%	4,921	5,178	5%

Source: Each life insurer's 1H26 interim report. Note: China Life doesn't break down the NBV of bancassurance and other channels. Hence, we attribute all to bancassurance channel for simplicity.

Figure 14: China Life Insurers: NBV breakdown by distribution channel

%



Source: Each life insurer's 1H26 interim report. J.P. Morgan calculation.

Table 10: China Insurance: NBV/FYP trend

Rmb in million, %, %p

	2025	2026	Y/Y	1H25	2H25	1H26	2H26E	Y/Y
China Life								
New business value	45,752	56,821	24%	28,546	17,206	38,167	18,654	8%
First-year premiums	234,079	261,932	12%	161,255	72,824	180,039	81,893	12%
NBV/first-year premiums	20%	22%	2%p	18%	24%	21%	23%	-1%p
Ping An Life								
New business value	36,897	50,967	38%	22,335	14,562	24,847	26,120	79%
First-year premiums	157,923	204,570	30%	85,574	72,349	101,825	102,745	42%
NBV/first-year premiums	23%	25%	2%p	26%	20%	24%	25%	5%p
CPIC Life								
New business value	18,609	20,861	12%	9,544	9,065	10,758	10,103	11%
First-year premiums	94,080	111,363	18%	63,448	30,632	61,384	49,979	63%
NBV/first-year premiums	20%	19%	-1%p	15%	30%	18%	20%	-9%p
New China Life								
New business value	9,842	11,334	15%	6,182	3,660	6,916	4,418	21%
First-year premiums	60,914	72,973	20%	41,506	19,408	40,288	32,685	68%
NBV/first-year premiums	16%	16%	-1%p	15%	19%	17%	14%	-5%p

Source: Each company's 1H25-1H26 interim report, FY25 annual report, J.P. Morgan calculations.

Non-life underwriting

The challenge for the non-life sector, in our view, is that top line gr
muted in 1H26 (Table 12), with business momentum slowing in bot
non-auto segments. As we move into the high seasonality period, w
higher natural catastrophe trend vs. last year (Table 13), we expect

profit to be unlikely to become a key share price drivers for the sector in 2H26. We forecast a 96.5% 9M26E combined ratio for PICC P&C (vs. 9M25/1H26: 96.1%/94.0%), up 0.4%p oya.

Table 11: China Insurance: Combined ratio trend

%, %p

	2021	2022	2023	2024	2025	Y/Y	1H23	1H24	1H25	1H26	Y/Y
PICC P&C											
Loss ratio	73.7%	69.4%	70.6%	73.0%	73.9%	0.9%p	n.a.	n.a.	71.8%	71.9%	+0.1%p
Expense ratio	25.9%	27.2%	27.2%	25.8%	23.6%	-2.2%p	n.a.	n.a.	23.0%	22.1%	-0.9%p
Combined ratio	99.6%	96.6%	97.8%	98.8%	97.5%	-1.3%p	95.8%	96.2%	94.8%	94.0%	-0.8%p
CPIC Property											
Loss ratio	69.6%	68.0%	69.1%	70.8%	70.4%	-0.4%p	n.a.	n.a.	n.a.	n.a.	n.a.
Expense ratio	29.4%	28.8%	28.6%	27.8%	27.1%	-0.7%p	n.a.	n.a.	n.a.	n.a.	n.a.
Combined ratio	99.0%	96.9%	97.7%	98.6%	97.5%	-1.1%p	97.9%	97.1%	96.3%	95.0%	-1.3%p
Ping An P&C											
Loss ratio	67.0%	71.3%	71.5%	71.0%	70.4%	-0.6%p	70.6%	70.6%	69.2%	70.3%	+1.1%p
Expense ratio	31.0%	28.3%	29.2%	27.3%	26.4%	-0.9%p	27.4%	27.2%	26.0%	24.8%	-1.2%p
Combined ratio	98.0%	99.6%	100.7%	98.3%	96.8%	-1.5%p	98.0%	97.8%	95.2%	95.1%	-0.1%p

Source: Each company's FY20-24 annual report and 1H23-1H26 interim report.

Table 12: China Insurance: Non-life premium income trend

Rmb in million, %

	FY24	FY25	Y/Y	1H25	1H26	Y/Y
PICC P&C	538,055	555,777	3%	323,282	327,529	1%
Ping An P&C	321,821	343,168	7%	171,857	178,751	4%
CPIC P&C	201,243	201,499	0%	112,760	114,358	1%

Source: Each company's 1H25-1H26 interim report and FY24-FY25 annual report.

Table 13: China catastrophe data: Monthly trend summary

Rmb in billion, number of people in million

			Economics loss by disaster				Number of people affected by disaster			
	Aggregated economic loss	Number of people affected	Hail	Earthquake	Flood	Drought	Hail	Earthquake	Flood	Drought
2026										
Jan-26	0.3	0.4	0.0	0.2	0.1	0.0	0.0	0.2	0.2	0.0
Feb-26	0.1	0.0	0.1	0.0	0.0	-	0.0	0.0	0.0	-
Mar-26	0.7	0.3	0.3	0.2	0.1	0.0	0.2	0.0	0.1	0.1
Apr-26	4.2	3.1	3.1	0.0	1.0	0.1	2.1	0.0	0.8	0.1
May-26	20.1	6.6	0.0		20.0	0.1	0.1	0.1	6.3	0.1
Jun-26	16.8	6.9	3.4	-	12.9	0.4	2.6	0.0	4.0	0.2
Jul-26	57.2	16.7	5.7	0.1	50.8	0.5	2.3	0.1	13.0	1.4
Aug-26	36.0	12.6	0.7	0.0	33.8	1.6	0.2	0.0	11.2	1.2
FY26 YTD	**135.3**	**46.6**	13.3	0.6	118.7	2.7	7.6	0.4	35.5	3.1
Y/Y	**8%**	**6%**								
2025										
Jan-25	9.3	0.3	0.1	9.2	-	0.0	0.0	0.2	-	0.0
Feb-25	0.0	0.0	0.0	0.0	-	-	0.0	-	-	-
Mar-25	0.8	0.9	0.6	0.0	-	0.2	0.7	0.0	-	0.2
Apr-25	3.8	6.1	1.9	0.1	0.2	1.5	1.2	0.1	0.2	4.6
May-25	8.4	10.0	3.2	-	2.7	2.6	2.0	-	1.7	6.3
Jun-25	31.7	7.7	2.1	-	29.2	0.4	1.3	-	6.1	0.4
Jul-25	52.2	8.9	4.3	-	47.7	0.2	1.0	-	7.4	0.5
Aug-25	19.6	10.0	1.8	-	15.3	2.5	0.7	-	3.7	5.6
Sep-25	89.2	15.5	-	-	88.3	0.9	-	-	14.3	1.2
Oct-25	24.9	7.4	0.1	-	24.7	-	0.1	-	7.2	-
Nov-25	0.4	0.2	0.1	-	0.4	-	0.1	-	0.1	-
Dec-25	1.3	0.1	0.9	0.3	-	-	0.1	-	-	
FY25	**241.6**	**67.0**	**15.0**	**9.7**	**208.6**	**8.2**	**7.2**	**0.4**	**40.7**	**18.8**
Y/Y	**-40%**	**-29%**								

Source: China Ministry of Emergency Management. Data as of 5 Oct 2026.

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