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Summary Report: China Insurance Credit Outlook 2026

China's insurance sector maintained a steady growth in 2025 and the first quarter of 2026 ("1Q2026"), supported by resilient demand, expanding asset base, and adequate solvency. The insurance market remains highly concentrated, with leading insurers benefiting from stronger brands, distribution networks, capital positions, investment capabilities, and risk management.

We expect that the insurance sector's credit risk to remain stable over the next 12 months. Nevertheless, pressure from low interest rates, limited long-duration high-quality assets, capital market volatility, tighter regulations, and the full implementation of new accounting standards will widen the gap between top insurers and small and medium insurers, with the latter remaining more exposed to earnings volatility and capital replenishment constraints.

Market Structure and Performance

Currently there are 238 insurers in China, including 75 life insurers, 88 property and casualty ("P&C") insurers, 7 reinsurers, 7 health insurers, 10 pension insurers, and 34 insurance asset managers. In 2025, industry-wide original premium income rose by 7.4% year-on-year ("y-o-y") to RMB6.1 trillion, while total assets increased by 15.1% y-o-y to RMB41.3 trillion. In 1Q2026, original premium income reached RMB2.3 trillion, and total assets rose further to RMB42.5 trillion.

Life insurers achieved RMB4.4 trillion of original premium income in 2025, up by 8.9% y-o-y, benefiting from strong demand for life products amid falling deposit rates, volatile capital market and population ageing. Claim payments increased by 10.7% y-o-y to RMB1.3 trillion in 2025, as policies entered a maturity peak. P&C insurers' original premium income increased by 3.9% y-o-y to RMB1.8 trillion, with vehicle insurance accounting for the largest proportion, while other products contributing more growth. In 1Q2026, life insurers' original premium income grew by 7.3% y-o-y to RMB1.8 trillion, whereas P&C insurers' original premiums rose by 2.9% y-o-y to RMB530.2 billion, of which vehicle insurance premiums declined by 0.4% y-o-y to RMB222.6 billion.

Investment Returns and Profitability

At end-March 2026, Insurance assets under management ("AUM") reached RMB39.4 trillion, up by 17.2% y-o-y. Bonds remained the core portfolio with a proportion of 49.9% in total AUM, while equities and securities investment funds accounted for 15.3%.

A recovery in capital market lifted the combined total investment returns (including fair-value changes) of 11 listed insurers by 18.2% y-o-y to RMB1.1 trillion in 2025, but investment returns weakened in 1Q2026 as bond yields and equity markets became more volatile. Low interest rates, insufficient supply of long-duration high-quality assets, and the mismatch between asset yields and liability costs continue to create reinvestment and negative-spread risks to insurers.

Premium growth, stronger investment income, and tighter expense control supported a marked improvement in profitability in 2025. Life insurers' net profit surged by 53.0% y-o-y to

RMB486.8 billion in 2025, while P&C insurers' net profit increased by 39.2% y-o-y to RMB80.9 billion. However, profits remained heavily concentrated among leading insurers. In 1Q2026, life insurers' net profit fell by 21.0% y-o-y to RMB68.5 billion and P&C insurers' net profit declined by 0.5% to RMB25.5 billion.

Solvency and Credit Outlook

At end-March 2026, the insurance sector's comprehensive and core solvency ratios were 181.0% and 131.9%, respectively, indicating adequate buffers. P&C insurers' solvency remained broadly stable, while life insurers faced pressure due to reserve increase, bond market movements and higher equity exposure. Several smaller insurers remained below solvency standards and Tian'an P&C's default on RMB5.3 billion capital supplementary bonds in 2025 highlighted the loss-absorption risk of subordinated debt instruments.

Looking ahead, market concentration of China's insurance sector is likely to rise further, earning volatility and asset-liability management pressure will increase, and smaller insurers may face greater capital needs. Overall, stronger regulations and adequate sector-wide solvency are expected to support a stable credit outlook for Chinese insurers, although issuer-level divergence will persist.

Note: This report is an executive summary. For full details, please refer to the original report "保险行业信用风险展望" published by China Lianhe Credit Rating Co., Ltd.

Contact Information

Joyce Huang, CFA
Managing Director
(852) 3462 9586
joyce.huang@lhratingsglobal.com

Roy Luo, CFA, FRM, CESGA
Director
(852) 3462 9582
roy.luo@lhratingsglobal.com

Alfred Zhang
Manager
(852) 4404 1738; (86) 158 0529 8310
alfred.zhang@lhratingsglobal.com

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