

Viewing the Development of China's Insurance Industry from the Perspective of Historical Dialectics

Peng Yang¹, Haiping Yu^{2,*}

¹School of Finance, Shanxi University of Finance and Economics

²Faculty of Business Administration, Shanxi University of Finance and Economics

1577712714@qq.com

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Abstract: In the past ten years, China's insurance industry has made remarkable achievements, but compared with developed countries such as the United States, there is still a big gap. The Chinese insurance industry still has significant room for development. While developing continuously, the insurance industry should face up to the challenges encountered and continue to unswervingly adjust the internal structure of the industry and improve the sustainable development of the industry. With the diversified development of China's economy and the surge in demand for insurance products, the operation and development of the insurance industry have become an indispensable and essential part of the stability of China's financial industry. Only the further development of the insurance industry will enable China's social management and stable economic growth functions to be fully utilized. This article takes the development of China's insurance industry as the foothold, views the development of China's insurance industry from the perspective of historical dialectics, and makes in-depth analysis on how to continue to develop China's insurance industry, and has new insights and ideas for the further development of China's insurance market. It is of considerable significance to the development of China's insurance industry.

1. Introduction

Throughout the decades of ups and downs in China's insurance industry, its development has a significant period in history: from 1949 to 1991, the entire industry has gone from being a waste to establishing a People's Insurance Company of China and then calling for insurance. After the operation, and finally restarted, the industry was slow and inefficient. In 1992, the introduction of the insurance agent system, this kind of industry behavior, is of considerable significance to the development of China's insurance industry and the expansion of insurance premiums. It has made an epoch-making impact on the further expansion of China's insurance channels. In 2000, the bancassurance channel was launched, and at the same time, investment-linked insurance, dividend insurance, universal insurance, and other wealth management products came into being, promoting the rapid growth of the entire industry. Then in 2013, in 2015, the implementation of the new insurance product fee reform policy was based on the establishment of the supervision system under the "China's second-generation solvency supervision system construction plan", and the insurance market's premium income once again reached a peak.

The focus of this paper is: (1) Divide history into several distinct stages, from the perspective of development, how China has changed from an insurance-weak country to the first insurance power in Asia; (2) From historical lessons Get the law of development, dialectic China's future development; (3) give advice on how to continue to develop better.

2. Literature review

Nie Ying (2018) took the opportunity of China's 40th anniversary of reform and opening up and reviewed the development of China's insurance industry through reform and opening up. After the

reform and opening-up, China's insurance industry has entered a new era, continually innovating and improving insurance, and gradually improving its competitiveness. Zou Yin (2012) conducted a comprehensive analysis of the Chinese insurance agent system, affirmed the historical significance of the development of the insurance agent system in China, and also highlighted the impact of the agent system on the insurance industry. However, the problems in its development have become more and more serious, and it has become an inevitable hidden danger. Wang Bo (2019) takes China's insurance density and insurance depth as the starting point and considers the strategic division of the insurance market from the Chinese premium growth model. In order to promote the growth of premium income, it is necessary to adjust according to the actual market when formulating the insurance market. To expand the insurance density, we must fully consider the regional economic development. Peng Yuanhan and Huang Ruihua (2019) elaborated the inevitability of insurance supervision based on the nature of the liability of insurance assets, and the role of insurance supervision will play an intuitive role in the entire insurance system and will become an essential factor for the stable development of the insurance industry. Cheng Hao (2001) gave a detailed explanation of the causes and effects of moral insurance hazard, and also made his views on how to deal with moral hazard.

3. Looking at the twists and turns of development from a historical perspective

For decades, the rapid development of China's insurance industry has its essence, which is closely related to policy support, insurance channel expansion, and insurance product innovation.

Establishment and Shutdown Phases

Between 1949 and 1980, this period was the establishment and suspension of the insurance industry. The People's Insurance Company of China was the first insurance company in China and was officially established in 1949. However, due to some left-leaning ideas, the insurance industry suffered severe trauma and stopped the operation of the insurance industry. During this time, the Chinese insurance industry was at a stage of exploration and laid a permanent foundation for the future development of the insurance industry.

Freshmen and budding stages

During the period from 1980 to 1985, with the approval of the State Council, the regular operation of the insurance industry was resumed. In the following period from 1985 to 1992, Chinese insurance companies were continuously established and supported by the state. Xinjiang Production and Construction Corps Agriculture and Animal Husbandry Insurance companies, China Pacific Insurance Company and China Life Insurance Company have been established and gradually occupied the market, but at this time China's insurance market is still in an immature market and needs to continue to improve.

(3) Continuous development and maturity stage

In the process of groping for decades, China's insurance industry, with the strong support of the state, under the circumstance of the insurance agent system's continuous expansion of insurance to benefit the masses, and the continuous introduction of new insurance types in the insurance industry, Since 1998, large and small insurance companies have gradually established, and franchised insurance companies have gradually moved to the whole country. So far, six insurance companies in China have successfully listed, and they have 85 life insurance companies and 84 wealth. Insurance company. Moreover, in terms of the Fortune 500 companies in the world, China Life Insurance, China Life Insurance, Ping an Insurance, Taikang Life Insurance, Xinhua Insurance, Taiping Life Insurance, etc. are among the best, which reflects the Chinese insurance industry. Growing and maturing it also provides an adequate insurance supply for the Chinese insurance market.

As far as the above three stages are concerned, the Chinese insurance industry has experienced several periods of germination, suspension, new life, growth, and maturity. In these periods, it is inseparable from the policy support and the insurance companies themselves. Hard work, only the combination of the two, has prompted the Chinese insurance industry to achieve today's achievements, but also provide a sufficient insurance supply for the growing insurance demand of

Chinese people. From the historical point of view, the development of China's insurance industry is not only an affirmation of the development of China's insurance industry but also a tribute to China's reform and opening up to the opening of the insurance market. It is precise because of the continuous advancement of reform and opening up that the insurance market has further the space for development. It can be said with certainty that the essence of insurance is the social distribution relationship of mutual assistance and mutual assistance. However, under the premise of this social distribution relationship, if there is no reform and opening up and there is no guidance for socialism with Chinese characteristics, then there will be no present the size of the enterprise will not meet the needs of China's insurance market.

4. Looking at the bottleneck of the development of China's insurance industry from the status quo

(1) Limitations of the Insurance Agent System In 2000, the life insurance coverage of China's insurance industry was only 0.86%, which is far from the average life insurance depth in the world. The life insurance depth of the developed countries such as the United States is almost 5-6 times in China. If we do not use some necessary insurance sales channels such as human tactics and bancassurance channels, under such an industrial economic environment, it is impossible to make Chinese insurance companies bigger and stronger.

From an objective point of view, only when insurance channels continue to expand, insurance products continue to innovate, and policies are favorable, China's insurance industry can only lie between the contradiction between the people's growing demand for protection and the extremely scarce insurance supply. Seek a breakthrough. However, as far as insurance agents are concerned, 70% of the high acceptance rate also has a high drop-off rate of 50%. At the same time, the "high commission, low threshold" insurance agent's sea tactics bring insurance dividends, but also lead to the insurance industry. Excessively relying on the agent system, the number of business personnel engaged in insurance sales has now exceeded 8 million. With so many insurance agents, the quality is inevitably different. The agents who underwrite their authority when underwriting and the measures that are underwritten for underwriting have a particular impact on the reputation of the Chinese insurance industry.

(2) The marginal pull-up effect of the three major development factors is weakened

Policy support, the expansion of insurance channels, and the innovation of insurance products are the three major development factors for China's insurance industry. It has made China's insurance industry develop rapidly. For now, the Bank's Insurance Regulatory Commission announced on March 17 that the data is 2018. In the year, the insurance industry realized a premium income of 3.8 trillion yuan and a disbursement of 1.23 trillion yuan, a year-on-year increase of 3.9% and 10% respectively. The China Insurance Regulatory Commission said that the insurance function in insurance compensation has been fully developed and its role as a social stabilizer has been significantly demonstrated. In 2018, the insurance industry provided risk protection to the whole society of 6,897 trillion yuan, a year-on-year increase of 66%. As of the end of 2018, the total assets of the insurance industry was 18.3 trillion yuan, an increase of 9.5% from the beginning of 2018. However, as far as the data of 2018 is concerned, it can be appreciated that policy support, the expansion of insurance channels, and the innovation of insurance products, the stimulating effect of the development factors of these three insurance industries on premiums is weakening margin.

(3) Reforming the insurance market and doing a good job of supervision

From 2018 to 2019, under the supervision system of "second-generation," the regulatory standards of the insurance industry have changed significantly. The recent "Ampang Insurance was custody" and "Huahai Property Insurance suffered the biggest from the China Insurance Regulatory Commission." Tickets and other insurance regulatory agencies that are subject to irregularities by sales and are subject to irregularities by the regulatory authorities. The direction of supervision is no longer to encourage the industry to become bigger and stronger but to transform the industry into doing well so that the Chinese insurance industry has a benign and sustainable development.

The development of China's insurance industry has gradually turned to benign development and gradually began to enhance the normative nature of the insurance market, the maturity of insurance companies, strengthen the protection of the interests of policyholders and insureds, and stabilize the development and growth of China's insurance industry system. Under the financial supervision system of "one committee, one line, two meetings," China is making unremitting efforts toward the goal of an insurance power with socialism with Chinese characteristics.

Looking at the development of China's insurance industry from the perspective of historical dialectics, insurance services are not only short-term but also long-term. The industry itself is an insurance accident that will occur in the future rather than the current insurance profits. There is no conflict between the insurance company and the insured. On the contrary, they serve each other. Only when the two sides develop in harmony can we maximize profits. In dialectics, everything is spiraling up, and the insurance industry is no exception. Only by taking a temporary bottleneck can we make progress in the future.

5. Targeted analysis of the future development of China's insurance industry

In the face of how to further develop China's insurance industry in the future, this requires a more stable insurance market, a more standardized insurance system, more efficient insurance products, and services, and a more comprehensive insurance supervision system. The insurance market is developed in the following four ways:

(1) Market-oriented, based on the actual needs of the insurance market and the people's real living standards, further expand the marketing space;

(2) Using competition as a means to improve the economic strength of insurance companies through continuous competition, and strive for survival and development in fierce competition;

(3) Focusing on economic benefits, continuously improve the industry's leading edge in the insurance market, highlight the industry development strategy, and expand the insurance company's economic benefits;

(4) Standardize the industry order, strengthen the supervision of the insurance industry in the process of development, so that the insurance industry can develop healthily.

(1) Market-oriented to meet the growing insurance needs of the people

China's insurance demand is growing. According to the statistics of the National Bureau of Statistics and the former Insurance Regulatory Commission, China's national premium income reached 3.66 trillion in 2017, and the premium growth rate was 18%. Under the strong supervision of the former Insurance Regulatory Commission, 2017 is not the best year for premium development, but it is still far above the growth rate of 6.9% of GDP in 2017, achieving stable development of the insurance industry. China's national insurance depth is 4.42%, an increase of 0.26 percentage points compared with 2016 (see Figure 1). At the same time, China's national insurance density is 2,646 yuan, an increase of 407 yuan compared with 2016 (see Figure 2). This is a major developmental achievement. It also shows that China's insurance market still has great potential, and China's insurance demand has not yet reached satisfaction. Only following the guidance of the insurance market, according to the needs of policyholders to develop insurance, China's insurance market can be further expanded to meet the insurance needs of the Chinese people, promote the economic growth of insurance companies, and truly become the driving force of China's economic growth.

Depth of insurance (%)

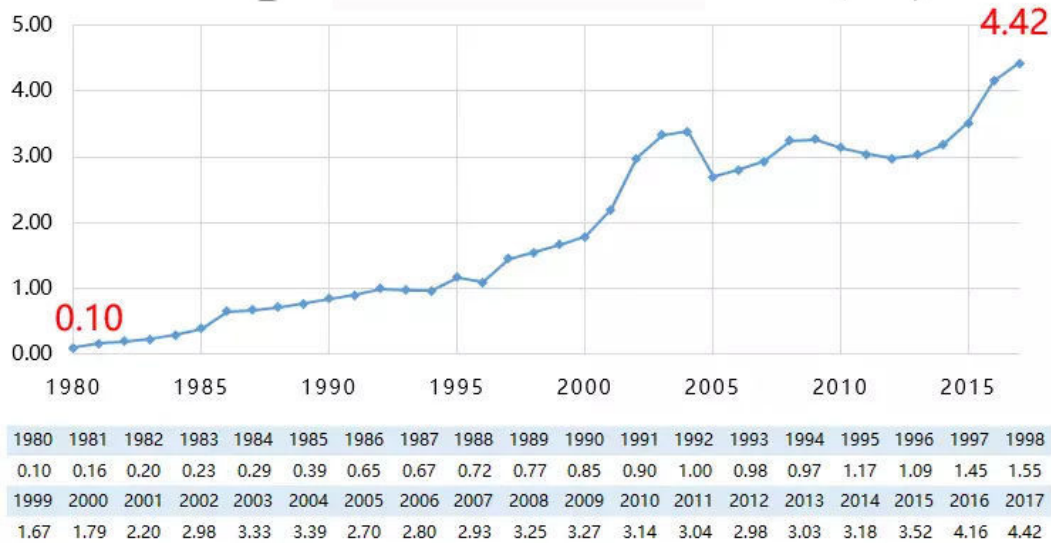


Figure. 1 China Insurance Deep Development Trend

Insurance Density (RMB)

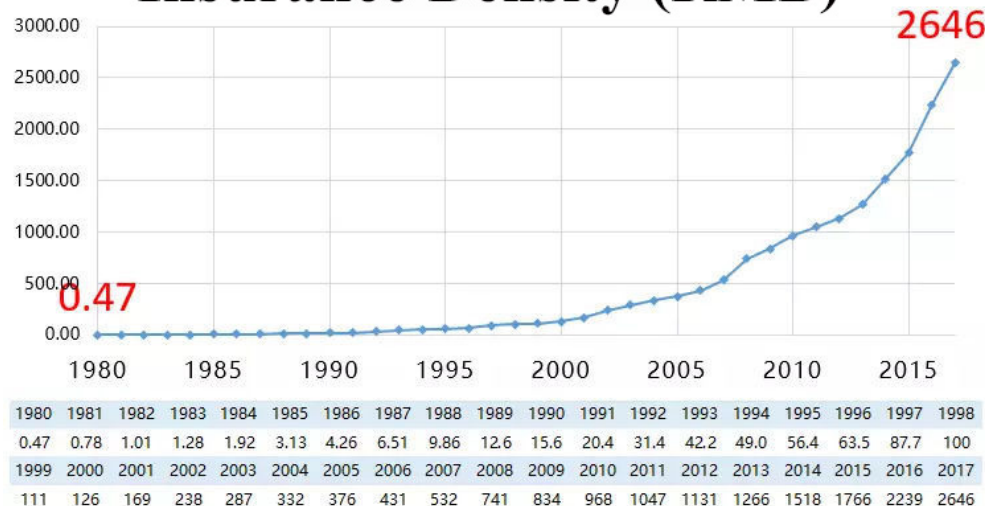


Figure. 2 China's insurance density development trend

(2) Using competition as a means to survive in competition

Faced with such a huge insurance market in China, not only does China have a large number of insurance companies seeking to expand its business further, but also many foreign capitals have turned their eyes to China's insurance market. Since the reform and opening-up, China's insurance market has been further released, and insurance has gradually enriched, from ordinary life insurance to new type of investment-linked insurance and dividend insurance, from basic household property loss insurance to online shopping. Freight insurance, broken screen insurance, etc. China's insurance covers all aspects of people's lives. Each insurance company has its advantages and disadvantages. In such fierce competition, only the positioning of insurance companies can be positioned, and the advantage projects can be made to fill the gaps. In order to stand firm in the insurance market, we can continue to improve our position in the insurance industry in China and remain invincible.

(3) Focusing on economic benefits and continuously improving the economic construction of enterprises

Insurance products are non-instant financial products. It is not a commodity in a broad sense. It is time-sensitive and is a service that can be provided in the future. This makes insurance products have

a great marketing process. The difficulty, how to sell it, how to improve the economic efficiency of insurance companies, which determines the basic operational capabilities of the insurance industry. In the face of how to improve the economic benefits of insurance companies, there are the following:

1) Optimize the internal management structure of insurance companies and enhance the operational efficiency of insurance companies. In the operation of insurance companies, the decision-making arrangements of the insurance company's management directly affect the development of insurance companies and thus have a certain effect on the development of the insurance market. Only by improving the operational efficiency of insurance companies, the insurance companies can start from the management. The economic benefits are the highest.

2) Improve the professional level of marketing personnel of insurance companies and conduct marketing training from time to time. Under the continuous development of the economic needs of the insurance market, it is not the management personnel who directly communicate with the policyholders, but the insurance marketing personnel. Only by improving the quality of the insurance marketing personnel, the professional level of the insurance marketing personnel is optimized, so that the insured can be made. Willingness to buy insurance will strengthen the credibility of insurance companies and provide a basis for subsequent insurance services.

3) Improve the investment level and further expand the economic benefits of insurance companies without affecting the safety and liquidity of funds. The essence of an insurance fund is to collect the premiums of units or individuals with many homogenous risks and establish a liability reserve to settle the economic losses for an entity or individuals in the event of an insurance accident. Economic life. Among the insurance funds that insurance companies gather, only by improving the fund's investment and operation level can they have more economic benefits for insurance companies and have more strength to cover more insurance events.

4) Strictly review the risk level of the subject matter of insurance and reduce moral hazard and adverse selection. In the process of underwriting, only serious underwriting can avoid unnecessary economic losses. The choice of insurance subject must meet the requirements of insurable risk, must be a real risk, and have a large number of dangerous homogeneous units to be covered. This will make the economic benefits of insurance companies not be lost by malicious and intentional insurance accidents, and further improve the economic benefits of insurance companies.

5) Controlling the order of the insurance industry with insurance supervision as the control

The insurance industry is still in a stage of development. Many unregulated industry behaviors are still full of the insurance market. Due to the particularity of the insurance industry, it is necessary to adopt insurance supervision to establish and form a reasonable insurance market structure. Moreover, the premium income of insurance companies is obviously indebted. The insurance fund established by collecting premiums is the commonwealth of all insureds. Once the insurance company fails to operate or loses, it will make the interests of the majority of the insured extremely affected. Great damage. Also, the insurance company's underwriting object involves all sectors of society, all levels, insurance companies' operations, if there is a problem, the impact is huge, so the supervision of the insurance industry should be strengthened.

6. Conclusion

Looking at China's current development from the perspective of historical dialectics, the current bottleneck period is only a relative slowdown in the past. It is not the stagnation of industry development. The development of China's insurance industry is still going on, and the growth rate of premium income is much higher. The growth rate of GDP growth is developing rapidly, and the scale of premium income continues to expand. However, in this continuous development, it also has its shortcomings. The China Banking Regulatory Commission is also actively promoting the reform of the financial supply side. The Banking Regulatory Commission will also vigorously adjust the industrial structure and broaden the investment scope of insurance funds and bank wealth management products for the capital market. Moreover, the development of the bond market provides a long-term stable source of funding.

China has a high potential demand for insurance. The Chinese insurance market is still the most promising. Only by innovating and enriching the insurance product system can we meet diversified financial needs. Insurance institutions can improve the timeliness, convenience, and availability of insurance services through service process innovation and business model innovation, and improve the timeliness, convenience, and availability of insurance services. With multiple measures, the difficulties, pain points and blocking problems in insurance services can be solved. This will enable China's insurance industry to develop faster, better and more comprehensively.

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