



中国人寿保险股份有限公司
China Life Insurance Company Limited

**Brief Introduction of Rural Small Life
Insurance Products and Marketing
Channels**

Nov. 10th, 2010

Main Contents

- Development Stages and Main Products of Rural Small Insurance of China Life Insurance**
- Distribution Channels of Rural Small Insurance of China Life Insurance**
- Further Innovation and Development Thinking of Small Insurance of China Life Insurance**



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

The development of rural small insurance of China Life Insurance is mainly divided into two stages:

**Stage of Spontaneous Promotion
(1982–2007)**

**Stage of Independent Innovation (2008–
now)**



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

Stage of Spontaneous Promotion

In 1982, life insurance services in China are comprehensively recovered.

In 1983, China Life Insurance began to promote simple life insurance in market. The product was originally sold to all the people, while later it developed into the product for the rural people with lower income.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance



- **The simple life insurance has some characteristics of small insurance products:**

Firstly, from the aspect of insurance coverage, the simple life insurance can cover organizations and individuals in order to meet the extensive needs of the rural area;

Secondly, from the aspect of expense, the earlier simple life insurance can only be paid monthly and every insurance is charged 1 Yuan. Later, annual charge is also calculated on the basis of 1 Yuan per month which is a small amount.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance



Stage of Spontaneous Promotion

- **The simple life insurance has some characteristics of small insurance products:**

Finally, from the aspect of insured liability, the product bears death, accidental disability, waiver of premium and the expiration of insurance to meet the basic protection needs of the farmers.

Later, according to the need of the market, options of the insurance amount for accidental disability and death are added, which further reflects the risk security function of the product.

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Stage of Spontaneous Promotion

In 2007, according to new development trend, China Life Insurance developed the new simple life insurance. With continuing the basic characteristics of the traditional simple life insurance, this product also has two innovations:

1. To high light the insurance and security function, the product supplies accidental death security for 8 times;
2. To let farmers benefit when pricing, the profitability of the product is much lower than other similar products. The product is sold in Hebei, Henan and Jiangsu and so on in China. While helping the company realize preferable social benefits, the product also becomes the new growth point of the company business.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

Stage of Spontaneous Promotion

In conclusion, from 1982 to 1997, because of the intense sense of social responsibility and civic awareness, according to the need of self-development, China Life Insurance launched many rural small insurance products. During this period, generally speaking, the small insurance services of the company were still in a spontaneous situation and didn't have much communications with the international small insurance companies.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

Stage of Independent Innovation

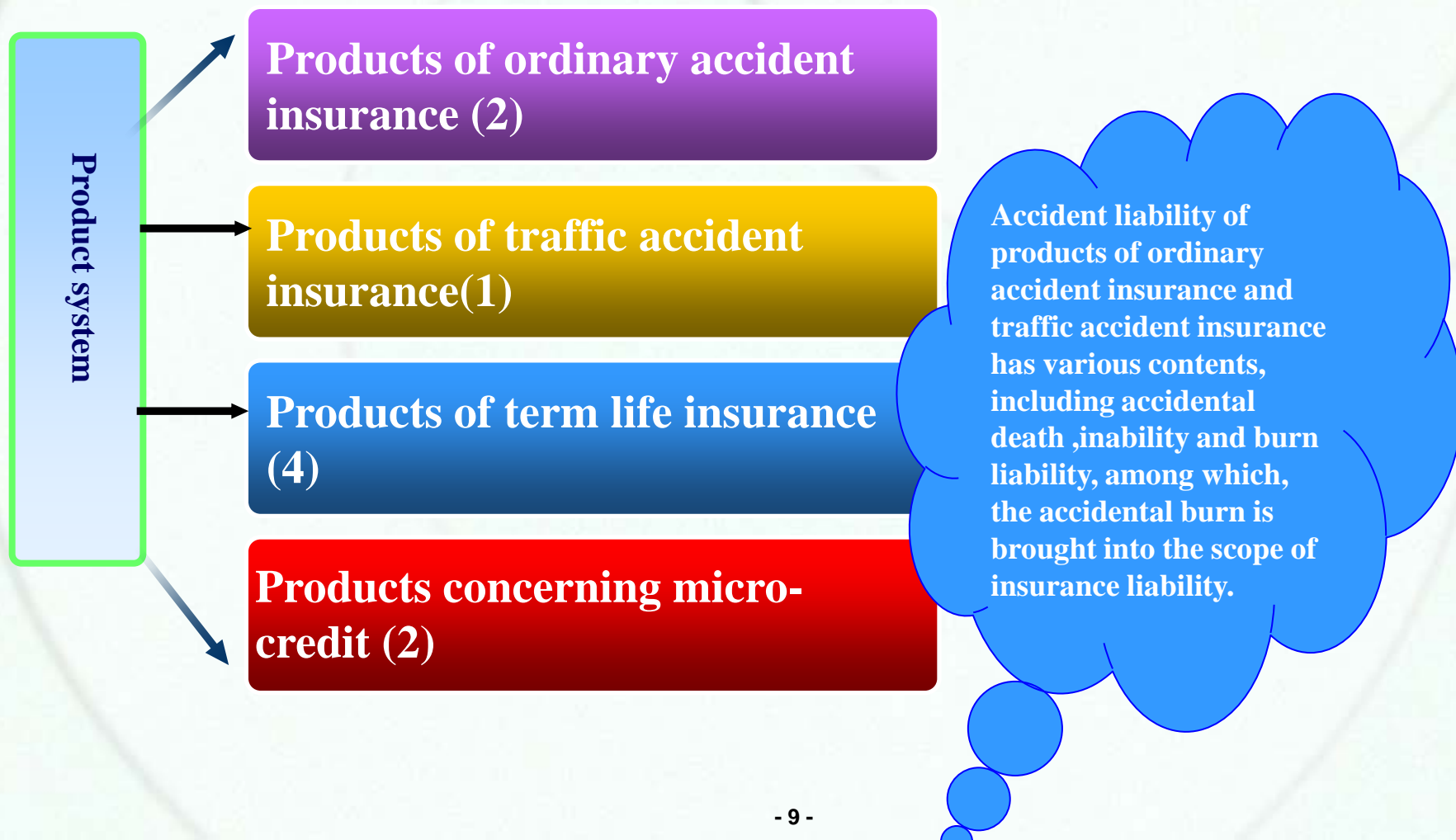
(2008-now)

●In 2007, with the hard work of China Insurance Regulatory Commission and the support of the international community, China's insurance industry officially joined the international small insurance working group. In 2008, to comply with the progress of Chinese urbanization and the early aging society and to cooperate to solve the issues concerning agriculture, farmer and rural area, China Insurance Regulatory Commission issued "pilot plan of rural small life insurance". According to the requirements of China Insurance Regulatory Commission, China Life Insurance developed 9 exclusive small insurance products in 2008 and specially developed 3 small insurance against additional risks in 2009.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

9 exclusive products of 4 series (2008) ● 1、 broad coverage of farmers' security risks



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

●2、 The exemption part of liability has been substantially deleted.

I . The insured participates in diving, parachute, rock climbing, adventure, martial art competition, wrestling competition, acrobat performance, horse racing, motor racing, or any other high-risk sport ;

II . The prenatal and puerperal examinations, pregnancy (including extrauterine pregnancy), abortion (including artificial abortion), parturition (including cesarean section), birth control treatment, sterilization operation, as well as any complications thus caused;

III . The insured privately use or take medicine without following the doctor's advice (using OTC according to the instruction excepted);

IV . The insured's hereditary disease, congenital malformation, deformation or chromosome abnormality.

Besides, “the insured drives under the influence of alcohol or without a valid driving license or the vehicle does not have a valid license” is simplified into “the insured drives under the influence of alcohol”. Considering many farmers in the rural area drive agricultural motor tricycle usually without a driving license, the related statements are readjusted.

Essentially, the deletion of the exemption part of liability expands the liability scope and promote the farmers security level.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

- 3、 Short insurance's long term change is convenient for farmers to gain the insurance security continually.

Short insurance's long term change refers to the automatically renewal of insurance of the short-term insurance and increasing of the renewal rate of insurance uttermost through product design and practical processing. This can optimize the structure of short-term business and reflect the profit of short-term insurance scientifically. In the product design of short-term small insurance, China Life Insurance increases the grace period of 60 days. If the insured can't pay the insurance premium, in the grace period, the insurance company will continue to bear the insurance liability. As for the short-term term life insurance, if the insurance premium is paid timely, there will not be a waiting period of 90 days, which protects the enthusiasm of the farmers to renew the insurance.

Farmers can pay the renewal insurance premium through bank autopay system or through the village servers' home call.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

- 4、 Pricing of the products aims at cost preservation and meager profit, which reflects the mission of bearing the social responsibility.

Chinese agriculture includes “farming, forestry, animal husbandry, side-line production and fishery”. Most of agricultural production working is classified above profession class 2 in the Nuclear Handbook of the company (note: the Nuclear Handbook has six profession classes), therefore, all the small insurance product rate of the company shall be determined by consulting the profession classes of agricultural production. For the convenience of the farmers to insure, the rate structure of small life insurance products is simplified; the rate of small insurance series of the China Life Insurance is lower than that of the similar products.

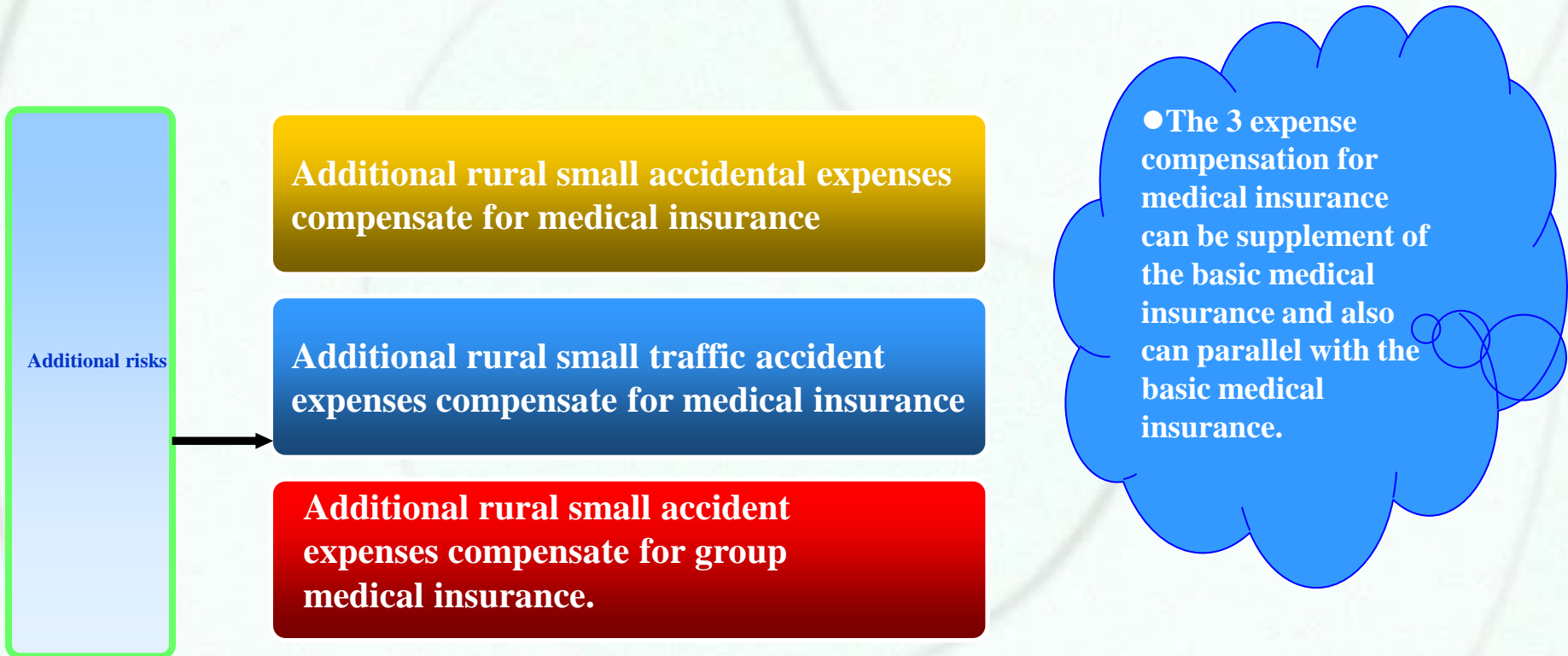
The rural small accident insurance of China Life Insurance doesn't design the rate respectively according to the profession classes and only has two rate standards A and B.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

Three additional risks of small insurance (2009):

● 1、 The formation of abroad coverage of accidental injury medical risk security.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

- 2、 **The insurance liability of expense compensation products can be agreed to meet various needs of different areas.**

With a vast territory, the regional development in China are different and also the insurance needs are diversified. Therefore, the deductible excess, the proportion of compensation and waiting period of the new product can be appropriately agreed according to the local actual situation.



I .Development Stages and Main Products of Rural Small Insurance of China Life Insurance

- 3、 The design of the products gives consideration to the actual situation of the rural areas.**

When applying for the insurance fund, in the claim settlement step, considering the actual situation of the rural areas, the death certificate issued by “other medical institutions recognized by our company” is added and the claim settlement step is simplified.

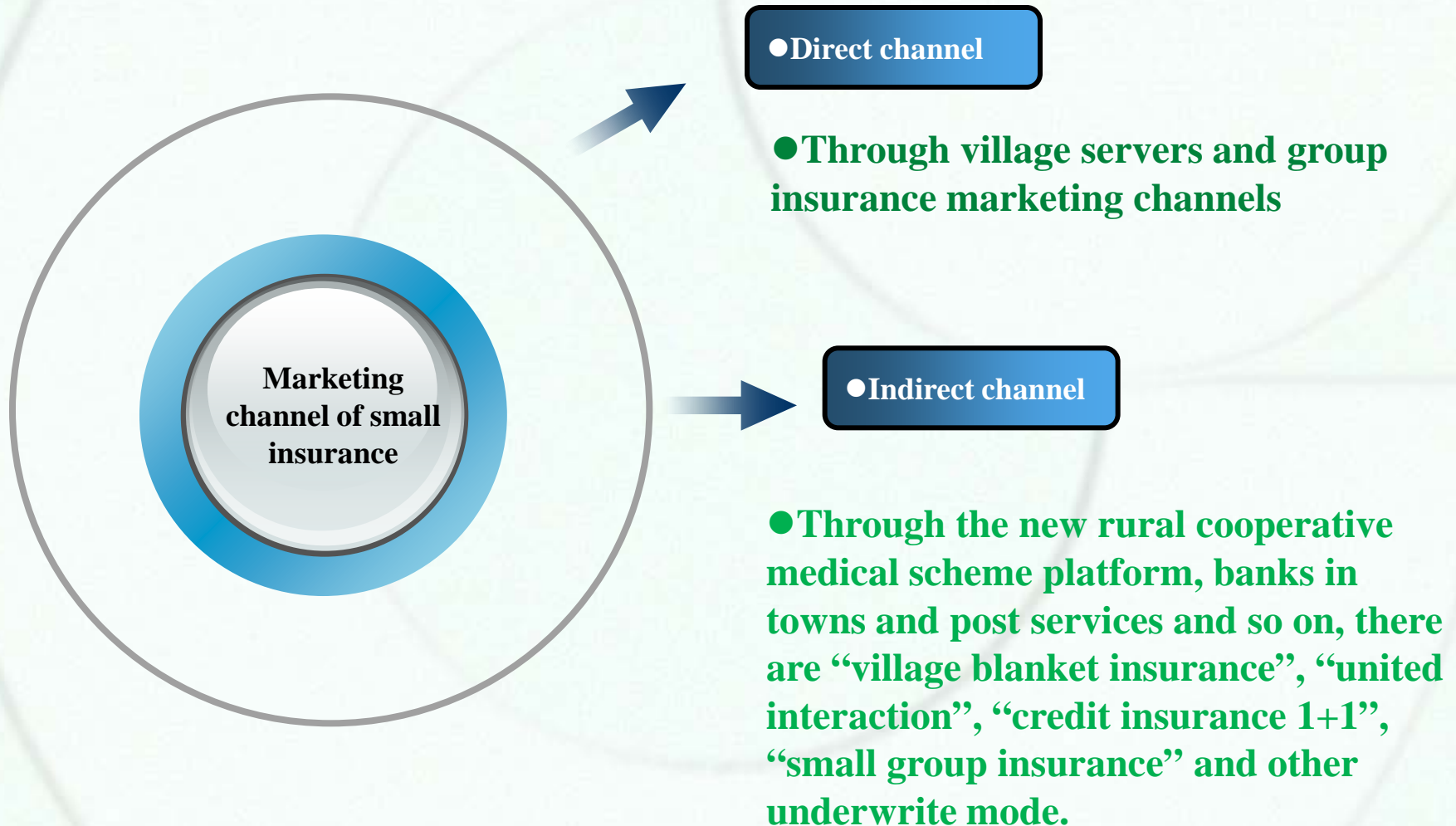


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II. Distribution Channels of Rural Small Insurance of China Life Insurance

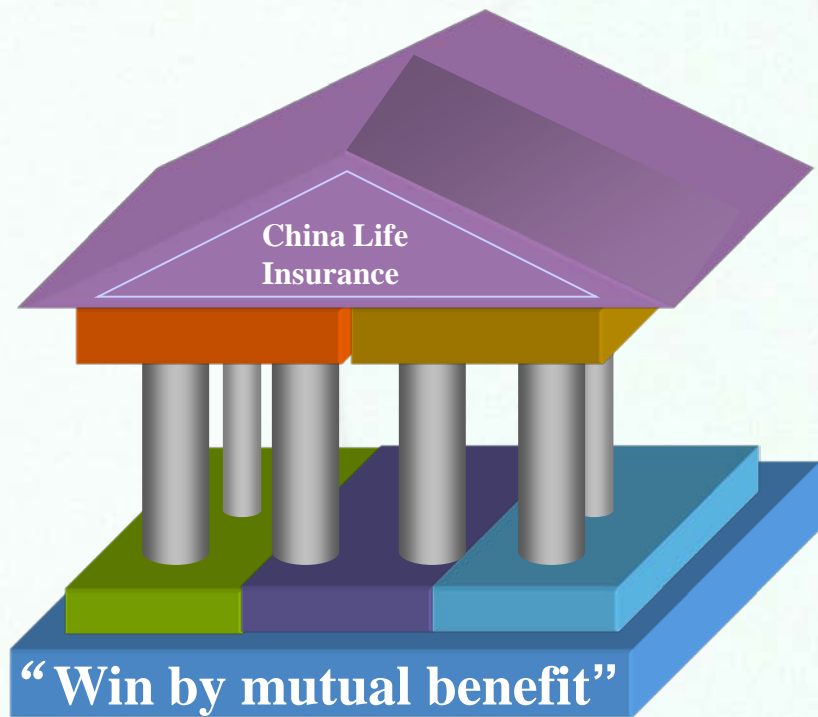


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III. Further Innovation and Development Thinking of Small Insurance of China Life Insurance



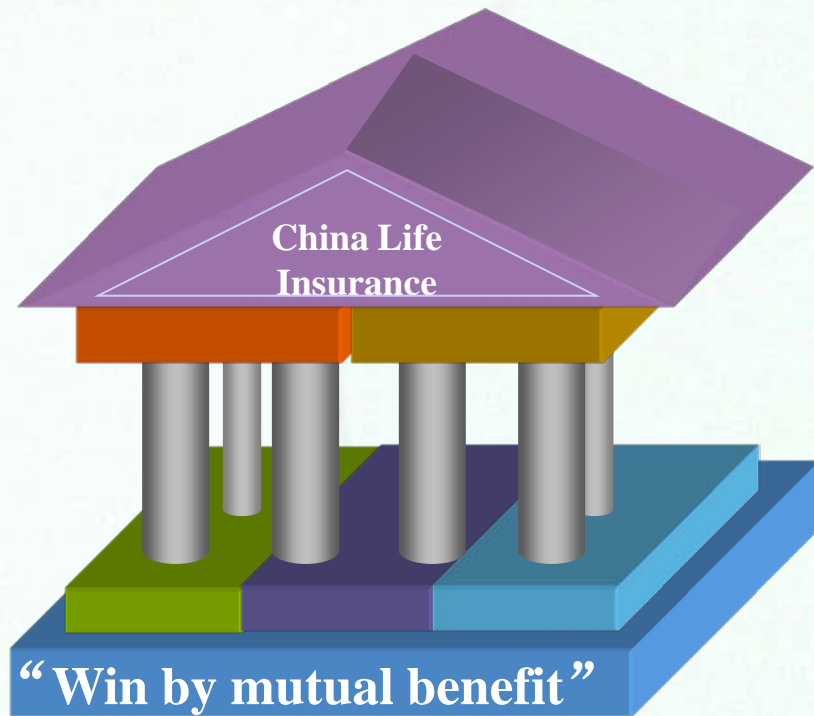
●1、 On Product

On the basis of 12 developed small insurance exclusive products, the products closely related to poverty alleviation projects in China will be given priority to develop; then we will begin to develop the products related to new rural cooperative medical scheme and new rural insurance and the exclusive products for rural migrant workers and other similar products.



III. Further Innovation and Development Thinking of Small Insurance of China Life Insurance

●2、 On channels



on the basis of the present 3 marketing channels (individual, group and agency), we consider taking advantage of the rural grassroots organizations (village committee and Women's Federation) and the rural finance organizations (bank in towns) as the agencies of small insurance products.



Thank you !

