

Insurance Growth Structure and International Comparison



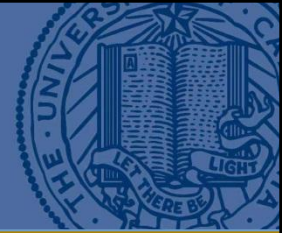
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Introduction



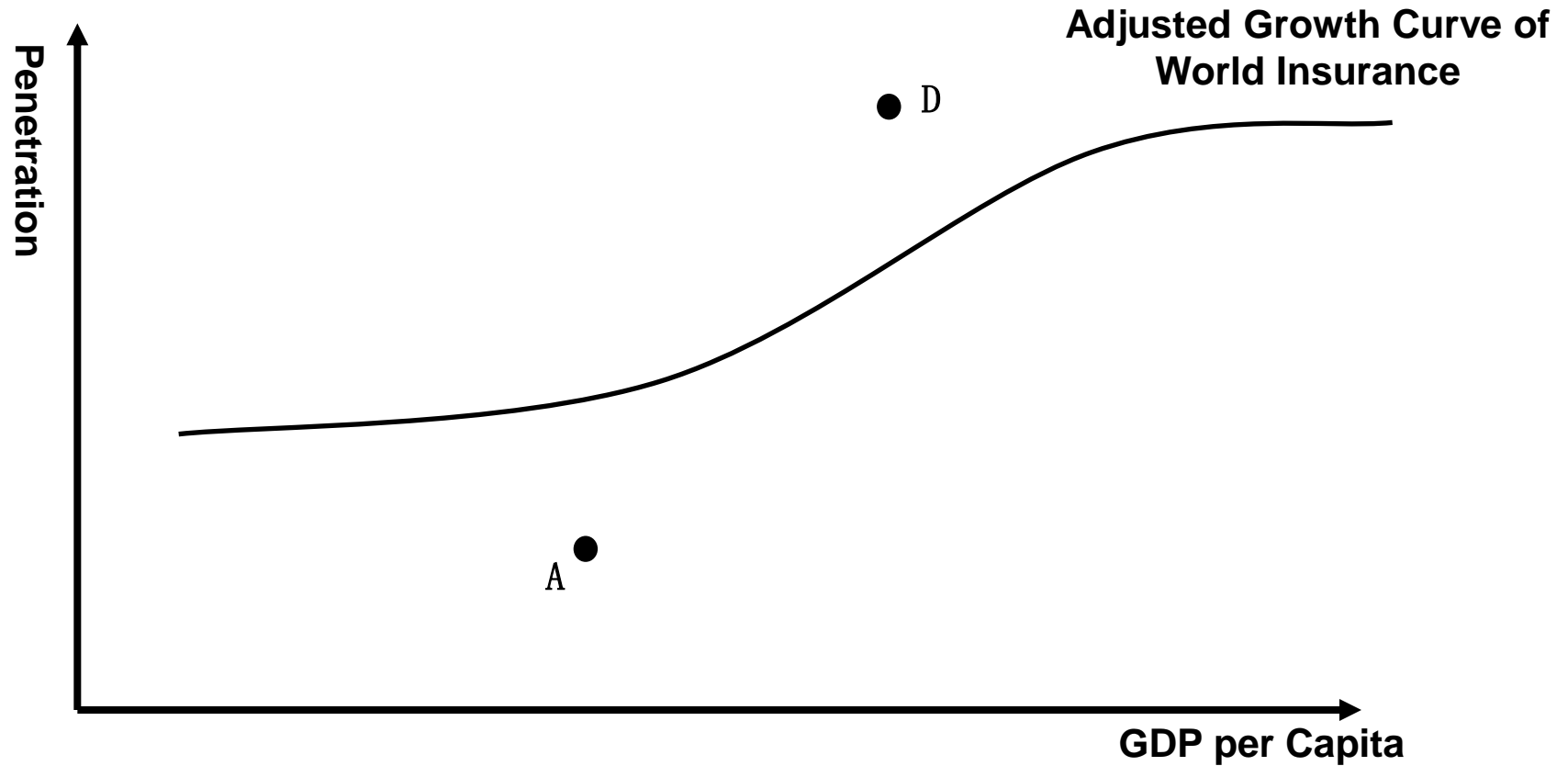
- Our Research on Insurance Market
 - Long term prediction of China's insurance growth level
 - Comparison of Insurance Growth Level
 - Insurance Growth Structure
 - Economic and Institutional Factors in Insurance Growth
 - Insurance Development Index

Insurance Growth Structure

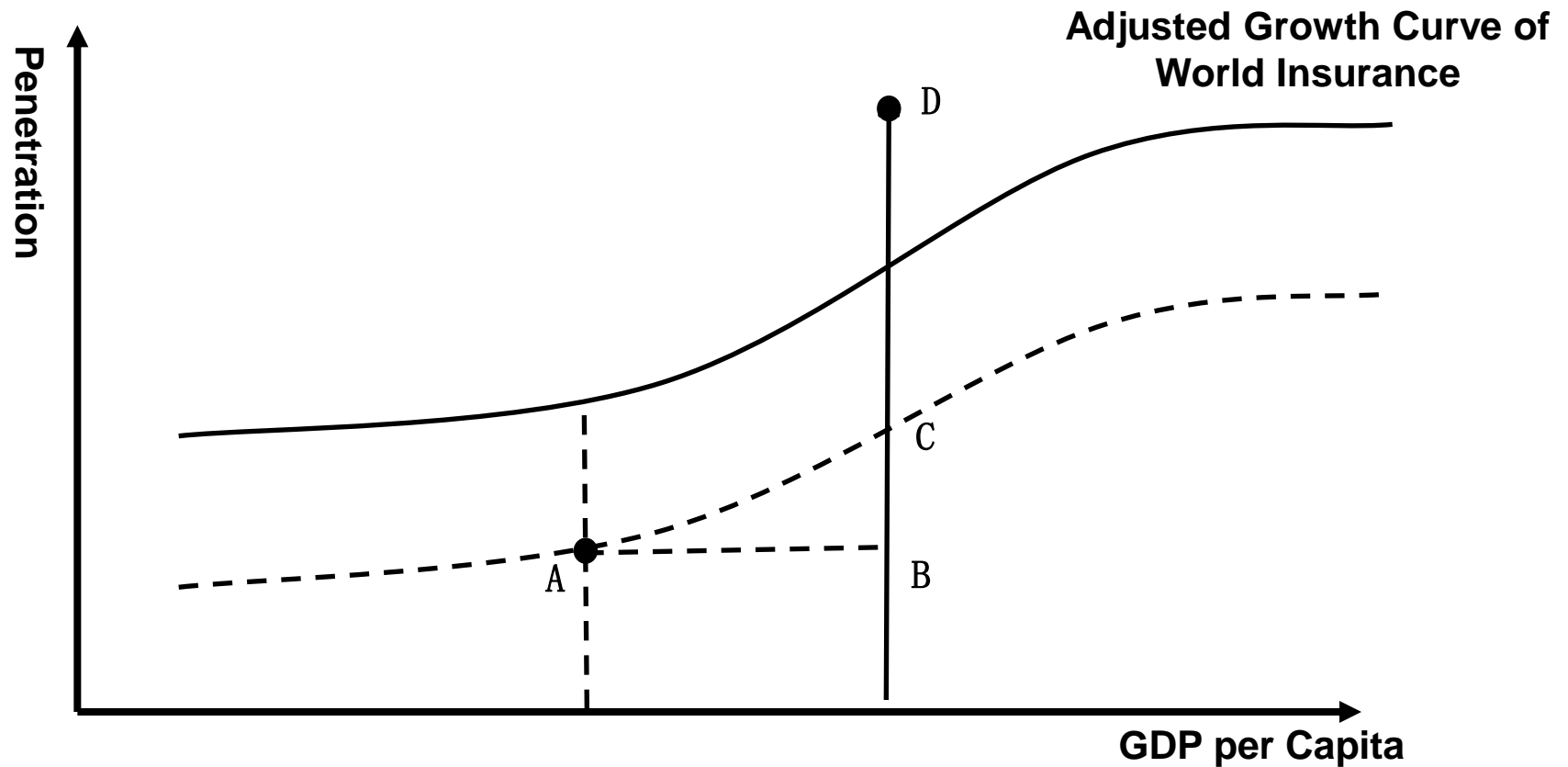


- Insurance growth can be decomposed into three parts.
 - Regular Growth
 - Deepening Growth
 - Institutional Growth

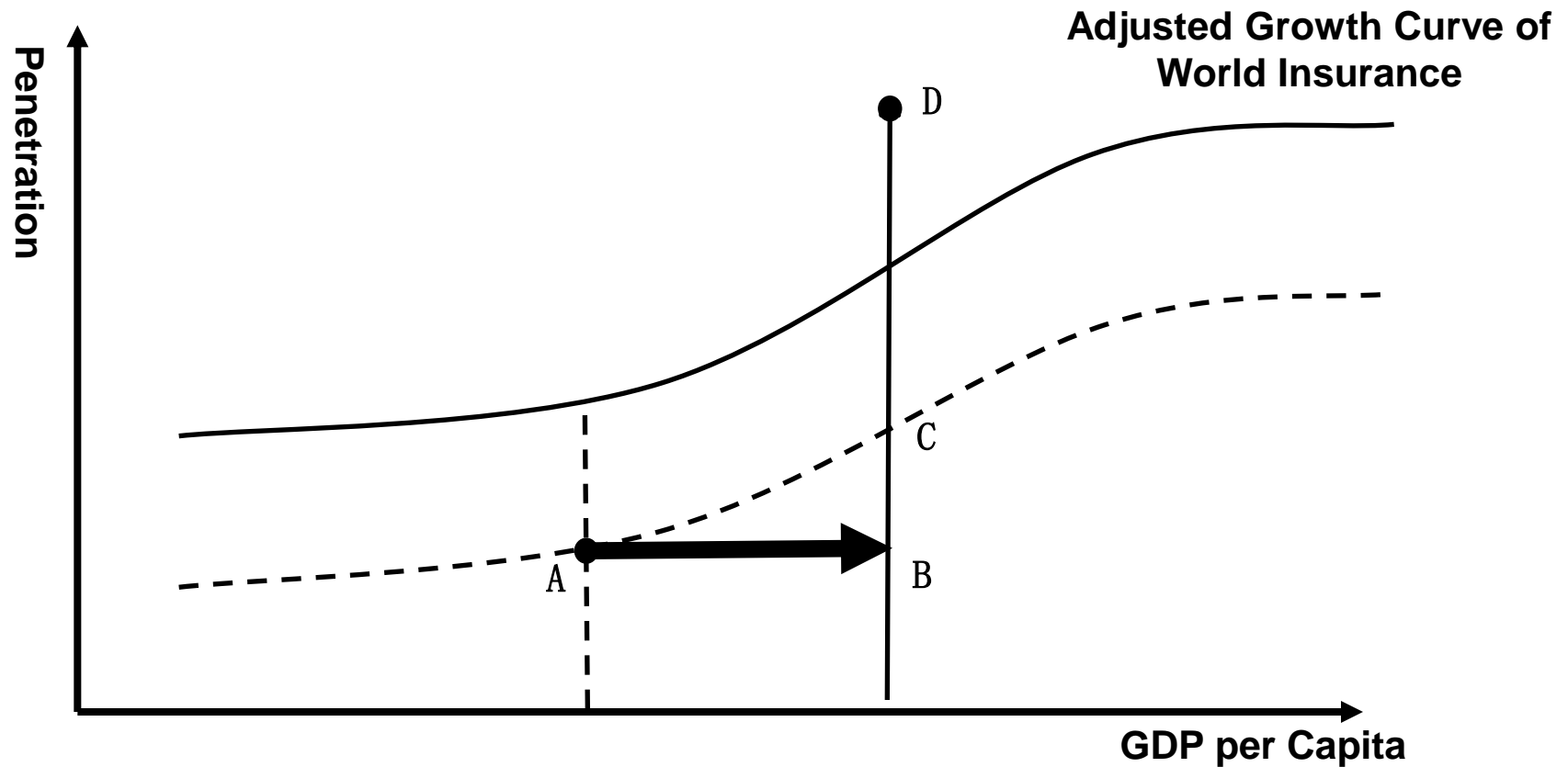
Decomposing Insurance Growth Structure



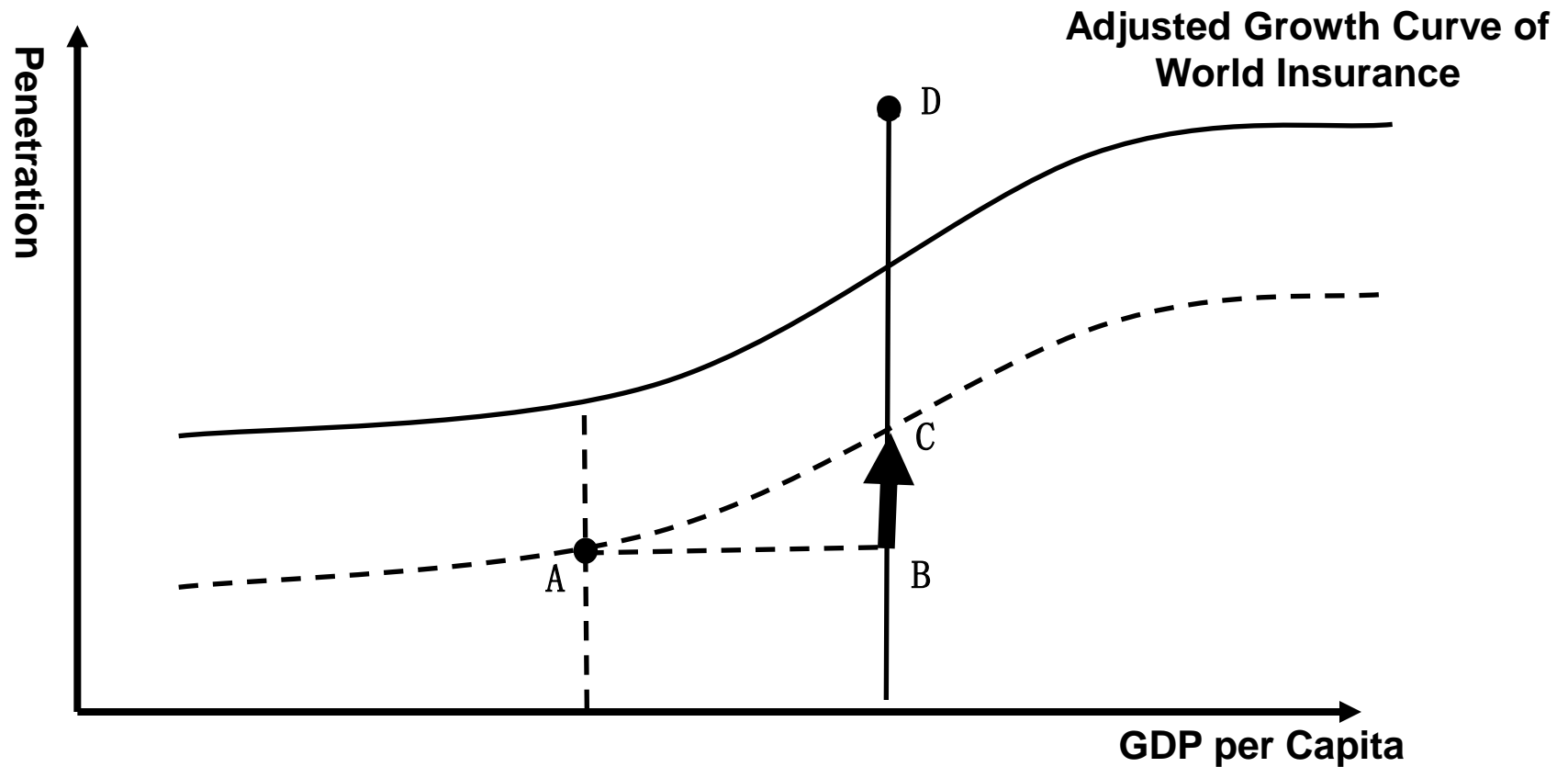
Decomposing Insurance Growth Structure



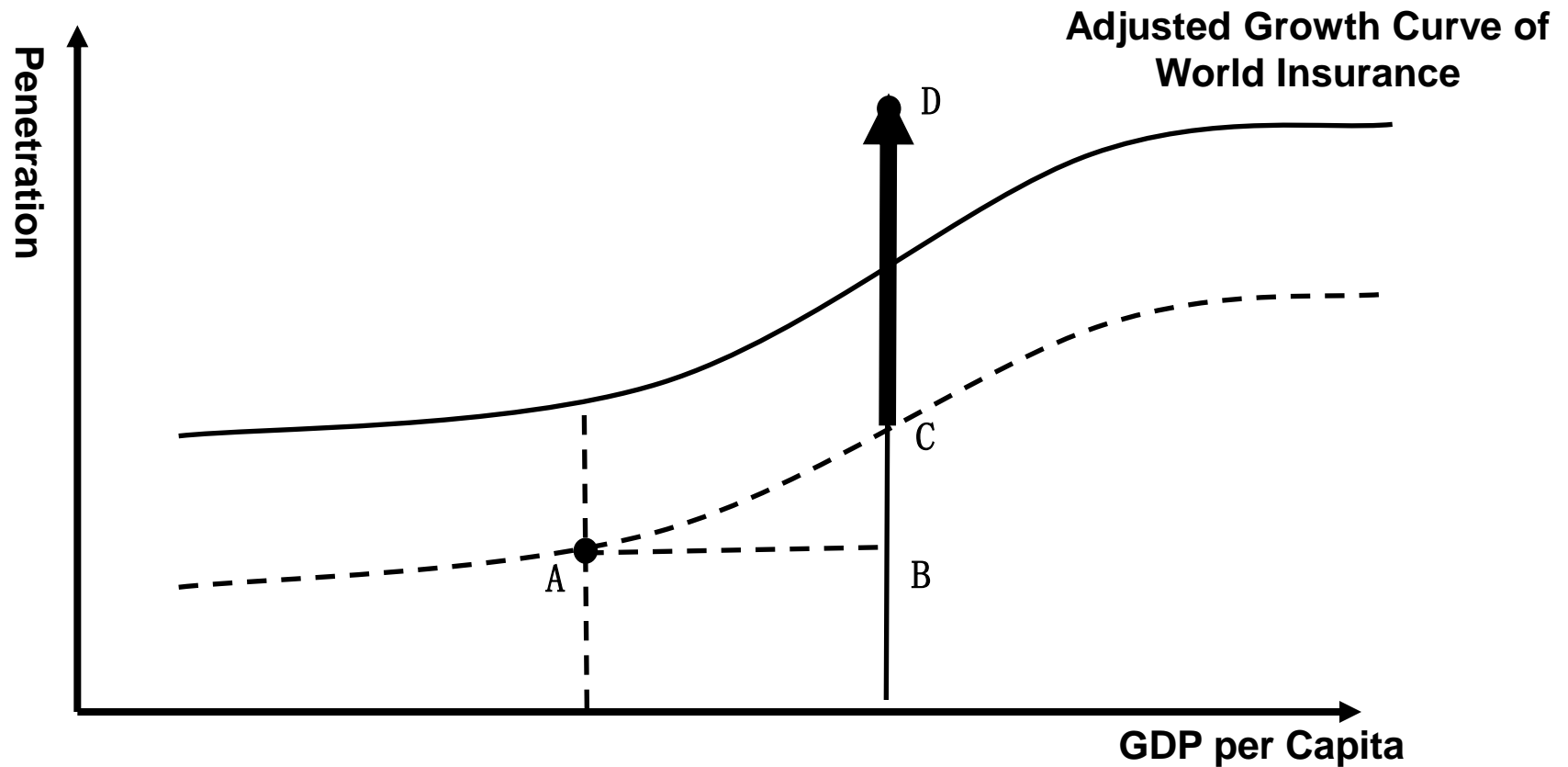
Decomposing Insurance Growth Structure



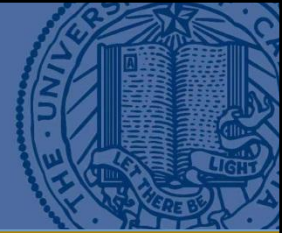
Decomposing Insurance Growth Structure



Decomposing Insurance Growth Structure



Two Insurance Growth Models

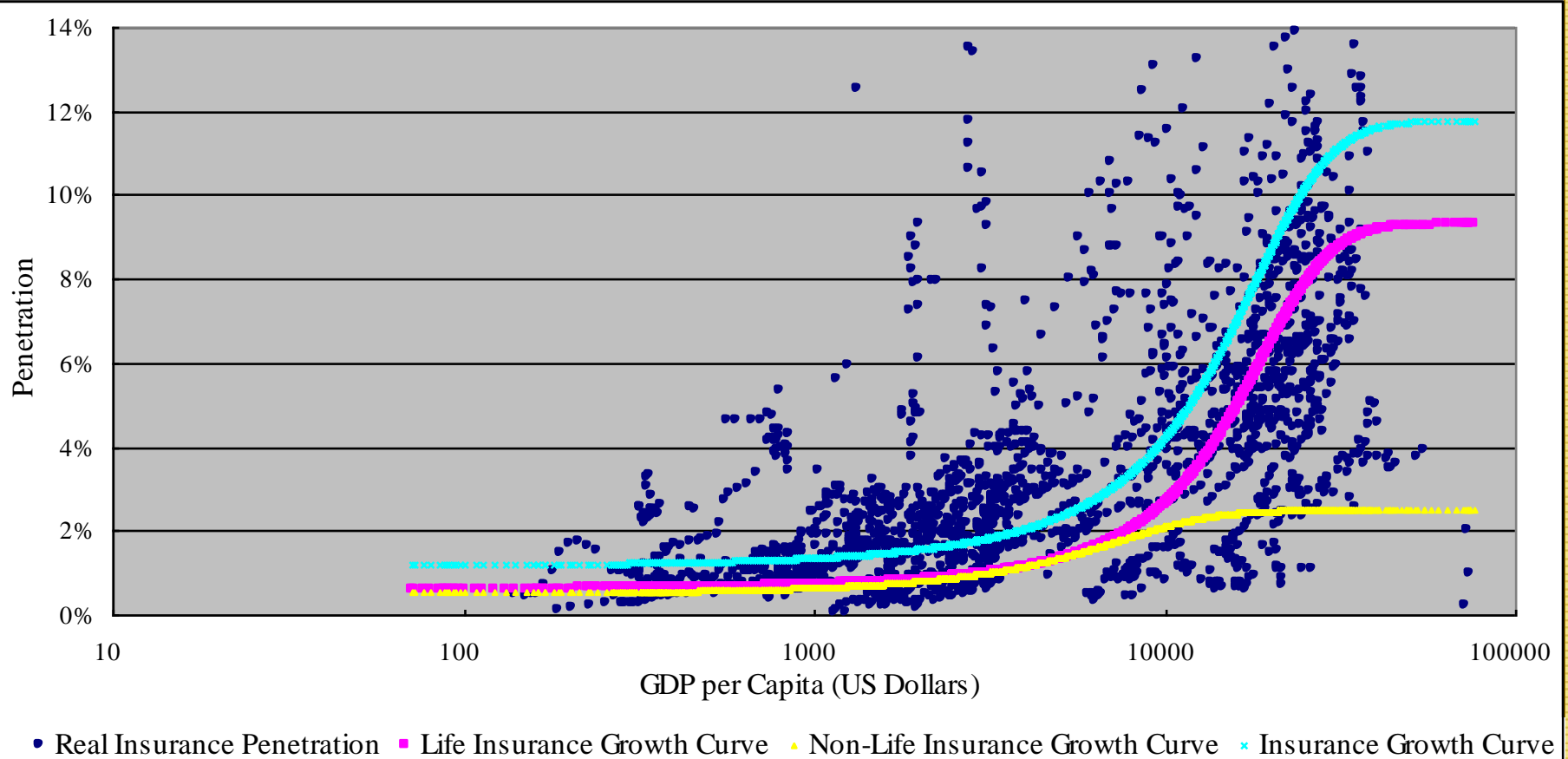
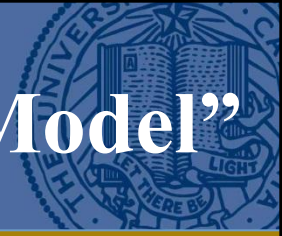


Ordinary Growth Model $Y = \frac{1}{c_1 + c_2 + c_3 X}$

Adjust Growth Model $Y = \frac{1}{c_1 + c_2 + c_3 X} + \sum_{i=1}^{94} \lambda_i D_i + \varepsilon$

- Y : insurance penetration,
- X : GDP per capita
- c_1, c_2, c_3 : three parameters
- D_i ($i=1, \dots, 94$) : country dummy with respect to country i
- ε : residual

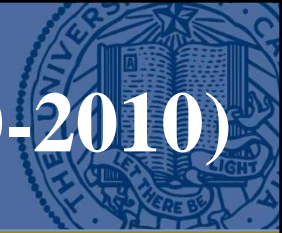
Regression Curves of “Adjusted Growth Model”



Life Insurance Growth Structure (1980-2010)



	Obs.	Regular	Deepening	Institutional
Developed Market	26	39%	81%	-21%
<i>G7</i>	7	41%	42%	17%
Developing Market	28	69%	49%	-19%
<i>Emerging Market</i>	17	27%	34%	39%
<i>BRICS</i>	4	15%	6%	80%
World Average	54	55%	65%	-20%



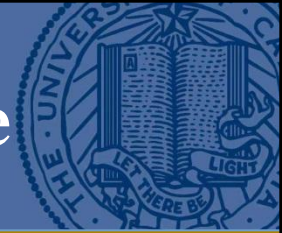
Non-Life Insurance Growth Structure (1980-2010)

	Obs.	Regular	Deepening	Institutional
Developed Market	26	80%	4%	16%
<i>G7</i>	7	79%	1%	20%
Developing Market	27	84%	11%	5%
<i>Emerging Market</i>	16	73%	14%	14%
<i>BRICS</i>	4	45%	9%	46%
World Average	53	82%	8%	10%

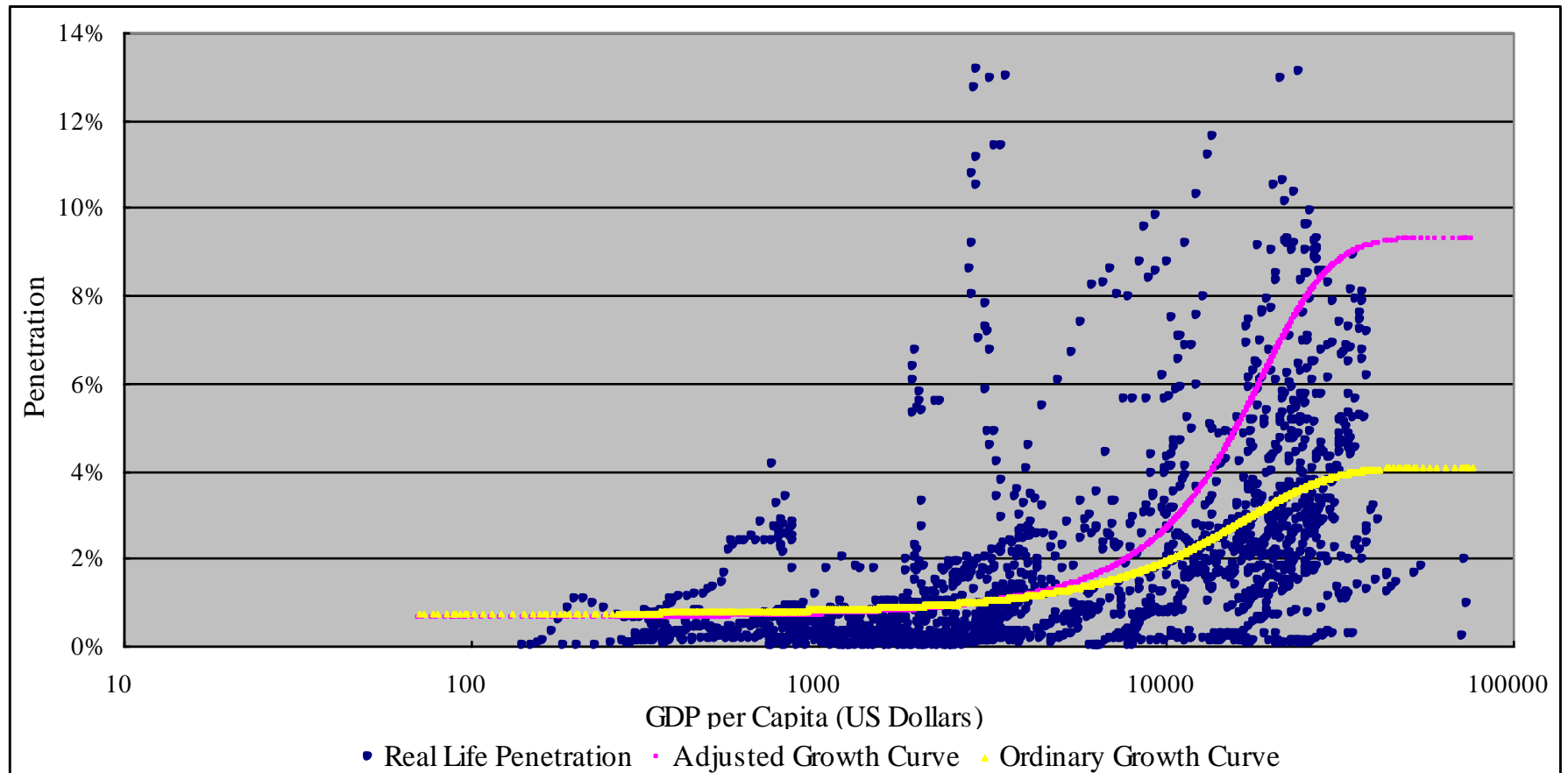
Insurance Growth Structure (1980-2010)



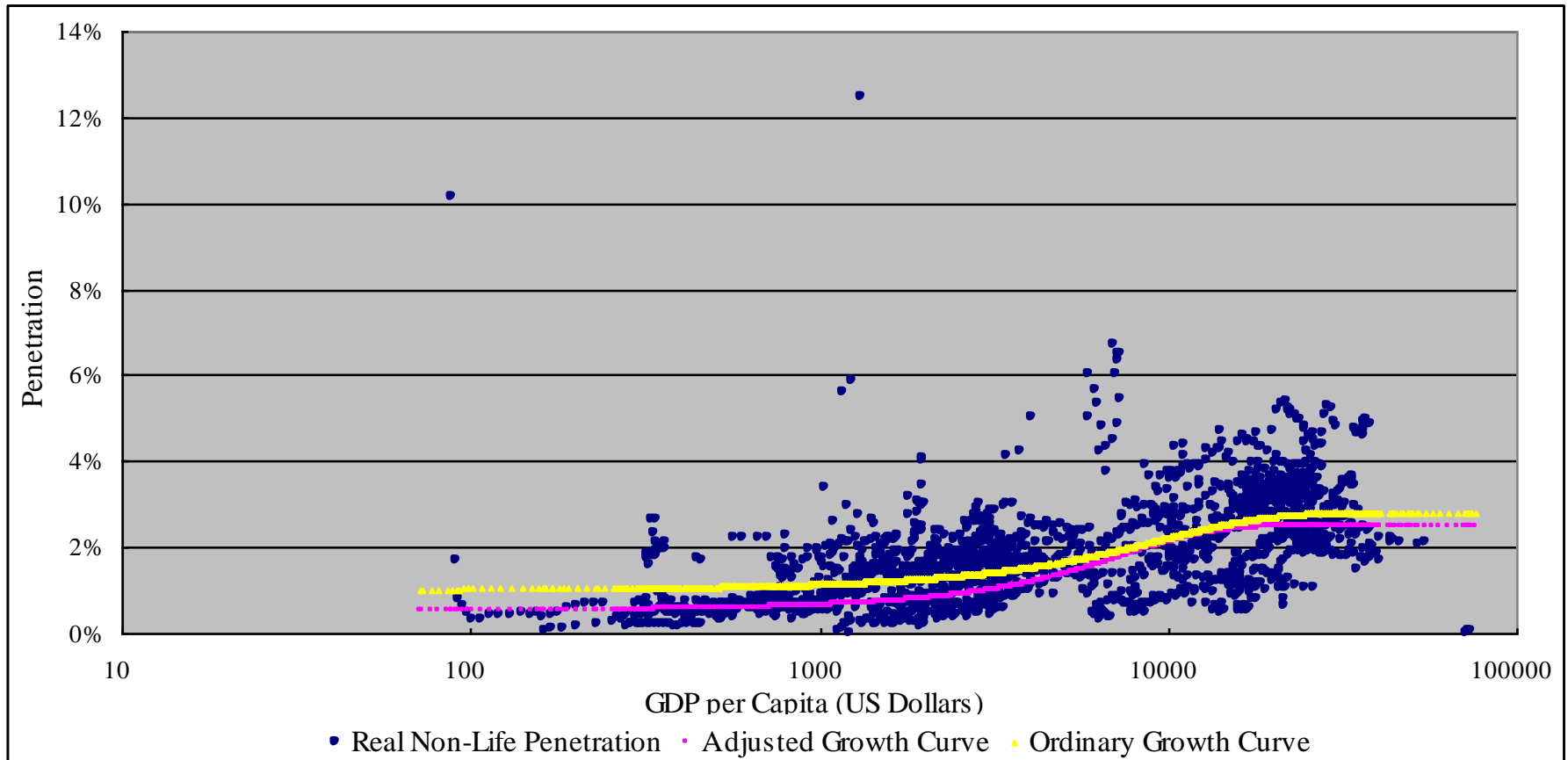
	Obs.	Regular	Deepening	Institutional
Developed Market	25	52%	31%	17%
<i>G7</i>	7	54%	23%	23%
Developing Market	27	70%	15%	15%
<i>Emerging Market</i>	15	47%	15%	38%
<i>BRICS</i>	4	15%	7%	78%
World Average	52	61%	23%	16%



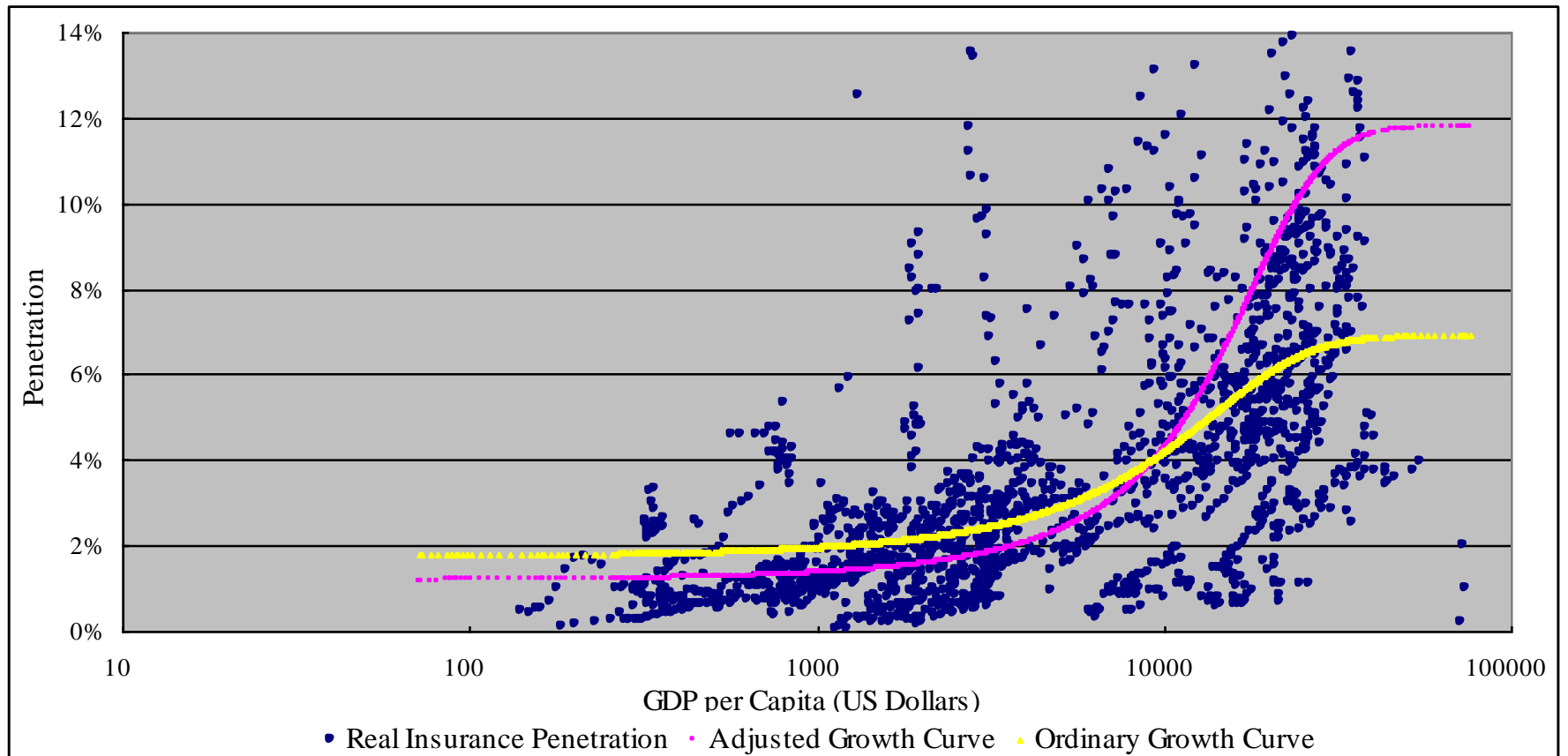
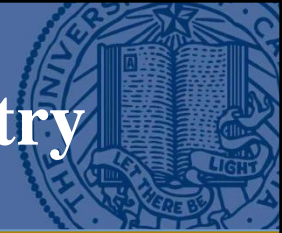
Comparison of Two Models for Life Insurance



Comparison of Two Models for Non-Life Insurance



Comparison of Two Models for Insurance Industry



Effects of Institutional Factors on Insurance Growth



- When GDP per capita is low
 - Institutional factors have positive effects on both the life insurance and the non-life insurance, especially on life insurance.
 - with its net effects on the insurance industry being positive.

Effects of Institutional Factors on Insurance Growth

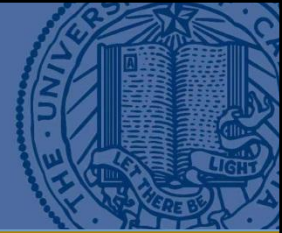


- When GDP per capita is high
 - Institutional factors have small or even negative effects on the life insurance and positive effects on the non-life insurance.
 - with its net effects on the insurance industry being negative, and the negative effects are notable

Conclusions



- As the economy develops, the contribution of the institutional factor to the insurance growth would gradually decrease, and the economic factor would play a more active role in driving the insurance growth.



Thank you!

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