

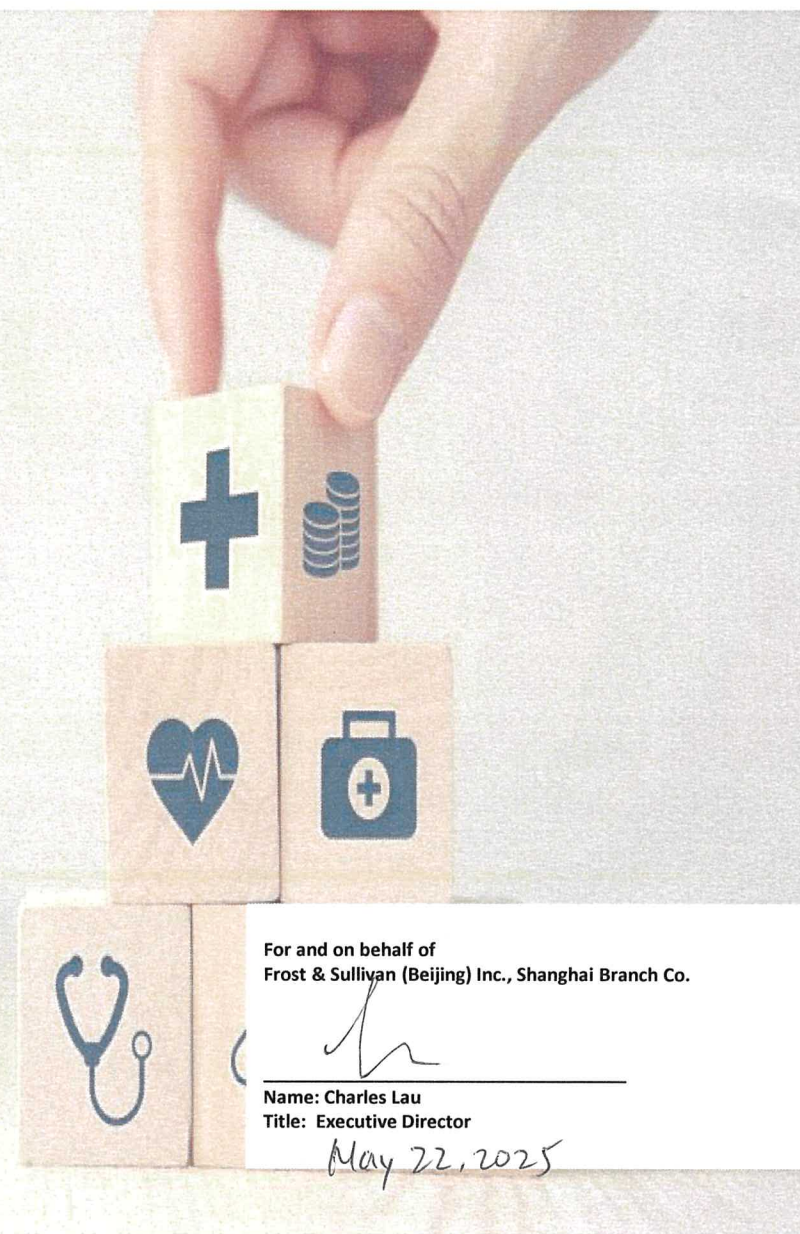
Confidential

China's Life and Health Insurance Intermediary Market

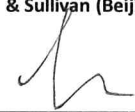
Independent Industry Research

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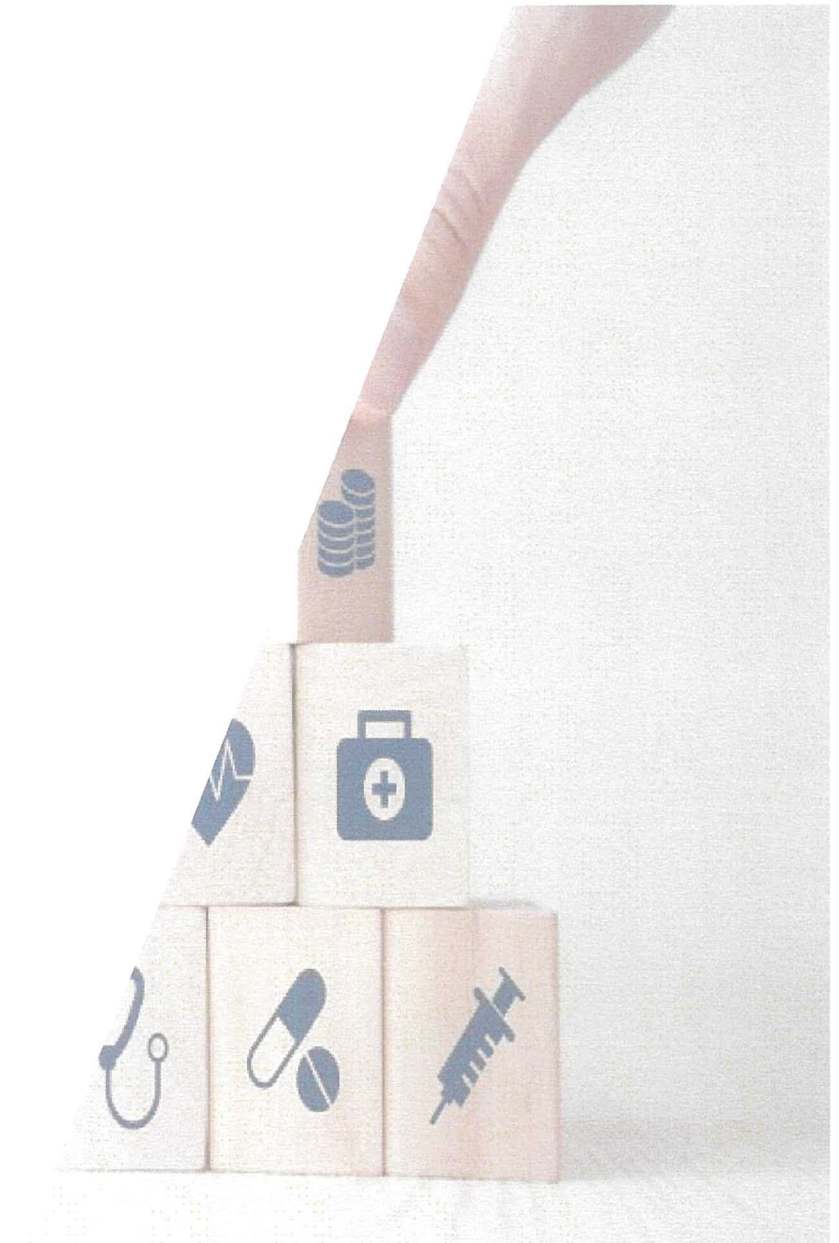
For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.


Name: Charles Lau
Title: Executive Director

May 22, 2025

Agenda

- 1 China's Life and Health Insurance Market**
- 2 China's Life and Health Insurance Intermediary Market
- 3 Competitive Landscape of China's Online Life and Health Insurance Intermediary Market
- 4 China's Digital Insurance Operation Management Market



China's Life and Health Insurance Market

Definition and Classification of Insurance

Definition



- Insurance coverage is a contract in the form of a financial protection policy that safeguards individuals against monetary risks arising from unpredictable contingencies. An insurance company provides the insured with financial coverage or reimbursement in return for the payment of a premium.
- Insurance products can be divided into two categories: (i) life and health insurance; and (ii) property and casualty insurance. Life and health insurance can be further divided into life insurance (including annuity insurance and other life insurance), health insurance (including critical illness insurance, medical insurance, and other health insurance) and accident insurance. Property and casualty insurance includes property damage insurance, responsibility insurance, and credit insurance.
- Life and health insurance, categorized within personal insurance products, provides coverage for an individual's longevity, physical well-being, and a range of unforeseen events such as death, disability, illness, old age, and accidents that may occur during the insurance period. The life and health insurance refers to taking a person's lifespan or body as the subject of insurance, and pays insurance benefits when the insured suffers death, disability, illness, old age and other accidents within the insurance period or survives to a specified time. Insurance coverage can be defined as a contract in the form of a financial protection policy. This policy covers the monetary risks of an individual due to unpredictable contingencies. The insured is the policyholder, while the insurance carrier is the company that provides insurance or the underwriter. The insurance company provides the insured with financial coverage or reimbursement in return for the payment of a premium.

Classification



Classification of insurance products		
Life and Health Insurance	Life Insurance	Annuity Insurance
		Other Life Insurance
	Health Insurance	Critical Illness Insurance
		Medical Insurance
		Other Health Insurance
	Accident Insurance	
Property and Casualty Insurance	Property Damage Insurance	
	Responsibility Insurance	
	Credit Insurance	

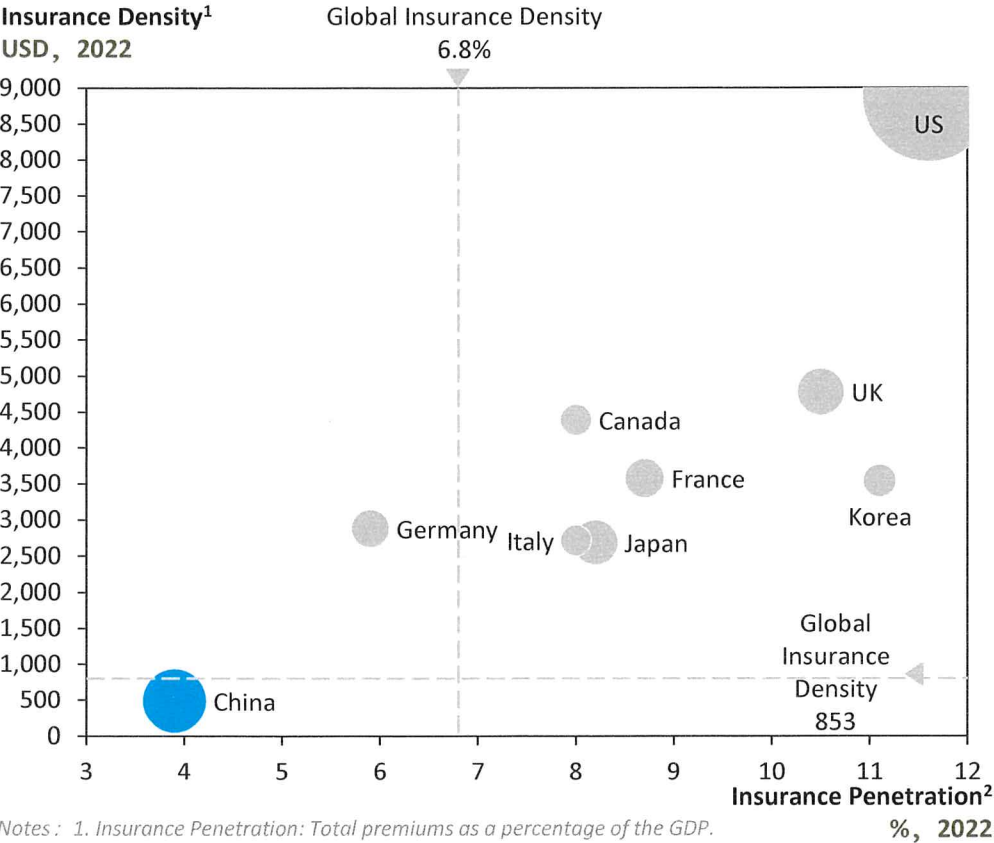
China's Life and Health Insurance Market

Comparison of Insurance Density and Penetration in Developed Economies

Comparison of Insurance Density and Penetration in Selected Countries

USD, %, 2022

○ Premium Income (Million USD, 2022)



Notes : 1. Insurance Penetration: Total premiums as a percentage of the GDP.
2. Insurance Density: Premiums per capita.

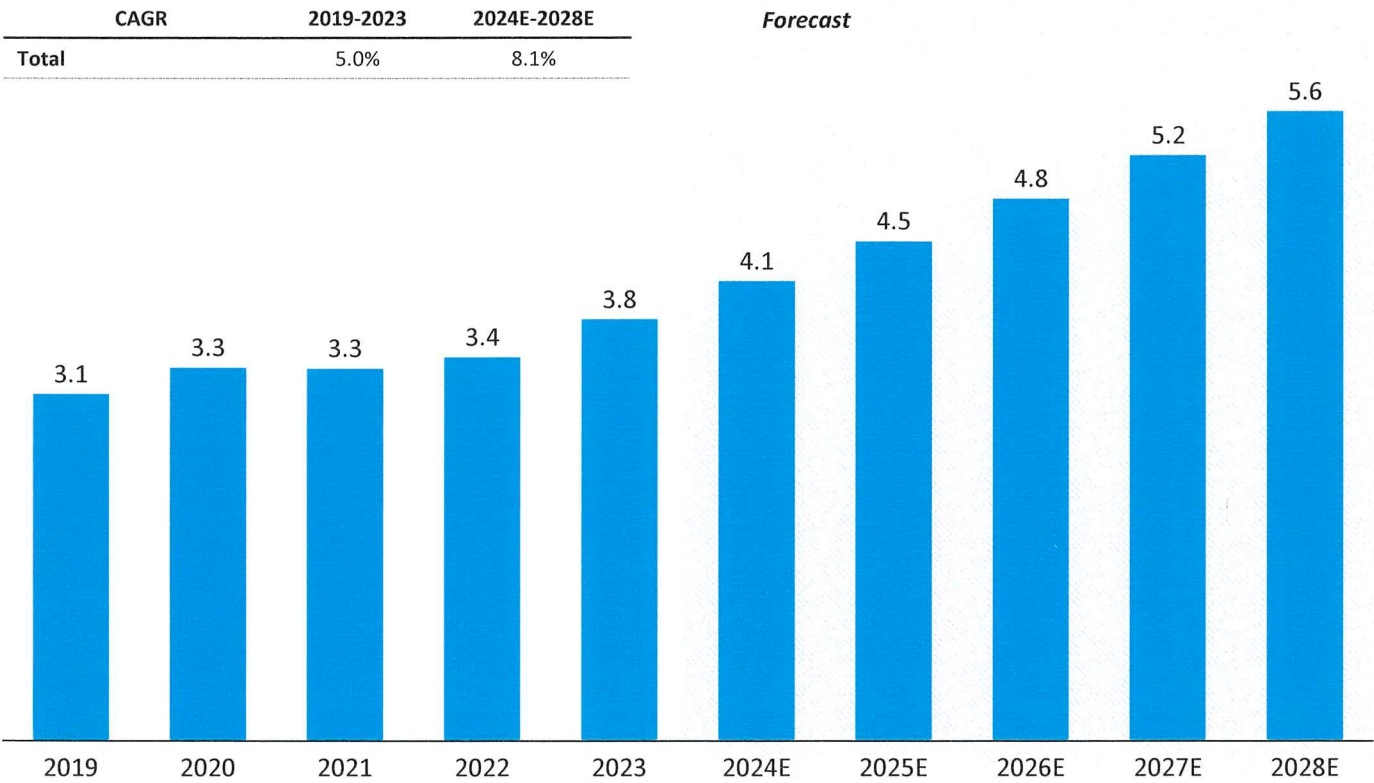


- In 2022, US, China, and UK are the top 3 in the world in terms of premium income, accounting for 59.4% of global premium income.
- Since 2017, the premium income of China's insurance market ranked as the second largest insurance market in the world after US, but the total premium is still far behind that of US.
- China's insurance penetration in 2022 was 3.9%, and the insurance density was USD489, which was significantly lower than the global insurance density and penetration of USD853 and 6.8%, respectively.
- The low insurance density and penetration figures in China indicate a substantial growth potential within the insurance market in China.

China's Life and Health Insurance Market

GWP of China's life and health insurance Market

GWP of China's life and health insurance Market
RMB Trillion, 2019-2028E



Key Takeaways

- As awareness of life's uncertainties and risks heightens, there is an increasing recognition among individuals of the importance of obtaining insurance coverage for protection. This growing demand for insurance products is fueled by several factors, including escalating healthcare costs, economic instability, and demographic shifts. These elements collectively underscore the necessity for individuals to secure insurance as a safeguard against unforeseen financial burdens.
- The GWP of China's life and health insurance market has increased from RMB3.1 trillion in 2019 to RMB3.8 trillion in 2023, representing a CAGR of 5.0%.
- It is projected that China's life and health insurance market size in terms of GWP will reach RMB5.6 trillion in 2028 from RMB4.1 trillion in 2024, representing a CAGR of 8.1% from 2024 to 2028.

China's Life and Health Insurance Market

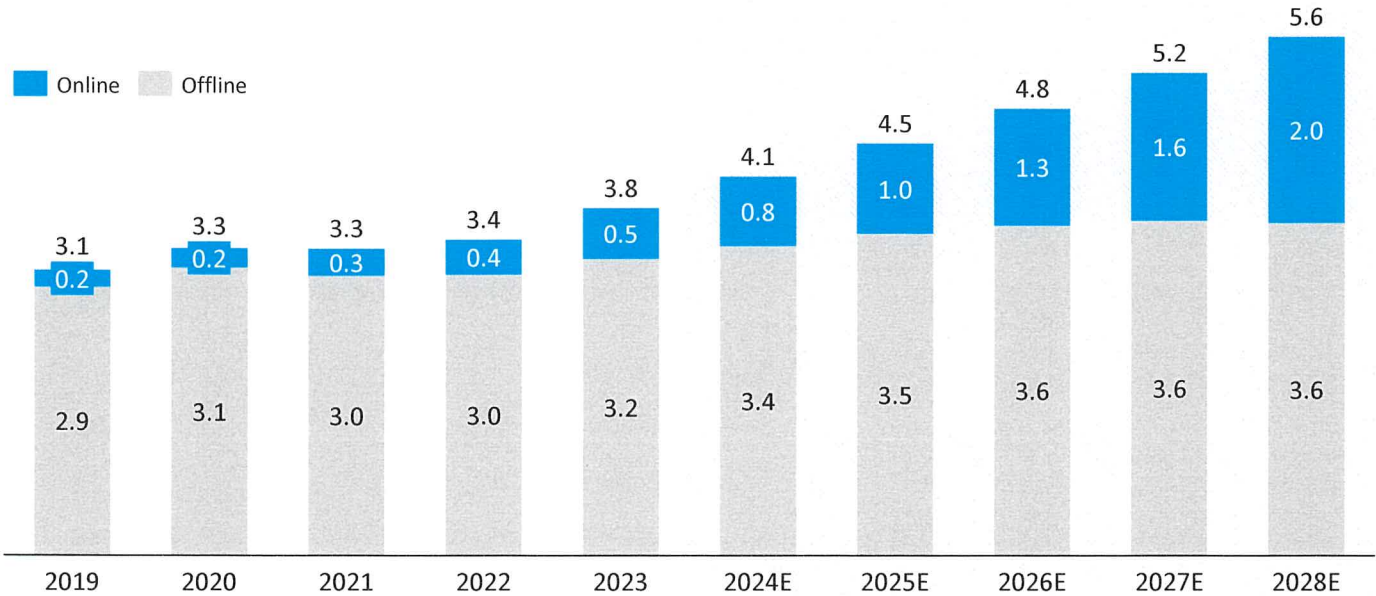
GWP of China's life and health insurance Market

Market Size of China's Life and Health Insurance Market by GWP
By Online/Offline Insurance

RMB Trillion, 2019-2028E

	CAGR	2019-2023	2024E-2028E
Total		5.0%	8.1%
Online		33.1%	28.0%
Offline		2.5%	1.8%

Forecasted



Key Takeaways

- There is an increasing trend of online insurance in China's life and health insurance market, increasing from RMB0.2 trillion in 2019 to RMB0.5 trillion in 2023 in terms of GWP, representing a CAGR of 33.1%. It is expected that the market size of online insurance in China's life and health insurance market by GWP will reach RMB2.0 trillion in 2028, representing a CAGR of 28.0% from 2024 to 2028, with a total market share of 35.9% in 2028 from 6.0% in 2019 and 18.3% in 2024.

China's Life and Health Insurance Market

Key Drivers

Favorable policies supporting the robust development of China's life and health insurance market

The Chinese government has promulgated several favorable policies to support the development of the life and health insurance industry. For example, in July 2023, it announced key objectives for the further reform of medical and healthcare systems in the latter half of the year. These reforms are designed to strengthen the multi-tiered medical security system and encourage the expansion of commercial medical insurance. Moreover, in 2021, the CBIRC issued the "Guidance on Further Enriching the Supply of Life Insurance Products", which encourages insurance industry players to increase investment in information technology to meet diverse needs of policyholders and the insured by reducing product costs, innovating supply channels, expanding service depth, achieving scientific pricing, streamlining application processes and claims settlement, as well as developing customized life insurance products that comply with actuarial principles for data-driven business development.

The Aging Trend Accelerates the Stronger Demand for Life and Health Insurance

China is transitioning into an aging society, a phase marked by a slowing pace of population growth. The segment of the population aged 65 or older has increased from 167 million in 2018 to 210 million in 2022, representing a rise from 11.9% to 14.9% of the total population in these respective years. The demographic changes will result in increased demand for health and retirement income insurance products among individuals seeking to ensure adequate medical care and secure pension plans in response to the aging population.

Growth in Awareness of the Importance of Assured Access to Healthcare

Driven by economic growth, the gross national income per capita in China has increased to over US\$10,000 as of 2022. As a result, individuals in China are now placing a greater emphasis on their physical well-being and are consequently more willing to allocate a larger portion of their income towards life and health insurance coverage. Additionally, with the ongoing economic development and urbanization, and driven by increasing awareness of the importance of seeking life and health insurance, it is expected that residents in lower-tier cities in China will play a significant role in driving the growth of insurance premium.

China's Life and Health Insurance Market

Key Trends

Enhanced Product Innovation with More Customized and Diversified Product Offerings

Insurance clients now exhibit diverse demands for insurance products, driven by various scenarios and individual needs. As a result, insurance companies are actively responding to these evolving demands, focusing not only on existing needs but also on addressing areas of unmet protection. By leveraging technological advancements and optimizing operational efficiency, insurance companies are expediting the development of insurance products. This approach is enabling them to offer a wide range of highly customized and diversified insurance products.

Advancement of Digital Technologies Empowers the Entire Insurance Process

The advancement of digital technologies, including big data and cloud computing is driving significant transformation in the insurance market, resulting in enhanced operational efficiency. Big data empowers insurance companies to gather a wider range of data, facilitating the analysis of the risk profile of policyholders and the insured to better understand their characteristics and behaviors. In addition, cloud computing facilitates the implementation of automated systems and workflows for policy administration, underwriting, and claims processing. These models can be effectively utilized for client acquisition strategies and personalized product recommendation.

China's Life and Health Insurance Market

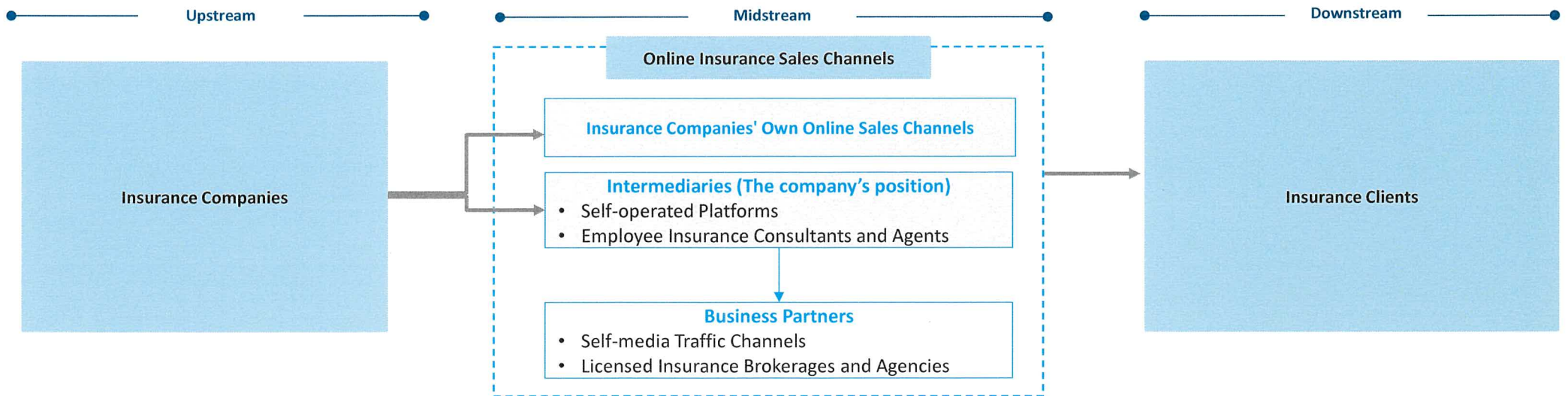
Definition and Value Chain of Online Insurance Market(1/2)

- Online insurance services refer to the utilization of digital platforms for conducting insurance transactions in a seamless and efficient manner. This approach facilitates a range of activities, from policy purchasing and management to claims processing, all through online platforms. This digital approach enables customers to conduct the entire insurance process online, thereby eliminating the necessity for physical visits or paperwork. The insurance companies can build their own online sales channels, or cooperate with third-party intermediaries to conduct online insurance transactions.
- The value chain of online insurance industry consist of several essential components, including insurance companies, online insurance sales channels and insurance clients. Among the participants, insurance companies provide insurance products through online insurance sales channels to insurance clients.
- As a bridge between insurance companies and insurance clients, online insurance sales channels play a critical role in the market by leveraging their unique position to promote market growth and better serve insurance clients. Online insurance sales channels can be divided into two categories: (i) the online sales channels operated by insurance companies themselves; and (ii) Intermediaries provide quotations for various insurance policies and assist insurance clients in selecting suitable insurance products. Intermediaries have the flexibility to sell insurance policies from different insurance companies and receive commissions in return. The online insurance intermediaries may distribute insurance product or reach insurance clients through (1) self-operated platforms, to conduct online direct sales to insurance clients, (2) Employee insurance consultants and agents, including licensed consultants, that assist insurance clients throughout the insurance transaction process on their online system, and (3) cooperate with business partners, (i) self-media traffic channels, such as social media influencers, particularly media and advertising companies, and key opinion leaders, and (ii) licensed insurance brokers and agencies, mostly offline traditional licensed brokerages and agencies.
- Insurance clients are the end users of insurance products, seeking financial protection that is provided by these insurance policies. Insurance clients purchase insurance policies through insurance companies or online insurance sales channels. These online channels provide advice and support to assist insurance clients choose the policy that meets their specific need and budgets.

China's Life and Health Insurance Market

Definition and Value Chain of Online Insurance Market (2/2)

Industry value chain of online life and health insurance market in China



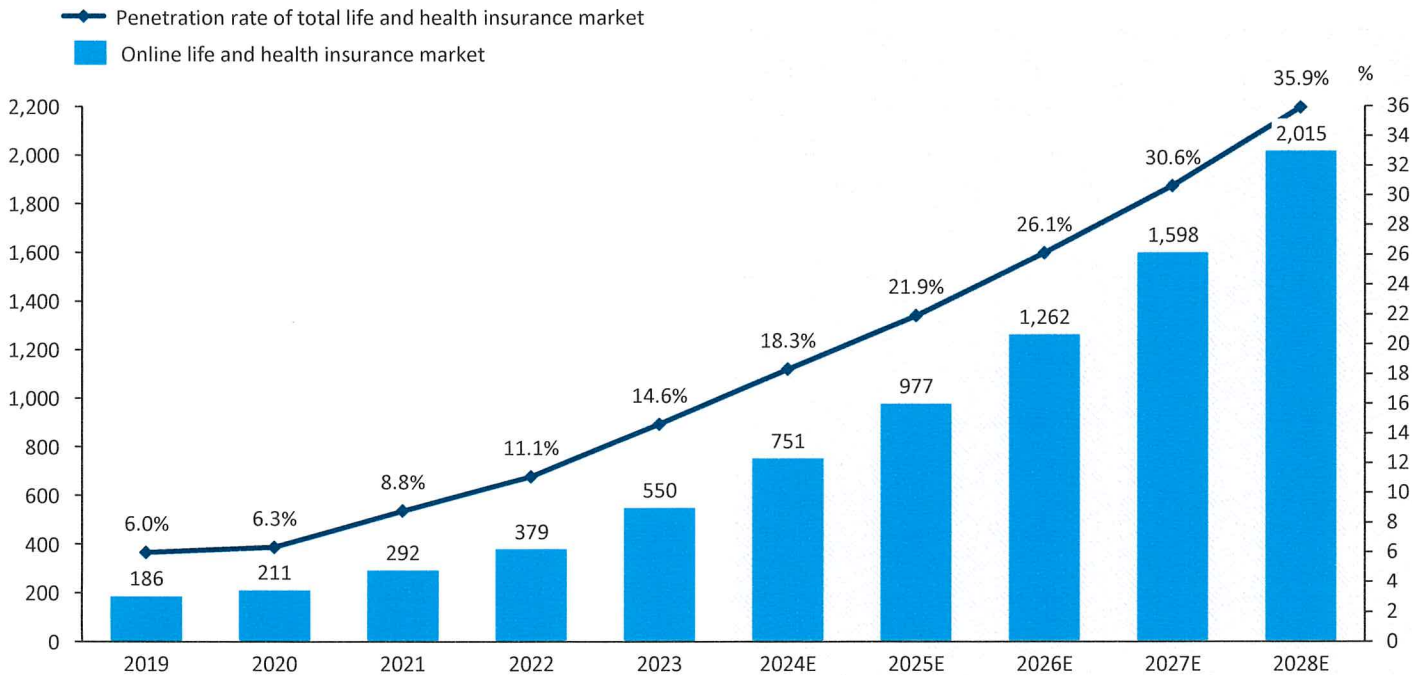
China's Life and Health Insurance Market

GWP of China's Online life and health insurance Market

GWP of China's online life and health insurance Market
RMB Billion, 2019-2028E

	CAGR	2019-2023	2024E-2028E
Total		31.1%	28.0%

Forecast

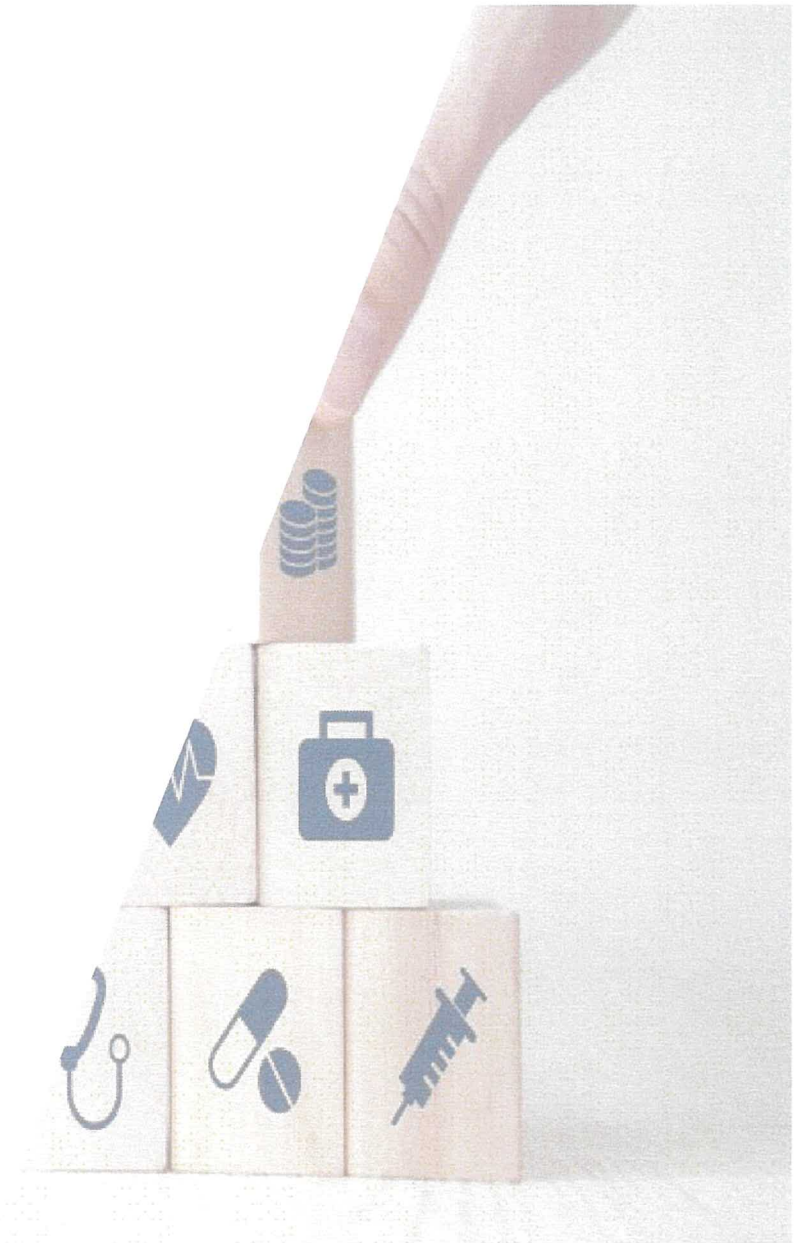


Key Takeaways

- In recent years, online distribution channels in China's life and health insurance market have gained significant traction in recent years, driven by the increasing adoption of digital platforms and the convenience they offer. There is an increasing trend of online insurance of China's life and health insurance market, increasing from RMB186 billion in 2019 to RMB550 billion in 2023 in terms of GWP, representing a CAGR of 31.1%. And its percentage as the total market has increased from 6.0% in 2019 to 14.6% in 2023.
- It is projected that China's online life and health insurance market size will reach RMB2,015 billion in 2028 from RMB750.8 billion, representing a CAGR of 28.0% from 2024 to 2028, and its percentage as the total market is expected to reach 35.9% in 2028.

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- 4 China's Digital Insurance Operation Management Market



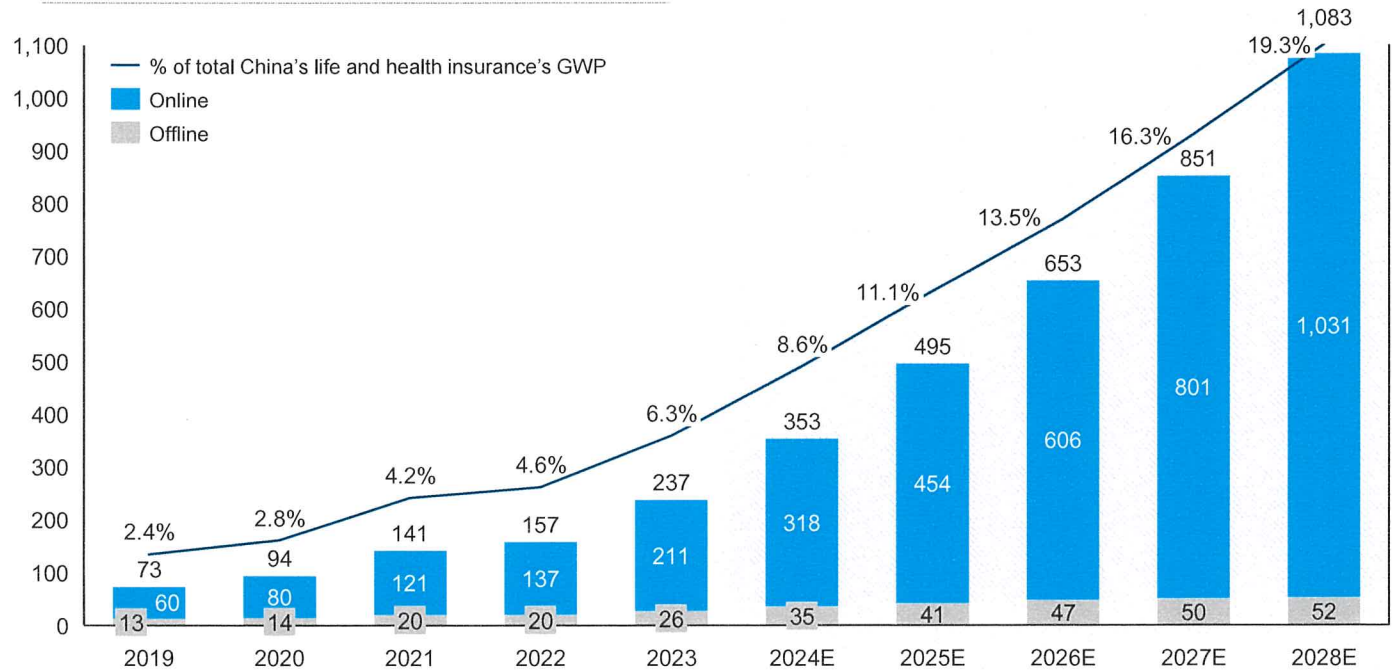
China's Life and Health Insurance Intermediary Market

GWP of China's life and health insurance Market Distributed By Intermediary

GWP of China's life and health insurance Market
Distributed By Intermediary
RMB Billion, 2019-2028E

	CAGR	2019-2023	2024E-2028E
Total		34.2%	32.3%
Online		36.9%	34.2%
Offline		18.9%	10.4%

Forecast



Key Takeaways

- The GWP of China's life and health insurance intermediaries market has reached RMB237 billion in 2023, representing a 34.2% CAGR growth from 2019. And its proportion of the entire market has increased from 2.4% in 2019 to 6.3% in 2023. Among which, the online intermediary channel have reached from RMB60 billion in 2019 to RMB211 billion in 2023, representing a CAGR of 36.9%. Online intermediaries accounted for 82.1% of the total GWP in China's life and health insurance intermediary market in 2019, which increased to 89.1% in 2023 and is expected to reach 95.2% in 2028.
- The intermediary channel has significant future development potential and is expected to distribute a GWP of RMB1,083 billion in China's life and health market in 2028, with a CAGR of 32.3% from 2024 to 2028. Among which, the online intermediary channel has significant future development potential and is expected to distribute a GWP of RMB1,031 billion in 2028, with CAGR of 34.2% from 2024 to 2028.

China’s Life and Health Insurance Intermediary Market

Competitive Landscape of Life and Health Insurance Intermediary

In 2023, the GWP of the life and health insurance intermediary market in China reached RMB237 billion. As of December 31, 2023, there were 2,592 insurance intermediaries in China and the company ranked eighth with a GWP of RMB6.8 billion, accounting for 2.9% of the market share. The following table sets forth the top ten market participants in terms of GWP in 2023.

Top 10 Players of Life and Health Insurance Intermediaries, by GWP (2023)			
Ranking	Market Player	GWP(RMB billion)	Market Share
1	Company A	89.0	37.5%
2	Company F	18.0	7.6%
3	Company C	16.6	7.0%
4	Company G	16.3	6.9%
5	Company H	10.6	4.5%
6	Company D	10.0	4.2%
7	Company I	8.8	3.7%
8	The Company	6.8	2.9%
9	Company B	5.8	2.4%
10	Company J	2.7	1.1%
	Top10	185	77.8%
	Total	237	100%

China's Life and Health Insurance Intermediary Market

Competitive Landscape of Life and Health Insurance Intermediary

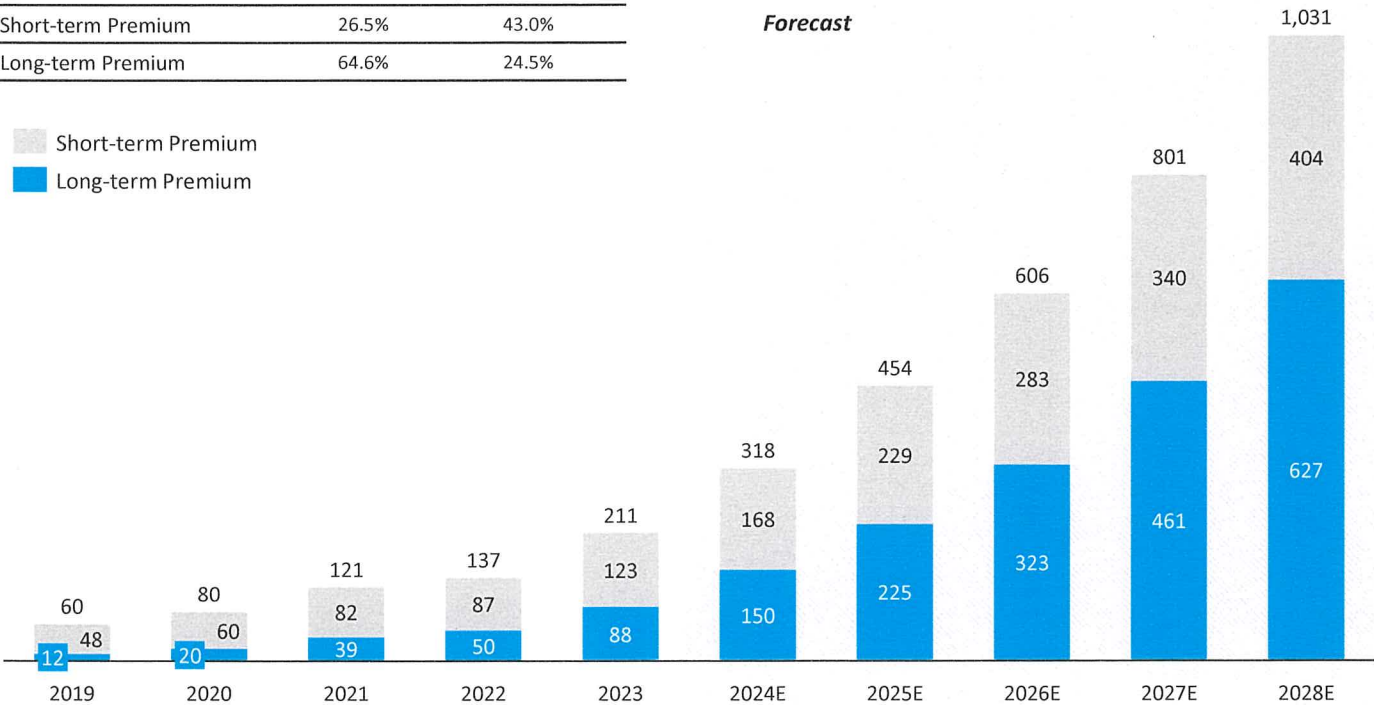
- Competitor A, founded in 2016 with a registered capital of RMB50.0 million, is a wholly-owned subsidiary of an open Internet platform committed to providing consumers with a safe and convenient Internet insurance experience.
- Competitor B, founded in 2006 with a registered capital of RMB244.8 million, offers a wide variety of insurance products with a focus on long-term life and health insurance products to the new generation of consumers in China. It was listed on the NASDAQ.
- Competitor C, founded in 2017 with a registered capital of RMB56.1 million, is a subsidiary insurance platform of an Internet technology company. It co-designs and markets affordable and innovative insurance products to the users of its social media program, drawing on InsurTech created from the parent company's distribution and data capabilities.
- Competitor D, founded in 2018 with a registered capital of RMB50.0 million, is dedicated to insurance and healthcare services through medical crowdfunding, insurance marketplace, and healthcare. It was listed on the NASDAQ.
- Competitor F, founded in 2019 with a registered capital of RMB47.0 million, leverages AI algorithms and data analytics to capture consumers' latent health insurance demand, and in the meantime guide insurance companies to design highly customized products accurately addressing consumers' demand.
- Competitor G, founded in 2004 with a registered capital of RMB76.80 million, introduces the concepts and services of agents into the Chinese life insurance market. It provides consumers with a comprehensive CRM system which integrates AI dialogue into its online platform to improve service quality.
- Competitor H, founded in 2005 with a registered capital of RMB556.0 million, is a subsidiary insurance platform of a financial service company. It focuses on providing long-term life insurance products, and provides a professional support system to empower their agents to grow more specialized and professional. Its parent company was listed on the NASDAQ.
- Competitor I, founded in 2008 with a registered capital of RMB144.0 million, provides consumers with a full range of insurance service, and it is committed to providing consumers with professional insurance consultation and solutions.
- Competitor J, founded in 2011 with a registered capital of RMB80.0 million, offers insurance services across the nation, alongside a range of retirement community resources tailored to meet the diverse needs of customers at various stages of retirement.

China's Life and Health Insurance Intermediary Market Market Size (Long/Short)

GWP of China's Online Life and Health Insurance Market,
Distributed by Intermediary
by Long/Short Term Insurance
RMB Billion, 2019-2028E

	CAGR	2019-2023	2024E-2028E
Total		36.9%	34.2%
Short-term Premium		26.5%	43.0%
Long-term Premium		64.6%	24.5%

Short-term Premium
Long-term Premium



Key Takeaways

- Insurance can be categorized into long-term insurance and short-term insurance according to the period of the policy. Long-term insurance refers to an insurance product with a policy term that is longer than one year. And the short-term insurance refers to an insurance product with a policy term that is less than or equal to one year. The distinguishing feature between the two is the duration and nature of the coverage, with long-term insurance addressing long-term protection needs and short-term insurance covering immediate risks and losses.
- For China's online life and health insurance distributed by intermediary, long-term insurance has increased from RMB12 billion in 2019 to RMB88 billion in 2023 in terms of GWP, representing a CAGR of 64.6%. And its proportion of the entire market has increased from 20.8% in 2019 to 41.7% in 2023. Short-term insurance has increased from RMB48 billion in 2019 to RMB123 billion in 2023 in terms of GWP, representing a CAGR of 26.5%.
- It is projected that the GWP of long-term and short-term insurance will reach RMB627 billion and RMB404 billion in 2028, respectively, representing a CAGR of 43.0% and 24.5% from 2024, respectively. And the proportion of long-term insurance is expected to reach 60.8% in 2028.

China's Life and Health Insurance Intermediary Market

Key Drivers of Online Life and Health Insurance Intermediary Market in China

The official guidance of the separation between insurance companies and intermediaries

The introduction of the official guidance has facilitated a more orderly operation in the market. In 2010, Opinions on Reforming and Improving the Management System of Insurance Agents(关于改革完善保险营销员管理体制的意见) was issued to encourage the separation of insurance companies and intermediaries in China. Further, CBIRC issued Measures on Internet Insurance Business in 2021, encouraged constantly innovating and improving the regulations of insurance intermediaries, which provided new development opportunities for various insurance intermediaries.

Closer alignments with clients' interests

The positioning of intermediary is closer to the interests of customers, aiming to solve the problem of information asymmetry between the product side and users. The intermediary can provide open shelves, and compare multiple products based on customer needs, and choose the best customized solution for customers. With a rich product shelf provided by multiple insurance companies, the intermediaries are not tied to the interests of a single insurance carrier or the online platform to which they are affiliated, and can seize protection needs through product combinations that meet customer needs. At the same time, the sales model of intermediary is transforming from a product-oriented model to a consulting-oriented model, which configures products and provides consulting services based on customer interests.

Client acquisition advantages

Intermediaries offer a diverse range of insurance products from multiple insurance companies for policyholders and the insured to choose from, allowing policyholders and the insured to find policies that align with their specific needs and preferences, including specialized coverage and higher coverage limits. By configuring insurance solutions for policyholders and the insured, they can establish long-term trust relationships and gain an in-depth understanding of family conditions and wealth management needs. In addition, intermediaries are good at using online resources and continuously expanding potential policyholders and the insured by cooperating with various online advertising channels.

China's Life and Health Insurance Intermediary Market

Development Trends of Online Life and Health Insurance Intermediary Market in China

Growing prominence of long-term insurance products

Compared to insurance intermediaries that offer short-term products, intermediaries selling long-term insurance products emphasize cultivating stable, long-term relationship with their clients. Since the customers have to pay long-term insurance products annually with higher insurance premium, long-term insurance products can contribute more stable and constant insurance premium for insurance intermediaries, hence, more insurance intermediaries are increasing the sale of long-term insurance products.

Leveraging digital insurance technologies to offer value-added services

Nowadays, the intermediaries are focusing on technological advancement, to provide value-added products and services to various parties by leveraging their technical capabilities. Specifically, for the product development stage, they can help the insurance companies develop personalized products, accrete risk assessment and pricing, and also provide other third-party insurance planforms with online insurance products and software systems. For the marketing and sales stage, it can be used in customer segmentation and tailored marketing, and prevent customer loss, and also provide personal insurance agents with digital tools.

Exploring cross-industry cooperation opportunities to provide comprehensive health management services

By exploring cross-industry corporation opportunities, such as the corporation with hospital, pharmacy and physical examination center, the intermediaries can provide customers with more comprehensive and customized insurance services, thus enhancing customer stickiness and satisfaction. For the insurance intermediary itself, the corporation can expand its business scope and enhance its differentiation competitiveness, furthermore, it can effectively control medical expenses and save premium costs and thus reduce claims.

China's Life and Health Insurance Intermediary Market

Development Trends of Online Life and Health Insurance Intermediary Market in China

Integration of Online and Offline

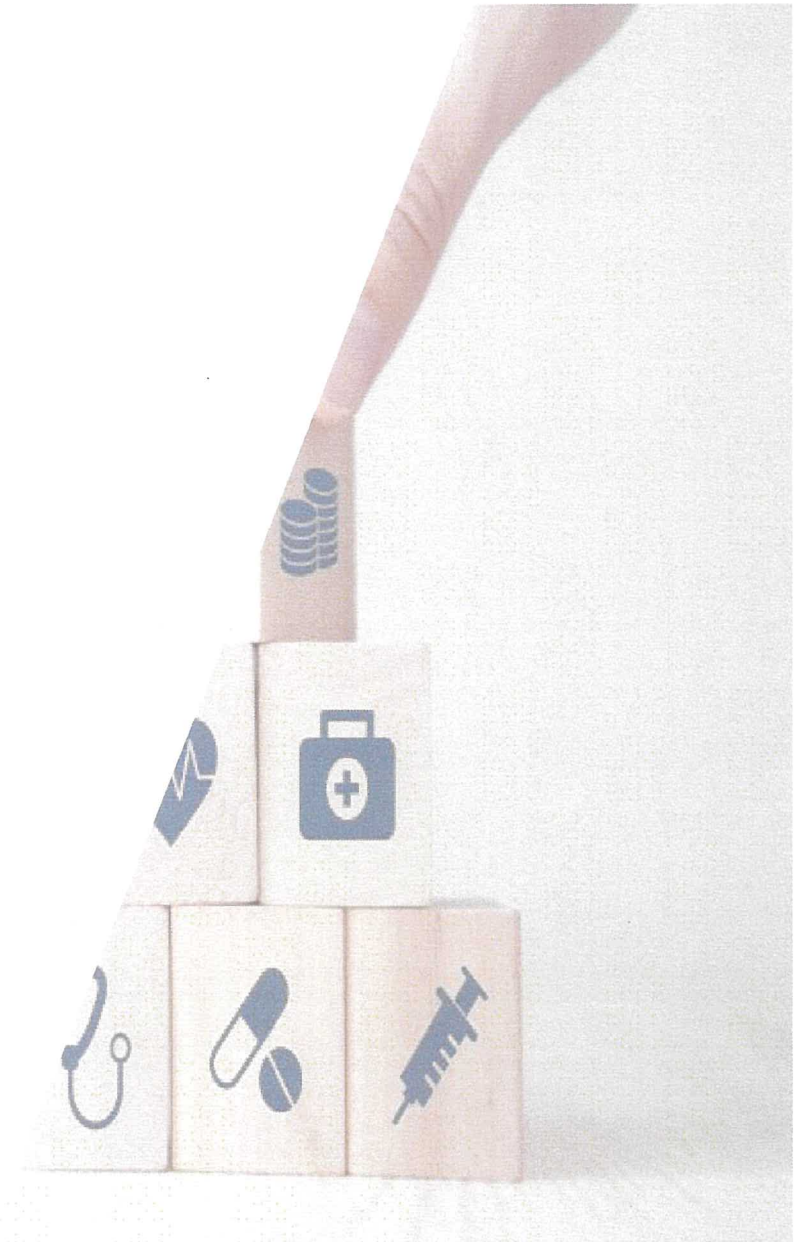
Selling insurance products online enables insurance intermediaries to provide insurance clients with a broader selection of choices and transparent pricing. Furthermore, online insurance intermediaries that also offer offline services can deliver face-to-face customer service and maintain strong relationships, facilitating continuous exploration of customer value. As a result, the integration of online and offline sales services is expected to become a major trend for insurance intermediaries to expand their market reach and opportunities.

Co-designing Products between Industry Leading Insurance Intermediaries and Insurance Companies

Along with the trend of “separation between the production and distribution of insurance products” in China, the cooperation model between the insurance intermediaries and the insurance companies are getting more mature. Compared with other insurance intermediaries, the industry leading insurance intermediaries have more diversified and stable customer acquisition channels, and they have accumulated sufficient industry know-how encompassing both product side and user side. Therefore, they have a better understanding on developing innovative products addressing customers' demands. Hence, the trend of co-designing insurance products between the two sides will be more intense in the future.

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Competitive Landscape of China’s Online Life and Health Insurance Intermediary Market

Definition and Classification of Intermediary

Definition



- Intermediaries act as the agent or broker between insurance companies and insurance customers, and can offer insurance quotes on different policies. Intermediaries select insurance products on costumers' behalf and can sell policies offered by different insurance companies in exchange for commissions.
- The intermediaries have long-term cooperation relationship with insurers, and has accumulated a large amount of customer base. Relying on the scale effect from insurers and customers, they also provide other digital insurance services, such as digital operation management service, to satisfy the operation management needs of insurance companies, such as insurance underwriting and risk control.

Classification



- Intermediaries can be categorized into Independent intermediaries and dependent intermediaries. Dependent intermediaries are defined as the intermediaries affiliated to a certain internet platform and rely on online traffic provided by such platform, and the independent intermediaries are defined as the intermediaries do not rely on the online traffic support from an online platform.

Independent Intermediary

Do not rely on the online traffic support from an online platform

Dependent Intermediary

Benefit from the online traffic support from an online platform to which they are affiliated

Competitive Landscape of China’s Online Life and Health Insurance Intermediary Market

Competitive Landscape – Online Long-term Life and Health Insurance

The competition of China’s long-term online life and health insurance intermediary market is highly intense, with the top 5 players accounted for 68.6% of the total market in terms of GWP in 2023. Among them, the company ranked No.2 in China’s long-term online life and health insurance intermediary market, with a market share of 7.3%.

FYP refers to the first year’s premium of a newly signed insurance contract, which reflects the scale and growth of an insurance company’s new business. Therefore, FYP is an indicator for the insurance intermediaries to measure the performance of their business, and there is no data available from official statistics for the market size in terms of FYP. The company ranked NO.8 in terms of FYP of life and health insurance in 2023, ranked No.6 in terms of FYP of online life and health insurance, and ranked No.2 in terms of FYP of online long-term life and health insurance in 2023.

Online Long-term Life and Health Insurance, by GWP (2023)					Online Long-term Life and Health Insurance, by FYP* (2023)		
Ranking	Market Player	GWP(RMB billion)	Market Share	Type	Ranking	Market Player	FYP(RMB billion)
1	Company A	40.0	45.5%	Dependent			
2	The company	6.5	7.3%	Independent	1	Company A	16.4
3	Company B	5.4	6.1%	Independent	2	The company	3.0
4	Company C	4.1	4.7%	Dependent	3	Company C	2.5
5	Company D	4.0	4.5%	Independent	4	Company D	2.2
	Top 5	40.8	68.6%				
	Total	88.0	100%		5	Company E	1.8

Note: FYP refers to the first year’s premium of a newly signed insurance contract. FYP can reflect the scale and growth of an insurance company’s new business, and is one of the important indicators for measuring the performance of an insurance intermediary.*

Competitive Landscape of China's Online Life and Health Insurance Intermediary Market

Entry Barrier

Sufficient Industry Know-how

The online life and health insurance intermediaries have to accumulate sufficient industry know-how encompassing both product side and user side. Lack of industry know-how can result in the misunderstanding of customer's preference. Furthermore, insufficient product know-how makes it challenging to satisfy customers' needs or innovate revolutionary products. This is crucial for competing with industry pioneers and securing market share in the long term.

Advancement in Technology

To maintain a long-term technology advancement is essential to online life and health insurance intermediaries. Technology such as AI, big data, cloud computing, and blockchain empowers online life and health insurance intermediaries in every operation stage from product development, marketing & sales, policy administration, claims management, and customer support. Therefore, online life and health insurance intermediaries have to keep the advantage of disruptive and innovative technology to maintain competitive advantages.

Adequate resource

The resource consists of capital, licenses and qualifications, relationships with insurance companies and talents. In order to offer customers with more insurance product choices, online life and health insurance intermediaries have to possess relevant licenses and qualifications and maintain a strong long-term partnership with insurance companies. They also require substantial capital investment in technology investment to ensure continuous innovation. In addition, online life and health insurance intermediaries have to hire professional and high-quality attorneys, actuaries, and other specialized technical experts to ensure stable daily operation.

Conforming to the requirements of Policies

China's insurance industry is a highly regulated industry. Government's policies guide and regulate the healthy development of the industry. Therefore, in this context, only by complying with the policy's direction and specifying the company's development strategy accordingly, can the online life and health insurance intermediaries occupy a larger market share in the future.

Competitive Landscape of China's Online Life and Health Insurance Intermediary Market

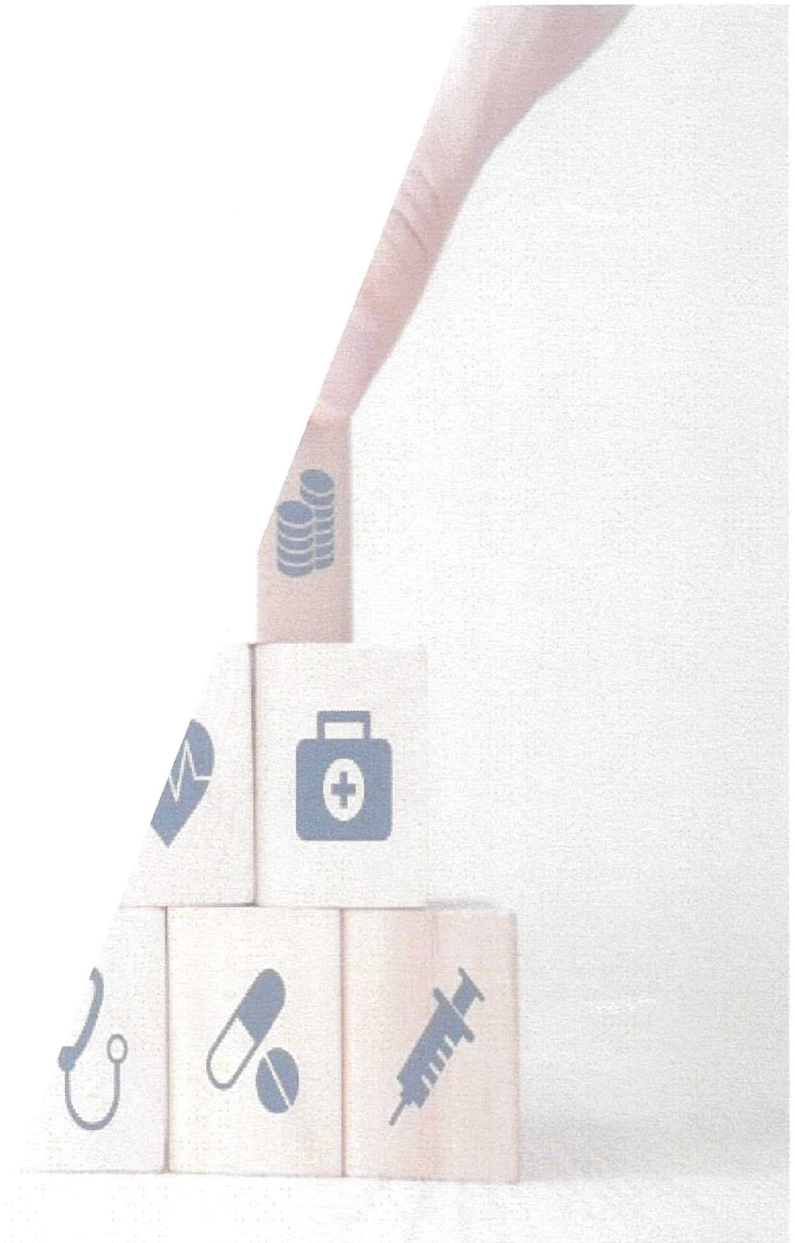
Threats and Challenges

Stringent regulation and administration environment

- Insurance regulatory authorities and other PRC Government Authorities have implemented more stringent regulation and administration measures, which may result in restrictions on business operation and expansion of industry participants. For instance, the Notice on Further Regulating Matters Concerning Internet Life and Health Insurance Business (《關於進一步規範保險機構互聯網人身保險業務有關事項的通知》) issued by the CBIRC on October 12, 2021 further standardizes the product scope of Internet personal insurance product and clarifies the responsibilities on insurance companies in the exclusive management of Internet personal insurance business, bringing negative effects on online insurance products, including a decrease in the first-year commission rates of online long-term life and health insurance products. Moreover, the NFRA issued the Notice on Matters Related to Regulating Bancassurance Channels of Life Insurance Companies (《關於規範人身保險公司銀行代理渠道業務有關事項的通知》) in January 2024, which aims to standardize the bancassurance business of life insurance companies and requires the life insurance companies to strictly adhere to the insurance terms and premium rates filed with the NFRA. The notice also emphasizes the importance of strong internal controls, regular expense analysis, and supervision by internal audit to ensure compliance and uphold financial discipline, thereby fostering the stable and healthy development of the industry. Notwithstanding that a similar policy has not been promulgated for any insurance channel other than bancassurance, the notice has prompted insurance companies to enhance their regulatory compliance requirements as a prudent measures, potentially forcing some insurance companies to exit the market due to their inability to meet the stricter regulatory standards.

Agenda

- 1 China's Life and Health Insurance Market
- 2 China's Life and Health Insurance Intermediary Market
- 3 Competitive Landscape of China's Online Life and Health Insurance Intermediary Market
- 4 China's Digital Insurance Operation Management Market**



Overview of China's Digital Insurance Operation Management Market

Definition and Classification of Digital Insurance Operation Management

Definition



- Digital insurance operation management refers to the use of technology and digital tools to streamline and optimize various operational processes within the insurance industry. It involves the integration of digital platforms, software solutions, and data analytics to enhance efficiency, customer experience, and overall business performance. Digitalization of operation management encompasses a wide range of activities, including but not limited to insurance underwriting, claim settlement and risk control. It leverages advanced technologies such as artificial intelligence, machine learning, big data analytics, and cloud computing to automate, digitize, and improve these processes.
- Furthermore, digital insurance operation management enables insurers to gain valuable insights from the vast amount of data generated throughout the insurance lifecycle. These insights can be utilized to make data-driven business decisions, develop innovative insurance products, identify market trends, and improve overall operational efficiency.

Classification



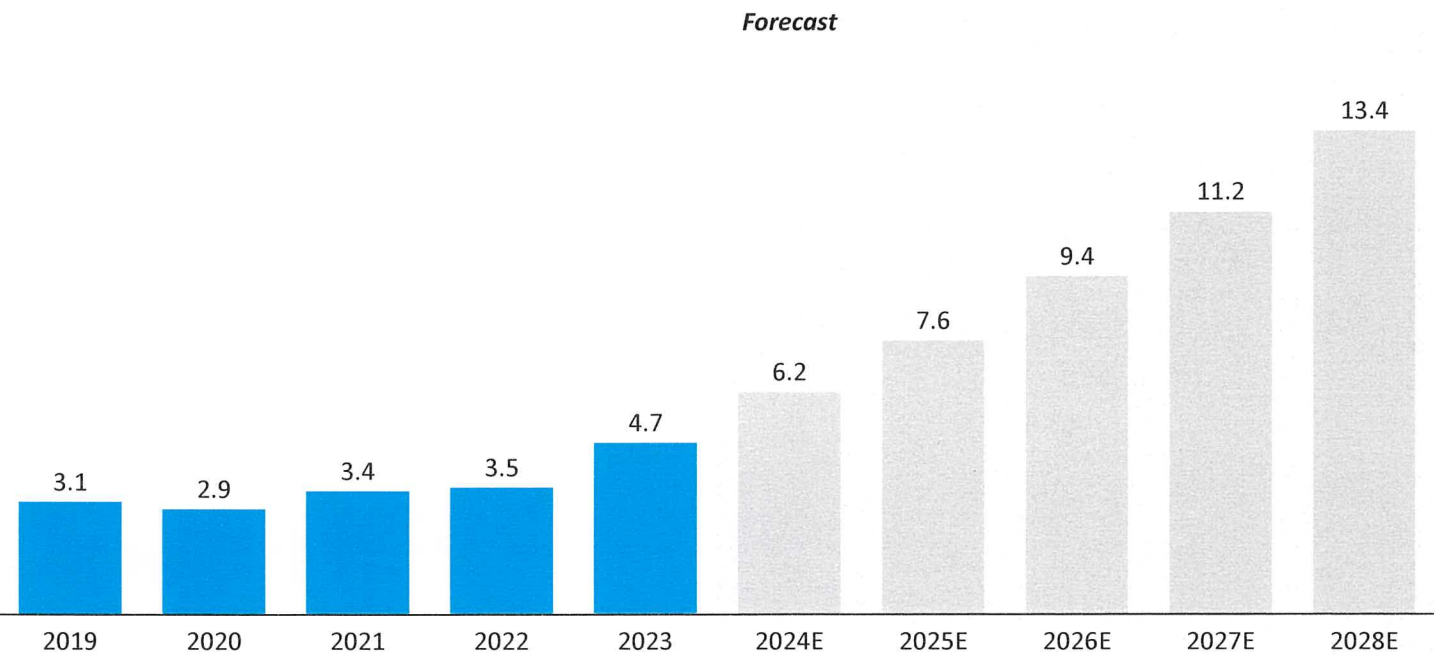
	Definition	Specific types
Digitalization of operation management	• Apply information technology and data analysis tools to optimize the internal operation and management processes of insurance companies to improve efficiency and service quality.	Insurance underwriting
		Claim settlement
		Risk control

Overview of China's Digital Insurance Operation Management Market

Market Size of China's Digital Insurance Operation Management Market

Market Size of China's digital insurance operation management
RMB Billion, 2019-2028E

CAGR	2019-2023	2024E-2028E
Total	11.2%	21.5%

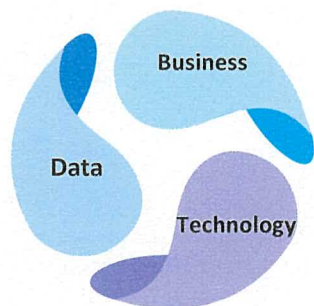


Key Takeaways

- The digital insurance operation management market grew from RMB3.1 billion in 2019 to RMB4.7 billion in 2023 with a CAGR of 11.2% during the period.
- It is expected that in the next few years, along with the rapid development of digital technology, insurance companies have more opportunities to improve and optimize their operation and management processes. As a result, China's digital insurance operation management market is projected to reach RMB13.4 billion by 2028, growing at a compound annual growth rate of 21.5% from 2024 to 2028.

Overview of China's Digital Insurance Operation Management Market

Future Trends of Digital Insurance Operation Management Market in China



Convergence of business, technology and data

- In the "Plan for Financial Technology 2022-2025", the People's bank of China proposes that financial institutions need to build an integrated operation platform that combines business, technology, and data, which means that in the future, the integration of business, technology, and data will become the core driving force for the digital transformation of the financial sector.
- In the insurance industry, the integration of these three elements does not mean piling up the technologies and data in the insurance business chain, but rather aiming to promote insurance product innovation, improve business models, and rejuvenate the market by selecting suitable technology types and integrating empowerment and innovative development. The technology needs to deeply understand the scenarios corresponding to the target products and complete targeted application model reforms, while insurance products and services should also adjust and innovate according to the technological characteristics. A successful integration of business, technology, and data will bring a strong business growth in the digital insurance operation management industry.



Refined and vertical development of insurance technology

- With the development of digital insurance operations in China, insurance technology will increasingly focus on vertical segmentation, providing customized and highly refined products and solutions for customers. Firstly, with advancements in technology and the availability of abundant data, insurance technology can better meet customers' personalized needs. By gaining deep insights into customers' risk preferences, lifestyles, and demands, insurance technology can offer more accurate products and solutions. Secondly, the development of vertical segmentation also provides more opportunities for insurance technology. Different target customers have distinct demands, thus requiring tailored insurance products and solutions.



Insurance digital service providers empower traditional insurance companies

- The development of digital services in the insurance industry is an overall trend for the future, but for most insurance companies and insurance intermediaries, the technology investment costs and R&D costs are extensive. Therefore, insurance digital service providers will offer lightweight services to insurance companies, for example, the Little Umbrella can provide mature software such as the AICS intelligent claim system and the PICUS system. This approach can meet the needs of a wider range of insurance companies and realize cost reduction and efficiency, while promoting the development of insurance digital services.

An aerial photograph of the Shanghai skyline, featuring the Shanghai Tower and the Shanghai World Financial Center. The image is used as a background for a presentation slide.

Thanks!

FROST & SULLIVAN