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# **中国人民财产保险股份有限公司**

**PICC PROPERTY AND CASUALTY COMPANY LIMITED**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2328)**

## **ANNOUNCEMENT IN RESPECT OF RELEVANT PRESENTATIONS ON 2024 INVESTOR DAY**

PICC Property and Casualty Company Limited (the “**Company**”) jointly hosted 2024 Investor Day with its controlling shareholder, The People’s Insurance Company (Group) of China Limited, on Friday, 8 November 2024. “Exploration and Practice of High-Quality Development of New Energy Vehicle Insurance” is the theme of the Investor Day. For specific details of the relevant presentations of the Company, please refer to the appendix of this announcement.

By Order of the Board  
**PICC Property and Casualty Company Limited**  
**Bi Xin**  
*Secretary of the Board*

Beijing, the PRC, 8 November 2024

*As at the date of this announcement, the Vice Chairman of the Board of the Company is Mr. Yu Ze (executive director), Mr. Jiang Caishi, Mr. Zhang Daoming and Mr. Hu Wei are executive directors, the non-executive director is Mr. Li Tao, and the independent directors are Mr. Cheng Fengchao, Mr. Wei Chenyang, Mr. Li Weibin, Mr. Qu Xiaobo and Ms. Xue Shuang.*

# Innovation of Green Insurance: Transformation and Upgrading of New Energy Vehicle (NEV) Insurance

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PICC Group 1339.HK

PICC P&C 2328.HK

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Status

# High-quality Development is the Unyielding Requirement of the New Era

General Secretary Xi Jinping stressed that

- ◆ "Developing new energy vehicles is the only way for China to move from a big country to a strong country in automobile industry";
- ◆ "Now China wants to develop to a higher goal of being a country strong in manufacturing and industry, that is, to seize the opportunity and outperform its rivals in the development of strategic emerging industries";
- ◆ "We want to become a country strong in manufacturing, we must become a country strong in automobile".

# High-quality Development is the Unyielding Requirement of the New Era

## Overall Plan for High-quality Development of PICC P&C's NEV Insurance



Implementation of the "New Ten Articles of the State": "Deepen the comprehensive reform of auto insurance with the focus on commercial insurance for NEVs".

- ▲ PICC P&C will build a new business model of "Vehicle + Everything" that penetrates the whole life cycle of vehicles and covers the whole service scenario of touching customers, realizing the whole process of risk management and service from a policy to a car to a person to a family, and shaping new momentum, new modes and new advantages for development.



# (1) Development Status of NEVs and Insurance Market

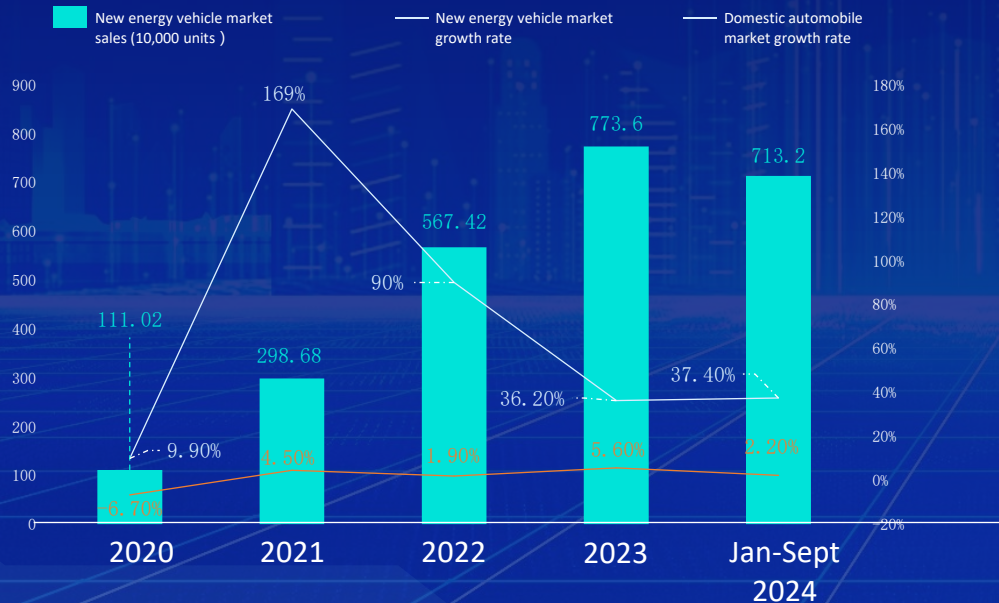
NEV retail market from 2020 to January to September 2024

From **1,110,200** vehicles to **7,132,000** vehicles, a compound annual growth rate (CAGR) of **59%**

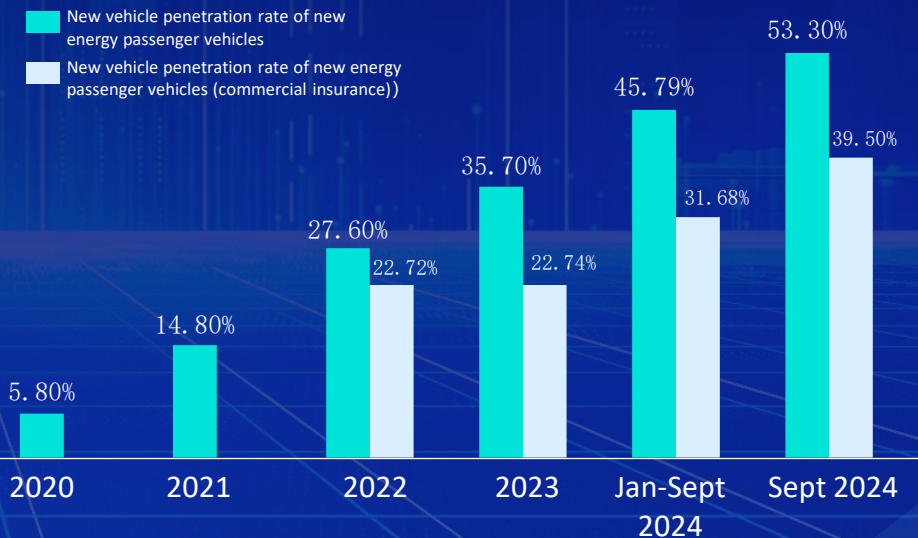
PICC P&C's premiums grew at a CAGR of

**86.4%**(2021-2023); cumulatively served more than **22 million** customers; cumulative risk protection exceeded RMB**39 trillion**

## Retail sales of NEV market from 2020 to January to September 2024



## Industry penetration rate of new energy market from 2020 to January to September 2024



## (2) Phased Problems Faced by NEV Insurance

### Premiums are expensive

- ❑ NEV owners generally feel that NEV premiums are more expensive than fuel powered vehicles and it is hard to get insured.

### Underwriting loss

- ❑ Insurance companies suffer underwriting loss in NEV insurance and are unwilling to underwrite.



### (3) Reasons for High Claim of NEVs

#### High loss ratio

The loss ratio of NEV insurance is about **1.4 times** that of fuel powered vehicles



#### High claim frequency rate

Claim frequency rate of NEV insurance is about **2.5 times** that of fuel powered vehicles

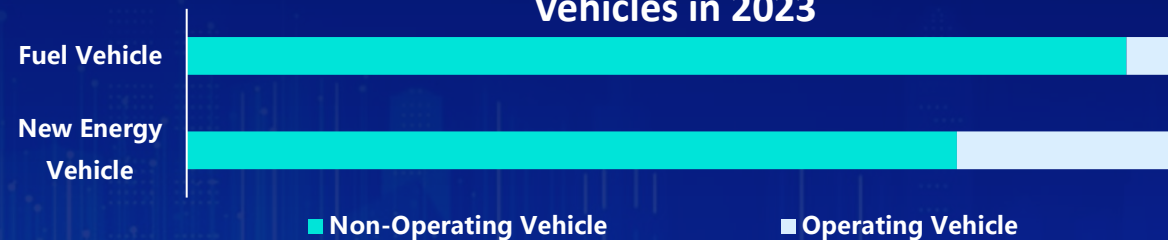


### (3) Reasons for High Claim of NEVs

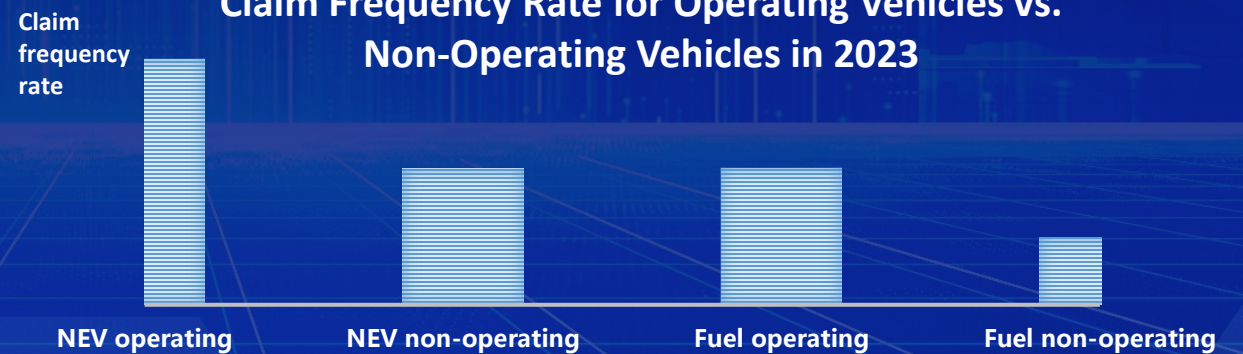
#### Vehicle factors: high percentage of operating vehicles

- From our past experience, the claim frequency rate of both **new energy operating vehicles and non-operating vehicles** are about **twice** that of **fuel powered operating vehicles and non-operating vehicles**.
- Structurally, the percentage of operating vehicles in **new energy operating vehicles** is about **five times** that of **fuel powered vehicles**.

Percentage of Operating vehicles in NEVs vs. Fuel Powered Vehicles in 2023



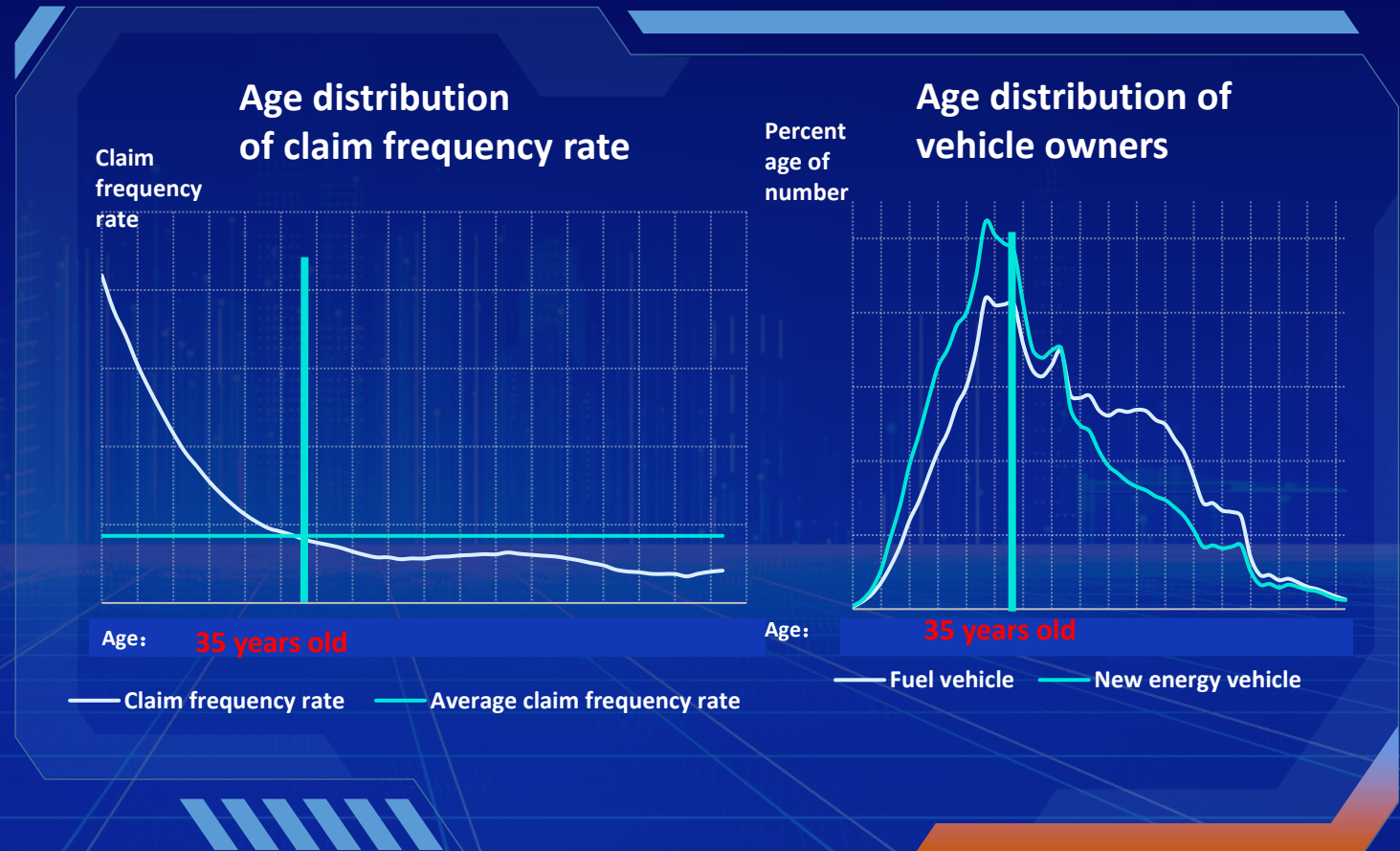
Claim Frequency Rate for Operating Vehicles vs. Non-Operating Vehicles in 2023



### (3) Reasons for High Claim of NEVs

#### Human factor: high proportion of young drivers

- The **claim frequency rate** for **drivers under the age of 35** is significantly **higher than the overall rate**.
- The distribution of **household new energy vehicle** owners is **getting younger**, with **more than 50%** of owners **under the age of 35**, compared to only 30% for fuel vehicles.



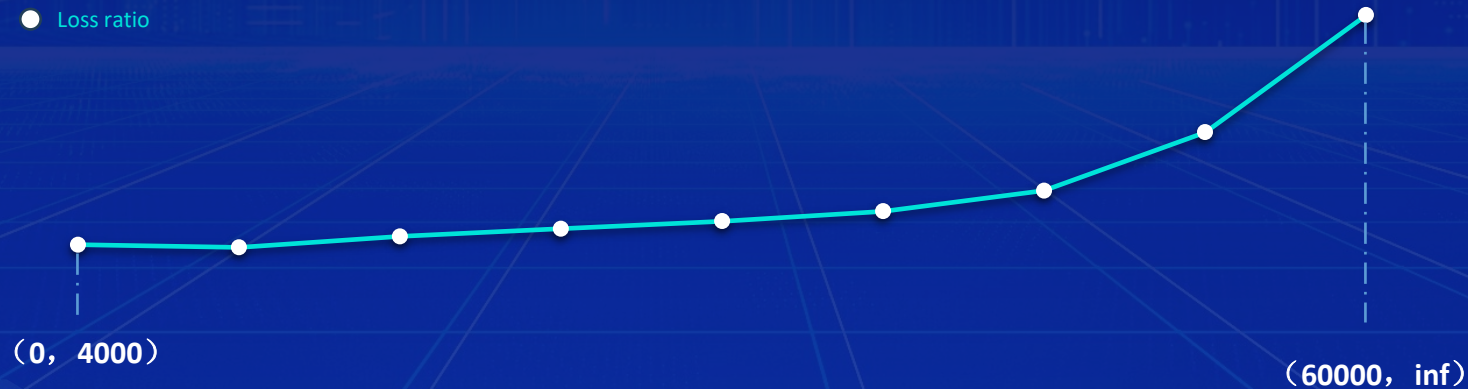
### (3) Reasons for High Claim of NEVs

#### Use factor: high intensity of use

□ The average annual mileage of NEVs is higher than that of fuel vehicles due to the fact that they are not affected by traffic restrictions and the low cost of vehicle use ,etc.

□ **The high intensity of use** is also one of the reasons for the high claim frequency rate.

#### Loss ratio of mileage stage for new energy vehicles



## (3) Reasons for High Claim of NEVs

### NEV Repair and Maintenance Difficulties

- ❑ **High repair and maintenance barriers.** Many NEV OEMs require accident vehicles to be repaired in their stores, otherwise they cannot enjoy the warranty, which has resulted in a large number of cost-effective repair shops in the community not being able to repair NEV.
- ❑ **Parts are expensive.** NEV have a high coefficient of zero integer ratio, especially for wearing parts, which is much higher than the normal level. Supply channels are monotonous.
- ❑ **Repair and maintenance economy is not optimistic.** From the body design point of view, in order to realize the body lightweight, new energy vehicles commonly use all-aluminum body of the one-piece stamping technology, vehicle maintenance can only be “replaced instead of repair”, repair and maintenance economy is not optimistic.
- ❑ **The technical requirements for repair and maintenance are high.** If the batteries, motors and electronic control system is damaged, the maintenance personnel must undergo professional training.

2

Layout

## PICC Serves National Strategy to Provide Comprehensive Risk Protection for NEVs



PICC: Combining the **PICC's strengths** and unwaveringly pursuing high-quality development of NEV insurance is an inevitable choice for the PICC to support the national development strategy and promote the NEV industry to a higher level.



**2022:**

PICC Group actively laid out the new energy development strategy, establishing a group-level strategic project team for "Leading the Transformation of New Energy and Smart Vehicle Insurance."

**2023:**

After repeated arguments and reviews by PICC Group and PICC P&C experts, the NEV pricing-channel-claim-risk reduction-ecological integration development strategy was established.

**2024:**

The project team has further established short-, medium-, and long-term development goals. The profitability and scale indicators of NEVs are prioritized as the primary tasks.

# PICC Serves National Strategy to Provide Comprehensive Risk Protection for NEVs

## Two foundations

+

## Three capabilities

+

## Mode change

Strengthening the base of automobile insurance team and system

### Comprehensively build a strong professional team

- Strengthen the construction of professional teams of automobile insurance lines, put automobile insurance actuarial in front, and continuously improve the professional ability and comprehensive quality of the talent teams in automobile insurance pricing, actuarial, verification and claim

### Comprehensively consolidate the risk reduction system

- Strengthen the risk reduction management of NEVs, and establish and improve the relevant systems and initiatives in risk reduction management in terms of underwriting, claims and services

Forging the core competitiveness of automobile insurance

### Precise pricing capability

- The world's leading new energy data reserve helps to upgrade and innovate the pricing model, and keep the pricing capability outperform the industry

### Lean operational capability

- Customer-focused, comprehensively enhancing professional capabilities in product development, verification, claims, risk control, etc.

### Refined innovation capability

- Deeply grasp the changing trend of science and technology, and strengthen the application of new technologies such as artificial intelligence, Internet of Things, blockchain and big data

Continuing to promote transformation in the automobile insurance business model

### In-depth implementation of corporate strategy

- Firmly implement the company's action plan for innovation and reform and improving the quality of development, and deepen the reform of the system and mechanism with the goal of maximizing customer acquisition

### Continuous promotion of model change

- Create a new business model of automobile insurance directly connecting the upstream and downstream of the industrial chain, and take the lead in a new way of high-quality development during the transition period of the insurance industry

Realizing the profound transformation of the PICC's automobile insurance to high-quality development



# Innovative Measures for Automobile Insurance Operation and Management

## 1. Pricing advantage



### Personnel advantage

Form a professional team of **hundreds** of experts for risk pricing in NEVs



### Data advantage

With **135 million** pieces of the world's first large-scale massive data



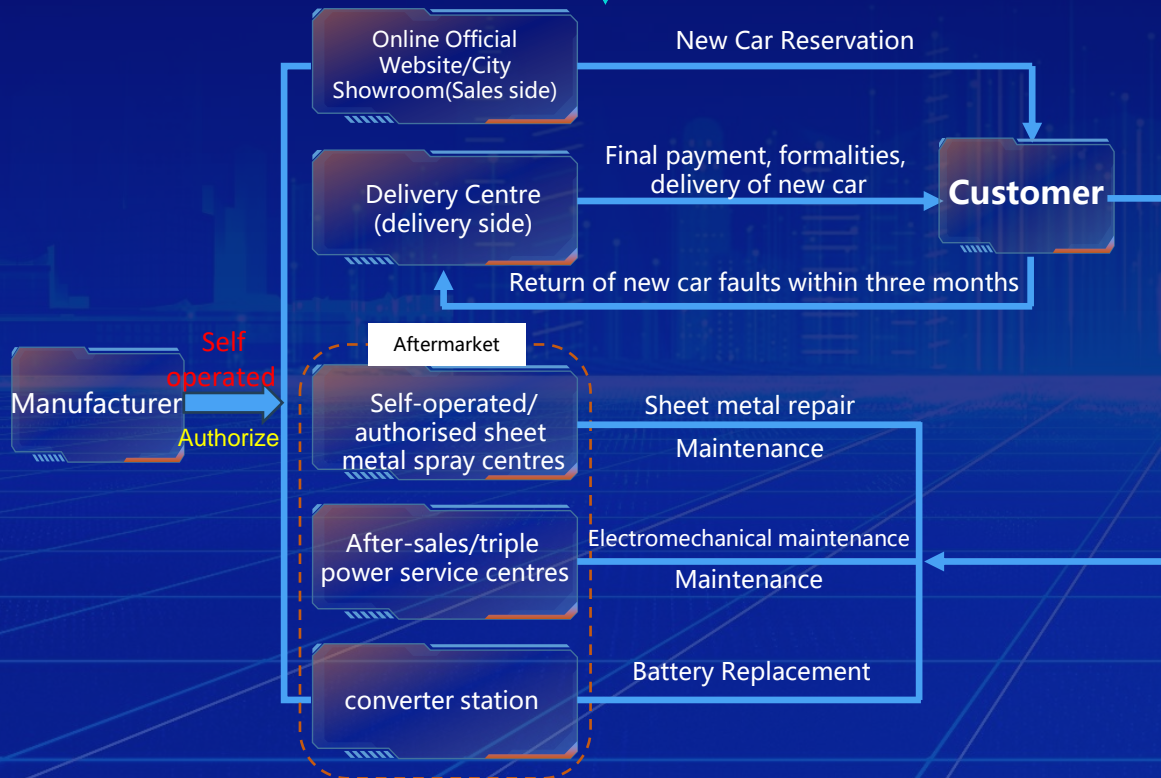
### Model advantage

The introduction of **environmental, vehicle, and driver** dynamic and static pricing factors significantly enhances the risk identification capabilities of vehicle insurance, nearly doubling the improvement

# Innovative Measures for Automobile Insurance Operation and Management

## 2. Channel advantage

Under the new energy direct operation mode, insurance companies take customers as the center and build an interconnected relationship among people, vehicles and manufacturer.



### Online insurance model

New car booking in the manufacturer's website/app

Select City Delivery Locations

Vehicle-specific matching and completion of final payment

Manufacturer opens up online customer self-insurance interface

New car customers can choose to insure themselves online

### Offline insurance model

Delivery centre appointment for pick-up

Promote insurance through customer WeChat groups

Remote insurance service

Customer picks up the car in shop

In-store insurance promotion

On-site insurance service

Cooperate with the insurance terminal to interact with customers in all online and offline aspects of new car delivery

# Innovative Measures for Automobile Insurance Operation and Management

## 2. Channel advantage

Domestic business basically covers all urban and rural areas across the country, with **36** provincial branches, **353** municipal branches, **3,111** sub-branches, **947** sales departments and **8,162** marketing service departments.

At present, the company's automobile insurance service ecosystem covers **13** service manager teams and **4** service scenarios.

Based on the **"vehicle + everything" channel layout** and professional construction, we will continue to optimize, innovate and upgrade the service team, standardize channel management, refine the operation process, and realize the scientific layout of automobile insurance channels and the professional development of team building.



# Innovative Measures for Automobile Insurance Operation and Management

## 3. Claim advantage

**Intelligent full-process  
online service capability**



**Service supply capacity with  
professional team of 10,000 people**



**Economies of scale  
cost control capability**



**Deep integration  
capabilities of  
industry chains**

# Innovative Measures for Automobile Insurance Operation and Management

## 3. Claim advantage

Online service  
capability

Enjoy full-process online claims services, easily report cases with one click, enquire about the progress of claims in real time, and simplify the claims processing process



One-click  
report

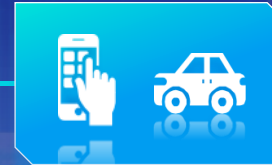


Automated  
triggering of  
reports  
through car-  
linked devices

Proactive  
contact from  
service  
managers

Remote claim  
survey/loss  
adjustment

View the visual  
accident report.



Settlement of  
payments

Real-time inquiry of  
claim progress



# Innovative Measures for Automobile Insurance Operation and Management

## 3. Claim advantage

### Professional team capacities



Formation of a professional team for new energy vehicle claims with **10,000 people**



Head office-level new energy vehicle claims expert team of **150 people**



Carry out centralized loss verification of major cases by brands, and promote the unification of claims settlement process, technology and standards for NEVs

Reinforcing professional advantages with a **vertically efficient claims operation model**

Strengthening cooperation with new energy OEMs to **optimize risk reduction and cost control**

### Cost control advantages



Take advantage of the company's overall scale of claim maintenance resources to promote maintenance enterprises to reduce the prices of spare parts and working hours, and further reduce the maintenance cost of consumers (for example, the price of a commonly used spare part of a brand was reduced by an average of **22%**)



Focus on key new energy vehicle brands and analyze the reasons together with OEMs



Establish strategic cooperations with leading enterprises and research institutions in the field of NEVs such as **CATL, CAERI and CATARC**, and jointly carry out technical research and forward-looking exploration, so as to safeguard the technical advantages of our new energy vehicle claims.

# Innovative Measures for Automobile Insurance Operation and Management

## 3. Claim advantage

### Industry chain integration capability

Cooperated with **660 +** new energy comprehensive repair plants

- Committed to addressing the problems of few maintenance outlets, long maintenance time, high maintenance prices and frequent disputes over loss adjustment and maintenance of NEVs.
- Promoting the transformation of cooperative maintenance enterprises of conventional fuel vehicles to explore the field of NEVs maintenance.
- Exploring the establishment of a network of comprehensive repair plants for NEVs, and consolidating upstream and downstream resources to provide high-quality vehicle maintenance services for NEV owners at competitive prices.



# Innovative Measures for Automobile Insurance Operation and Management

## 4. Risk reduction advantage

### Customer service advantage

#### Training for vehicle owners



Insurance companies and OEMs provide joint training services for new vehicle owners as part of efforts to mitigate risks beforehand, which effectively enhances customer experience.



❑ In view of the characteristics of NEVs, trainings on intelligent driving functions, general knowledge of safe charging, proper use of batteries, etc. will help guarantee the use of NEVs in a safe and reliable way.



❑ For ancillary facilities such as charging piles, safety training is provided to customers to prevent accidents such as facility damage, fire, electricity leakage and electric shock, and to enhance the interaction between insurance companies and customers.



# Innovative Measures for Automobile Insurance Operation and Management

## 4. Risk reduction advantage

### Vehicle service advantage

#### ◆ Fully online charging maps:

Cooperate with charging pile platform integrated service providers through system docking, and provide charging pile search and navigation services to customers, as well as vacancy and charging price information.



#### ◆ Shenzhen mobile charging:

The Shenzhen branch has provided free mobile charging rescue services to household NEVs customers since June 2023.

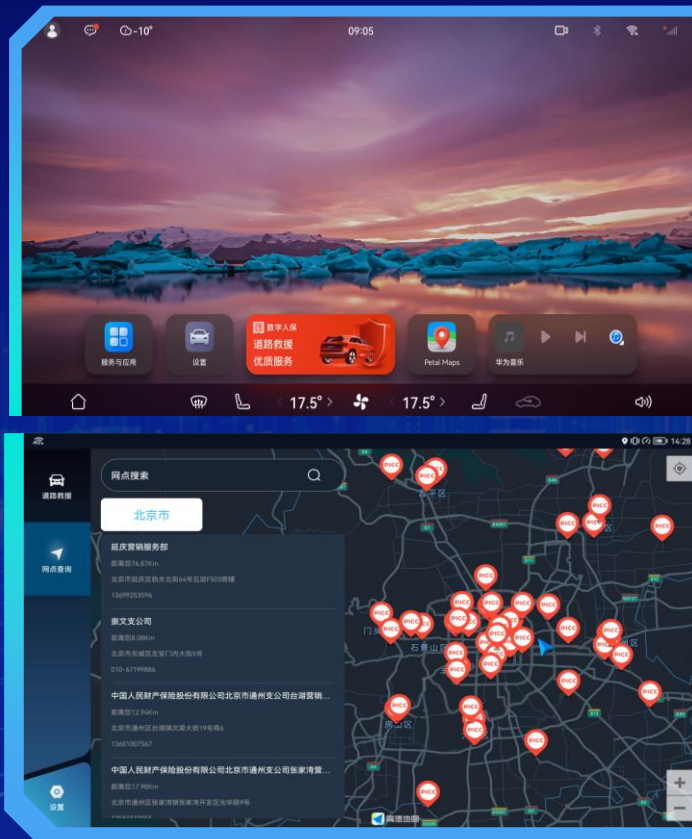
#### ◆ Chongqing battery testing:

Since December 2023, we have cooperated with Chongqing Traffic Police Bureau and China Automotive Engineering Research Institute Co., Ltd. to carry out free battery testing service, which has been distributed to more than 90,000 customers. Over 9,000 of them have used this service.



# Innovative Measures for Automobile Insurance Operation and Management

## 5. Integration advantage



### “Digital PICC” Application

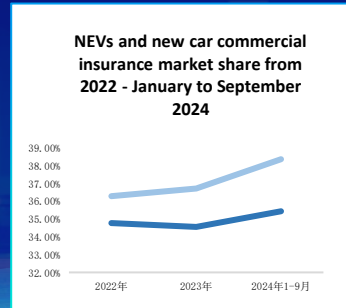
- We explore a new automobile insurance service mode directly connecting the upstream and downstream of the automobile industry chain. The "Digital PICC" Vehicle App, embedded in smart cockpit platforms such as Harmony OS and AliOS, was developed to promote the realization of related functions such as the direct connection of some automobile enterprises' smart cockpits to PICC's national road rescue services.

# Phased Results of PICC P&C's NEV Insurance Business



## Market Share

The market share of commercial insurance was **35.45%** for the first three quarters of 2024, up **1.49 PP** YoY.



## Customer Service

Serving over **22 million** NEV customers accumulatively.



## Profitability

Our combined ratio of NEVs **outperforms the industry.**





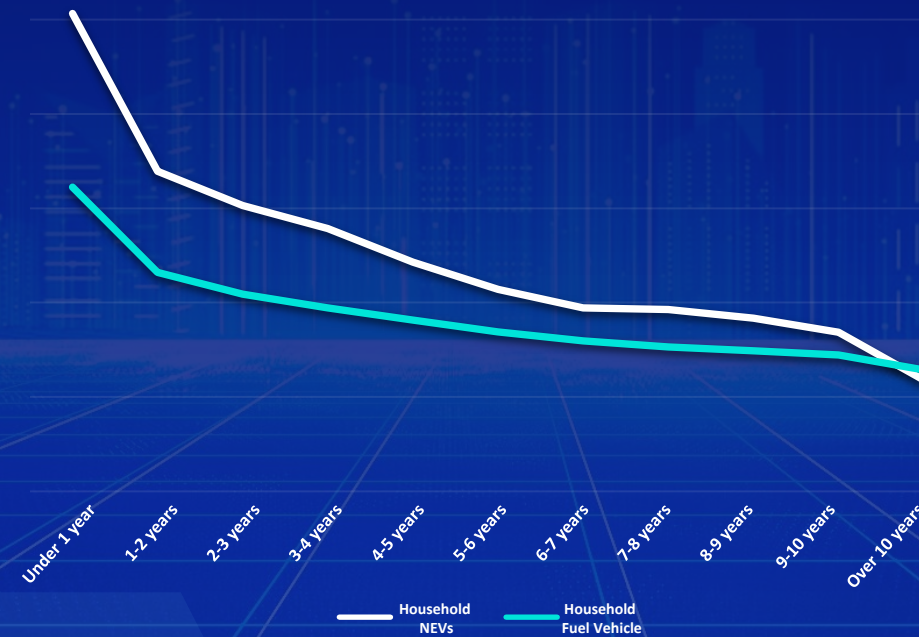
3

Prospect

# Promising future for the development of NEVs

- ❑ The problems encountered at this stage will mitigate over time with the further development of the NEV market.
- ❑ The difference between the claim frequency rate of household NEVs and household fuel vehicles over 5 years old has narrowed, and the loss ratio of NEVs has room for further decline.

Claim frequency rates of NEVs and fuel vehicles by age



# Promising future for the development of NEVs

## Core sector layout of PICC P&C in the future



### Vehicle + Everything

The penetration development strategy  
of the automobile industry chain



### Leading industry standards

Promote the industry to further  
strengthen risk identification capabilities  
and service innovation capabilities



### Serving NEV companies

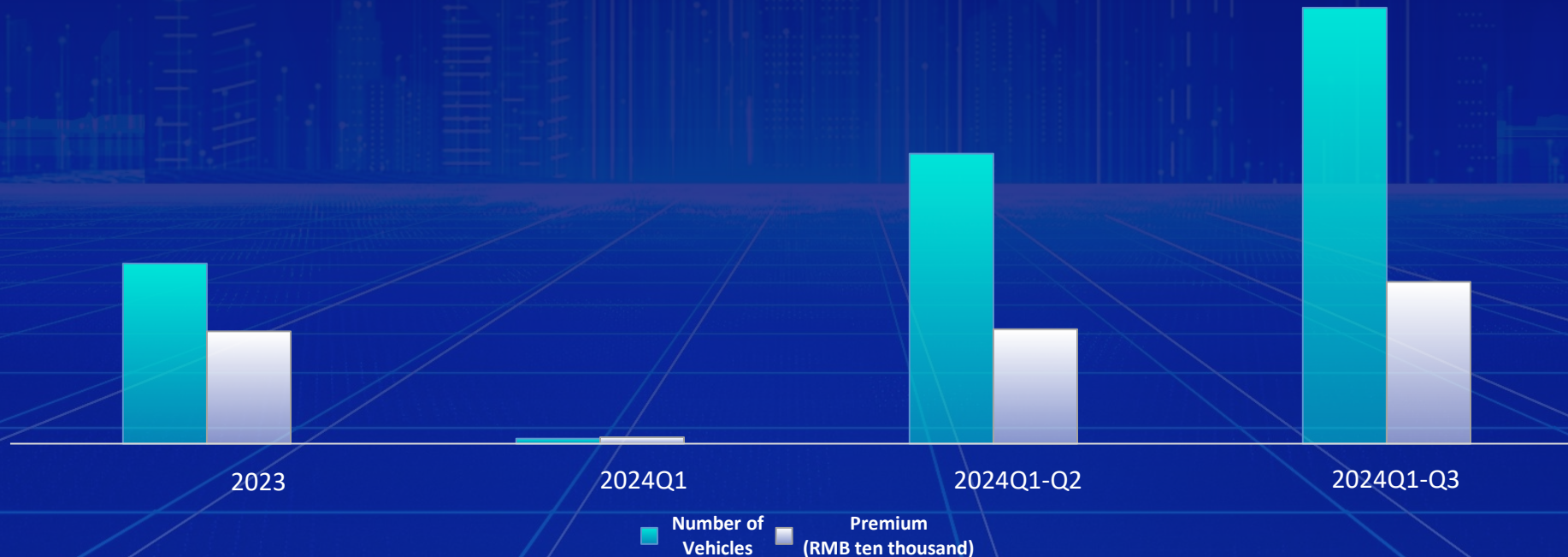
Supporting the international  
expansion of NEV firms

# Prospect for Incremental Market - Research Reserve for Intelligent Connected Vehicle (ICV)

Focusing on risk research of new energy ICVs and laying out the incremental market of automobile industry

- In the first three quarters of 2024, the number of ICVS insured by our company continued to grow, up more than **150%** year-on-year

Company's underwriting for ICVs in 2023-2024Q3



# Prospect for Incremental Market - Research Reserve for Intelligent Connected Vehicle (ICV)

"New Technology" Empowers the Upgrading and Development of the New Energy Vehicle Industry

Lead the industry in developing ICV insurance products and lead the market in enriching the coverage of ICV insurance.

Intelligent level		Name	Controlled by	Monitored by	Failure takeover	Insurance plan	Time schedule
SAE	MIIT						
L1	L0	Driving Assistance	Person & Vehicle	Person	Person	Leading the industry in drafting separate policy terms for vehicles and batteries of NEVs. Upfront development of the NEV Power Battery Accidental Loss Compensation Insurance. Tailored development of the Liability Insurance of Intelligent Connected Driver Assistance System for auto brands. Upgrading the premium rates of outbound vehicles to serve the national "Belt and Road Initiative" strategy.	At present
L2	1	Partial Driving Automation	Vehicle	Person	Person		
	L2	Combined Driving Automation					
L3	L3	Conditional Driving Automation	Vehicle	Vehicle	Person	Promoting the industry to develop the Model Clauses for ICV Insurance, and the product framework has been preliminarily endorsed by the National Financial Regulatory Administration.	In the near future
L4	L4	High Driving Automation	Vehicle	Vehicle	Vehicle	Reserving insurance products for autonomous auto-driving vehicles in different scenarios (road under development/closed industrial park/commercial use) .	For a medium-term
L5	L5	Full Driving Automation	Vehicle	Vehicle	Vehicle	Developing and reserving customized product clauses based on the technical characteristics of different OEMs. For example, Baidu cloud cockpit remote driving insurance, etc.	For a long-term



# Low-altitude Economy-eVTOL

## eVTOL—— a core raceway of low-altitude economy in the future

- **Low usage costs:** new energy + driving automation
- **Low supporting costs:** electric vertical take-off and landing, reuse of existing charging piles.
- **Highly matured technology:** high energy density battery cells, large mature high power to weight ratio motor, advanced control and algorithm technology.
- **Multiple application scenarios:** To B, To C, To G, to build urban transportation system.

## Exclusive product - “eVTOL insurance” (1<sup>st</sup> policy in the industry)

### Product description

- Basic coverage - natural disaster + third party liability + on-board personnel are fully covered by one insurance policy.
- Special risk coverage - external impact, operational error, loss of communication link protection can be attached on demand.

### Future planning

- Continuously accumulate experience and conduct risk studies on eVTOLs;
- Continuously enrich the product system for more different types of eVTOLs and develop customized and exclusive innovative products.



# PICC will firmly promote the transformation and upgrading of NEV insurance both now and in the future, to bolster the national development strategy

## “Local Exploration & External Cooperations”

- Strengthen external big data cooperation and the introduction of emerging technology tools to promote a more solid business foundation with cutting-edge digital technologies.

## “Theoretical research & practical accumulation”

- Strengthen the innovation of new energy, intelligent network connection and eVTOL products to meet the needs of the people and promote the expansion of the scope of protection.

## “Review & Long-term planning”

- Strengthening the comprehensive upgrading of auto insurance underwriting, claims handling and risk reduction services, and promoting a more advanced service capability with the new thinking of ‘vehicle + everything’.

Only by working relentlessly for our mission, can we forge ahead and deliver results worthy of your trust!

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# PICC Serving the People