

Comparative analysis and future outlook of life insurance in Chinese mainland and Hong Kong, China

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Abstract: With the continuous development of China's insurance industry, the institutional facilities of China's life insurance industry are becoming more and more perfect, but there may still be shortcomings. Hong Kong, China is one of the world's financial centers, as one of the Four Asian Tigers, Hong Kong, China's economic development is high, at the same time, Hong Kong, China's insurance industry development is relatively complete, especially in the past ten years of life insurance development has been more rapid, for the development of life insurance in Chinese mainland has an important reference role. This paper mainly uses data from the insurance market and insurance companies, and uses data analysis, case analysis and comparative research methods to analyze the differences and mutual references between life insurance in Chinese mainland and Hong Kong, China, and predict and analyze the future development prospects of life insurance in Chinese mainland and Hong Kong, China.

1. Introduction

Insurance is a risk management tool in all financial products. Among them, it is life insurance that pays a certain amount of money to the insured person or his/her designated beneficiary when he dies or survives to a specific period. Not only can life insurance provide certain life risk protection to the guarantor, but also it can be used as a means of asset accumulation and inheritance. Life insurance plays a pivotal role in both the insurance industry in Chinese mainland and Hong Kong, China. Since the resumption of China's insurance industry in 1980, the development of the mainland's insurance industry has gone through 44 years. During this period, with the rise of Big data and Artificial Intelligence, Hong Kong, China's insurance industry has also innovated, which can also provide some reference for the development of the insurance industry in Chinese mainland. Especially after the COVID-19, the development path and development direction of life insurance in Chinese mainland and Hong Kong, China deserve further study.

2. Overview of the life insurance in Chinese mainland and Hong Kong, China

This article will make a comparative analysis of the insurance market situation and insurance products in Chinese mainland and Hong Kong, China respectively, and analyse the development prospects of life insurance in Chinese mainland and Hong Kong, China, and try to discover the

possible future development direction of life insurance in the post-epidemic era or the goal of combining life insurance in Chinese mainland and Hong Kong, China.

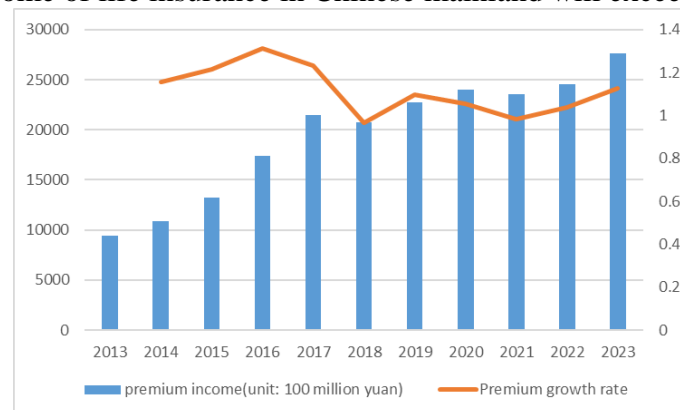
2.1. The analysis of life insurance market in Chinese mainland

2.1.1. The life insurance market scale and the growth trend in Chinese mainland

Since the resumption of the insurance industry in 1980, the insurance industry in Chinese mainland has developed rapidly, among which life insurance accounts for a large share and high proportion in the insurance market, and is one of the important and indispensable components of the insurance industry. After decades of development, Chinese mainland's life insurance premium income has also ranked among the top in the world.[1]

China's population base is really large. With the gradual improvement of people's living standards, income levels and insurance awareness, more and more consumers choose to buy a life insurance for themselves or their family members and relatives. In the past 10 years, the development scale of Chinese mainland's life insurance market has expanded year by year, and the premium income has increased year by year. Especially before 2016, the premium income of life insurance has grown rapidly, and it has maintained a state of booming growth for many years, with the growth rate basically at 1.2 and above. After 2017, the growth rate has declined and slowed down, but it still shows an increasing trend year by year. Detailed data are presented in the Figure 1.

According to optimistic estimates, the market size of life insurance in Chinese mainland is expected to continue to expand in the next five years, and it is predicted that between 2026 and 2027, the premium income of life insurance in Chinese mainland will exceed the 3 trillion yuan.



Source: Chinese National Bureau of Statistics

Figure 1: Premium income and growth rate of life insurance in Chinese mainland.

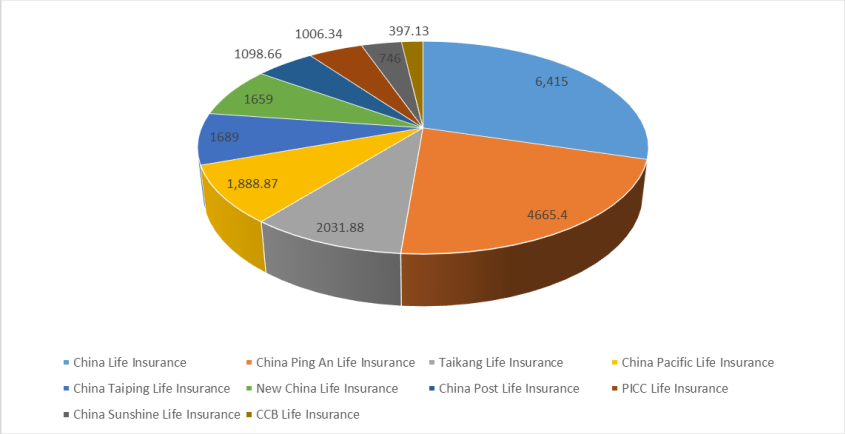
2.1.2. Main participants and competition landscape of life insurance market in Chinese mainland

The main participants in the insurance market in Chinese mainland include state-owned insurance groups, private insurance companies and foreign insurance companies. [2]

Among them, China Life Insurance (Group) Company has the largest share, accounting for nearly 30% of the life insurance market share, followed by Ping An Insurance (Group) Company of China, Ltd., which accounts for 21.60%. Taikang Life Insurance and China Pacific Life Insurance, which account for 9.41% and 8.57% respectively. The detailed data are presented in the Figure 2.

It can be concluded that the main participants in the life insurance market in Chinese mainland present an oligopolistic competition pattern. However, in recent years, the life insurance market has shown a new development trend and also presented new characteristics of diversification,

differentiation and internationalization. This is also the new development success of the life insurance market in Chinese mainland. Only by breaking the monopoly pattern can the insurance industry burst into new vitality. In the future, the life insurance industry in Chinese mainland will show a trend of diversified development, and all participants will be able to find their own development path and direction, and embark on a distinctive sustainable development path.



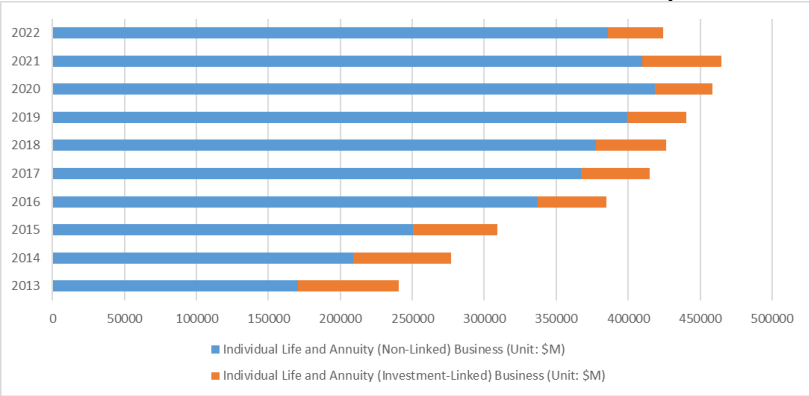
Source: China Banking and Insurance Regulatory Commission (CBIRC)

Figure 2: Premium income of Chinese 10-top life insurance companies in Chinese mainland.

2.2. The analysis of life insurance market in Hong Kong, China

2.2.1. The life insurance market scale and the growth trend in Hong Kong, China

Historically, Hong Kong, China's financial market was opened much earlier than Chinese mainland. Many Western investors entered the insurance industry in Hong Kong, China early on and invested capital to establish companies. Under the leadership of the advanced concepts of foreign-funded enterprises, Hong Kong, China's life insurance market has developed rapidly in the past decade and has now reached a certain scale. The detailed data are presented in the Figure 3.



Source: Insurance Authority (IA)

Figure 3: Premium income of investment-linked or non-investment-linked business of individual life and annuity in Hong Kong, China from 2013 to 2022.

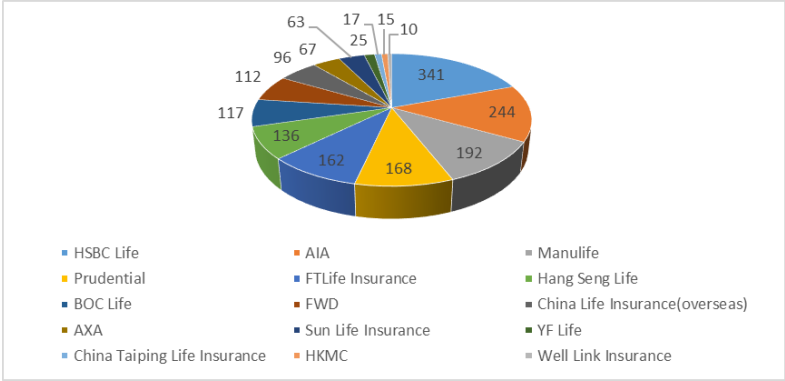
From 2013 to 2020, Hong Kong, China's personal life insurance industry has developed rapidly, with premium income increasing year by year, and the growth rate basically maintained at around 1.07. Affected by the macroeconomic impact of the COVID-19 pandemic, Hong Kong, China's personal life insurance premium income declined from 2021 to 2022, and the growth rate also declined. Due to the impact of the epidemic, the statistics of Hong Kong, China's personal long-

term life insurance in 2023 have not yet been announced. According to the provisional figures forecast released by the Hong Kong, China Insurance Authority in 2024, Hong Kong, China's life insurance industry will pick up and will make new breakthroughs this year.

2.2.2. Main participants and competition landscape of life insurance market in in Hong Kong, China

Hong Kong, China is one of the world's financial centres, and the major players in its insurance industry are not only local insurance companies, but also many foreign enterprises that continue to develop new businesses in Hong Kong, China.

According to the total premium income of Hong Kong, China life insurance companies, the most significant participants in Hong Kong, China are the following 15 companies in the Figure 4.



Source: Insurance Authority (IA)

Figure 4: Premium income of life insurance companies in Hong Kong, China.

3. Comparison of life insurance products in Chinese mainland and Hong Kong, China

3.1. Case Study on Life Insurance Product Innovation in Chinese Mainland

The life insurance industry in Chinese mainland has been constantly executing product innovation and technological progress. [3]

First, Ping An Health, formerly known as Ping An Good Doctor, is an Internet medical platform under Ping An Group of China, which integrates online and offline medical resources through the platform system to provide online medical consultation, appointment registration, remote diagnosis and treatment and other services for customers in need.

Second, Ping An home care services. With the continuous development and improvement of the digital industry, Ping An has participated in a new track in the research and development of life insurance products, namely the home care track, to open up a new track of "health management + high-end health care + home care for the elderly".

Third, China Life hybrid cloud is based on the cloud computing concept of Chinese life planning and realization of a complete "big back office + small front end" IT layout, greatly improving data security and computing capabilities, effectively reducing operating costs and production energy consumption, and providing strong computing power support for digital platforms.

Through the above three case analysis, it is not difficult to conclude that the development and innovation of insurance products in Chinese mainland are mainly combined with the digitalization of enterprises, actively embrace the era of big data and artificial intelligence, keep up with the new wave of development of the times, and transfer traditional offline life insurance products and services to online, which is in line with the development trend and development direction of the

current era.[4]

3.2. Case Study on Life Insurance Product Innovation in Hong Kong, China

Hong Kong, China's life insurance products have always been at the forefront of the world, and its digital and online innovation and development began earlier than Chinese mainland.

For instance, Bowtie, Hong Kong, China's first virtual insurer, was established in 2018 under the authority of the Insurance Authority of Hong Kong, China, becoming the first virtual insurer in Hong Kong, China, providing Hong Kong, China people with an all-digital insurance experience through innovative technology and medical expertise.

By logging in to the official website of Bowtie, users can independently complete the insurance product viewing and choose insurance independently. If they have doubts about the details of the insurance product and insurance options, they can also obtain the required information through the Bowtie Life's beginner's guide and customer service consultation. The insurance business is carried out online, without involving offline business, and customers can complete a guaranteed insurance business at home without leaving home.

4. Conclusion and future outlook

Due to the different timing of the opening of the financial markets of the two places, the development of the insurance industry in Chinese mainland will lag slightly behind that of Hong Kong, China, and the degree of internationalization is not as high as that of Hong Kong, China, but with the advent of the information and digital era, the development of the insurance industry in Chinese mainland will gradually become innovative, and the two places can cooperate with each other and learn from each other's innovations in all aspects of life insurance. [5]

Both the Chinese mainland and Hong Kong, China life insurance markets will face great development opportunities in the future. The Chinese mainland market will continue to benefit from the continuous economic growth and the expanding demand of the insurance market in China, resulting in an increase in life insurance business, while the Hong Kong, China market can continue to give full play to its status and advantages as an international financial centre, strengthen international business cooperation and service innovation, and promote the healthy and long-term development of the life insurance market.

Acknowledgements

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