

# Seizing the Opportunity of **Digital Reinvention** to Build an **Intelligent • Inclusive PICC** Through Fintech

April 2018

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on Insurance Business Ecosystem**

**Current Status of Information Technology  
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# The new insurance ecosystem will bring about changes in business model, product design and customer experience.

## Traditional Insurance Ecosystem

## New Insurance Ecosystem

<b>Industry boundary</b>	<ul style="list-style-type: none"> <li>An ecosystem mainly consists of insurance companies, supplemented by other participants, with clear industry boundaries</li> </ul>	→	<ul style="list-style-type: none"> <li>Blurred industry boundary, with more industries and enterprises participating in cooperation</li> <li>Peripheral enterprises may compete with traditional insurance companies because of their control on customer data and information</li> </ul>
<b>Business model</b>	<ul style="list-style-type: none"> <li>Product-centered</li> <li>Risk sharing</li> </ul>	→	<ul style="list-style-type: none"> <li>Customer demand-centered</li> <li>Active protection against risks</li> <li>Provide numerous insurance-related value-added services</li> </ul>
<b>Product design</b>	<ul style="list-style-type: none"> <li>Inflexible pricing &amp; insufficient coverage</li> </ul>	→	<ul style="list-style-type: none"> <li>More accurate &amp; flexible pricing, richer variety and more centered around the nature of insurance business as protection</li> </ul>
<b>Risk prevention &amp; control</b>	<ul style="list-style-type: none"> <li>Post-event risk compensation</li> </ul>	→	<ul style="list-style-type: none"> <li>Pre-event prevention</li> <li>Big data-driven risk control &amp; high accuracy</li> </ul>
<b>Customer experience</b>	<ul style="list-style-type: none"> <li>Insufficient focus on service quality &amp; serious homogenization</li> <li>Insufficient interaction with &amp; little understanding of customers</li> </ul>	→	<ul style="list-style-type: none"> <li>Higher contact frequency &amp; deeper understanding of customers</li> <li>Tailor-made experience and provide vehicle, housing, health and various other value-added services</li> <li>Higher customer value and customer adhesion</li> </ul>

# To cope with the challenges and impact of the new insurance ecosystem, PICC Group will formulate a suitable digital strategy

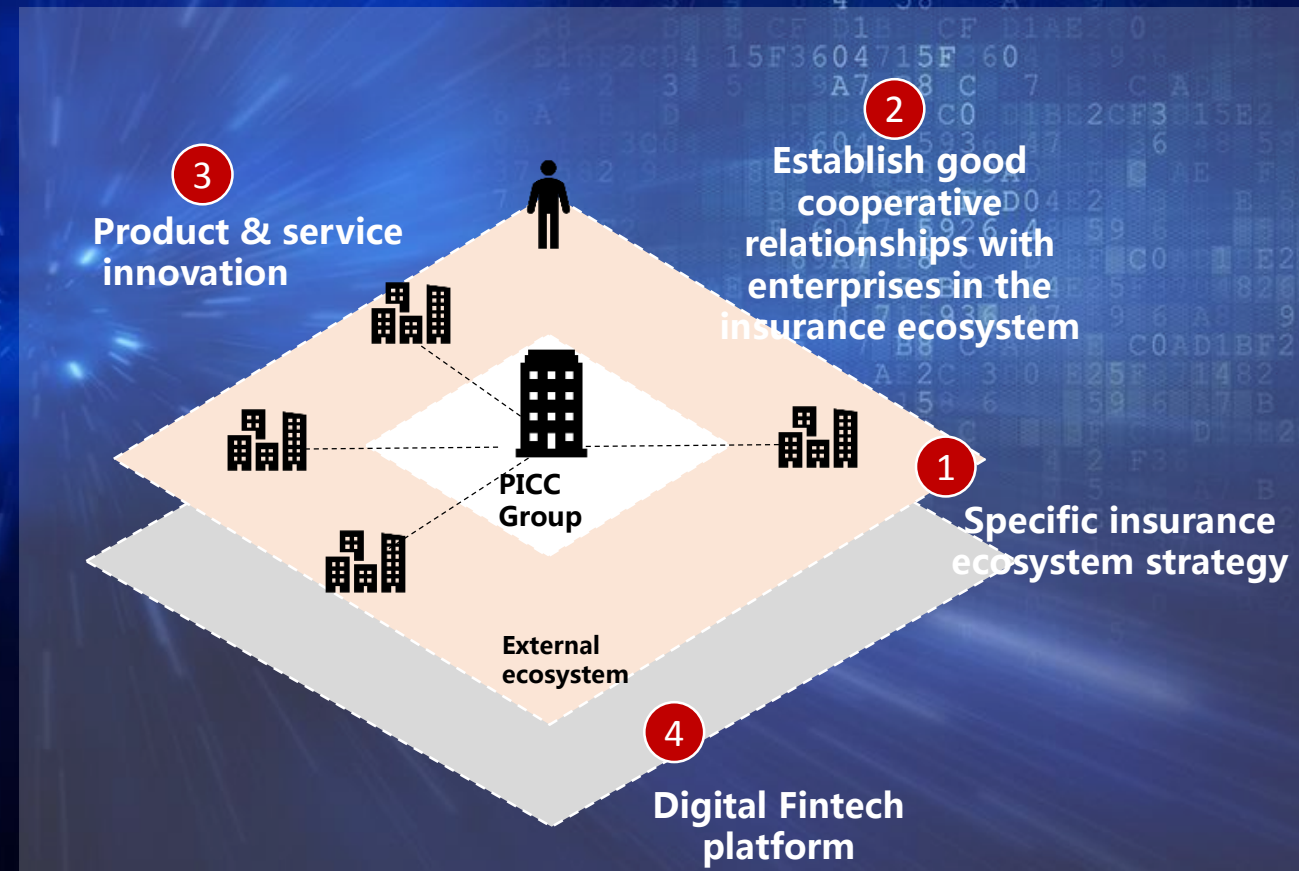
## Key Focal Points of PICC Group

1. Leverage on PICC Group's traditional advantages, undertake online and offline integration, and continuously improve all-channel unified customer experience

2. Strengthen internal and external business model synergy, improve operational efficiency and implement effective risk control

3. Through science & technology and data, continuously launch of new products and new business models

## Strategic Thinking of PICC Group



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Through information & new technology innovation, PICC Group has continuously pushed forward the steady growth and transformation of its insurance business.



PICC P&C third-generation core business systems construction

2007



PICC Group's Southern Information Center in operation

2011



Full research layout for AI, block chain and other cutting-edge technologies

2016



Intelligent Inclusive PICC Full implementation of digital strategy

2018

2009  
PICC Life digital operation & management upgraded



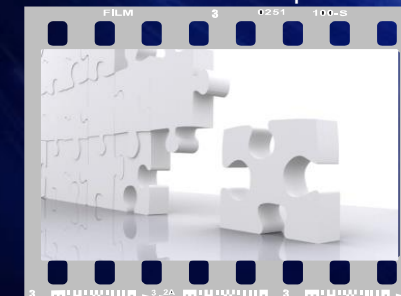
2010  
PICC Health Shebaotong & Yibaotong built



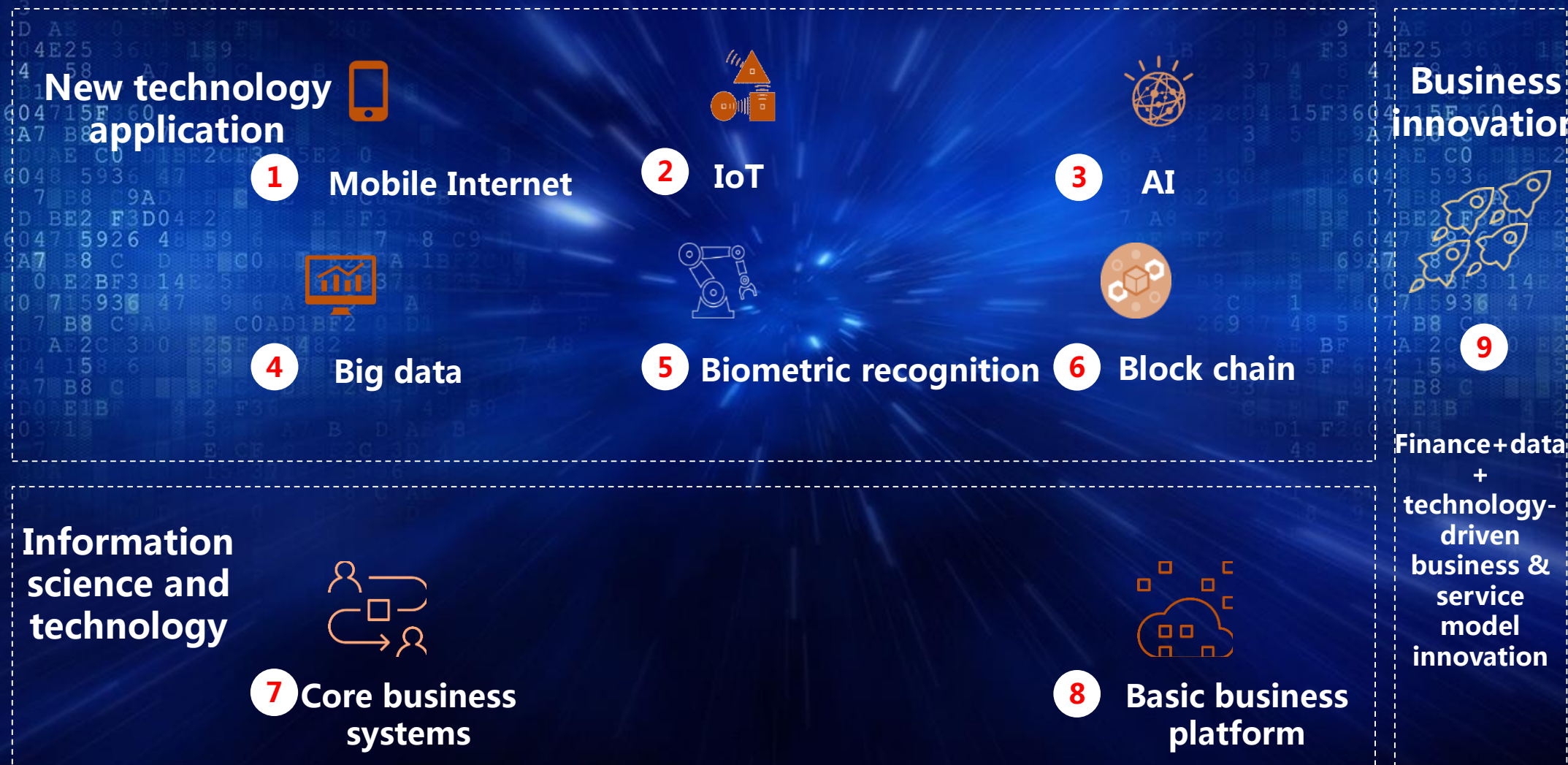
2012  
PICC Group cloud platform built



2017  
Unified data governance at PICC Group



PICC Group has made full layout for **nine fields in the three areas** of information technology, new technology application, and technology-driven business innovation to support business development and continuously improve business competitiveness



# 1. Mobile Internet — “Seamlessly” connecting customers, employees and the Public

## Marketing personnel



### PICC eTong

- Group-wide: Transcend P&C, life, health and other subsidiaries
- Process-wide: Cover policy issuance, service and claims handling
- Big market: 75 products online, serving hundreds of thousand agents

## End customer



### PICC APP

- Process-wide: Insurance purchase & automatic claims handling
- Paper-free: Provide e-invoice, e-policy and electronic payment
- New technology: IoV & driving behavior data collection

### Insurance ATM

- Process-wide: Self-service for insurance application, premium payment, printing and query
- High speed: It only takes **30s** to print a vehicle policy.

## The Public



### Social media service platform

- Big use base: Attract the attention of **tens of million** users, and enjoy broad market prospects
- Multi-platform: Provide support for WeChat, APP and the official website
- New technology: AI-based **automatic recognition** of claims request, and GPS-based **rapid positioning** of risk location

## 2. IoT — Achieving refined risk management and product and pricing model innovation

Through IoT-related technologies, PICC Group applied new technologies in the field of vehicle and agricultural insurance and accomplished notable achievements.



### Fleet risk management

- Piloted **IoV**-based fleet risk management in 2014
- Adopt big data analysis to establish risk models and continuously improve risk assessment effect



### IoV cloud services

- Hundreds of service collaboration outlets
- Attracted hundreds of thousand vehicle owners, markedly reducing their accident rate

### Ebike “E-ID”

- Underwritten for over 1 million e-bikes

### Spatial information technology application

- Has established county-level **UAV** bases nationwide
- “Air-land” integrated agricultural insurance evaluation model and **“map-based claims handling”** model

### E-label technology

- In relation with **RFID** and other technologies, developed breeding risk prevention model
- Promoted for use in Fujian, Guangdong, Guangxi, Inner Mongolia, Xinjiang and other places.

### 3. AI — Running through all insurance business operation processes

#### Marketing Scenarios



##### Intelligent Recommendation for Vehicle Insurance Renewal

- Adopt **neural network, deep learning** and **other muddling** technologies to develop product recommendation model, customer risk incidence index and other data models
- Solve such main problems as **"what customers"**, **"what products"** and **"how to market"**

##### "Intelligent Hub"



- From the aspects of intelligent customer acquisition, channel interaction, existing user management and customer churn alert, provide **personalized and intelligent solutions**

PICC Group  
Core Digital Value

1. Enhance marketing precision
2. Lower customer service cost and improve customer service efficiency

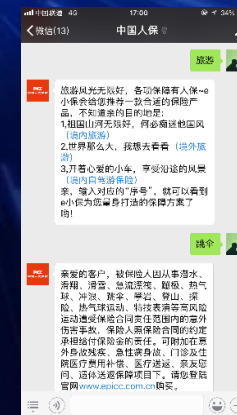
#### Customer Service Scenarios



##### 95518 Intelligent Voice Navigator

- Average time for interaction is reduced from 35-45s to **5-15s.**

##### "XIAO-I" Customer Service Robot



- Achieved **all-covering** application on the official website, PICC APP and WeChat Public Account
- For FAQs, the Mini i Customer Service Robot can achieve an independent answer rate of **96%**

3. Improve customer satisfaction

### 3. AI — Running through all insurance business operation processes

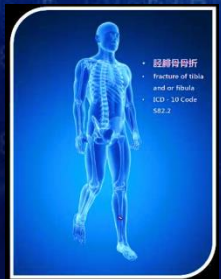
#### Claims Handling Scenarios

##### 95518 Intelligent Voice-Based Case Reporting



- The **first** system in China' s insurance industry to truly replace manned customer service with AI voice recognition technology and complete the entire vehicle insurance case reporting process through self-service voice interaction.

##### Vehicle Insurance Intelligent Adjustment



- An expert system makes intelligent adjustment to millions of data items through 13 specialized databases
- Actively participate in social governance and **external system integration** with the Supreme People' s Court, the Ministry of Public Security, the Ministry of Justice, the China Banking and Insurance Regulatory Commission, etc.

#### Internal Control Scenarios

##### Intelligent Quality Inspection

- Achieved automatic initial inspection of the **4,200h** all-success case system of the P&C Operation Center
- Successful case quality inspection coverage rate reaches **100%**
- Phonetic transcription recognition accuracy rate stays at **93.6%**.
- Automatic quality inspection model hit rate stands at **99.1%**.



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定价支持 💡

反欺诈 ⚡

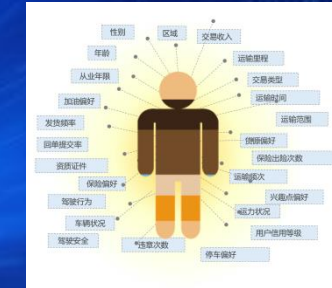
客户征信 🎯

行为特征 📌

身份特征 🐾

社交关系 ✉️

- Develop automatic “access” products for inclusive finance
- Reduce** manual examination and verification workload and substantially improve operational efficiency

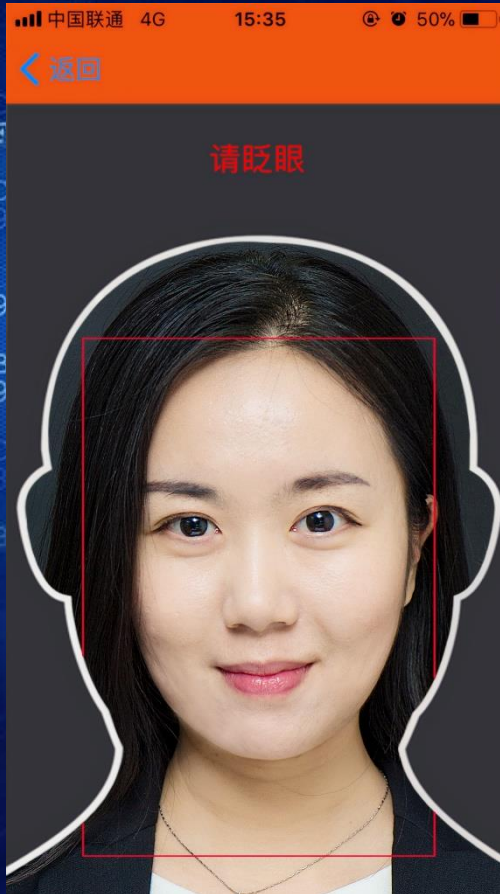


- Based on LBS and OBD, develop a big data overall portrait model and provide **active preventive** measures against vehicle insurance fraud from the perspectives of vehicle history trajectory and driver behavior

- LBS: Location Based Services )

- OBD: On-Board Diagnostic)

## 5. Biometric Recognition — Diversified scenario applications and enhanced customer experience



### Biometric Recognition

- Been applied in login authentication, breeding insurance subject recognition and other scenarios
- Effectively block photo, video, static 3D model and other fraudulent logins

## 6. Block Chain — Build a secure, efficient and traceable business aggregation platform

Employ block chain technology to build a secure, efficient, traceable digital asset management platform — “PICC V”, which is positioned as an aggregating platform for individual customers, part-time marketers and new agents to achieve sales model innovation.

PICC Group's advantages

### 1. User

- Full user coverage
- Powerful social attributes
- Rapid communication & sharing

### 2. Sales

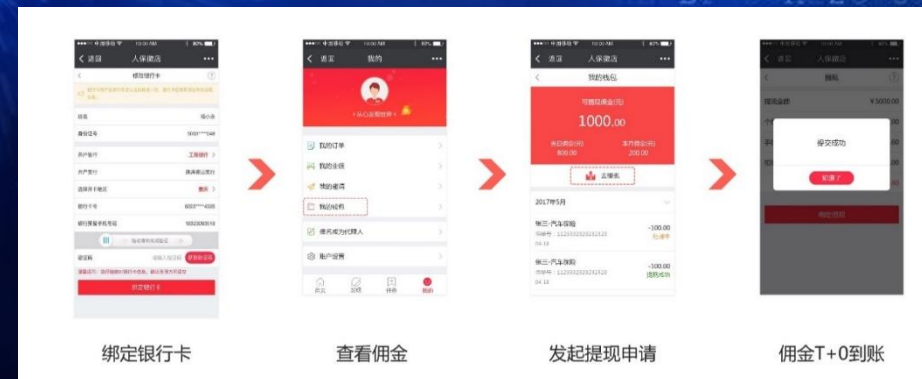
- Faster exhibition
- Real time grant of rewards
- Diversified incentive mechanisms

### 3. Market

- Quick market coverage
- Scenario-based cooperation
- Flexible market expansion

### 4.Services 5. Science & technology innovation

- 1min registration
- 1min policy issuance
- 1min cashing
- First-Class Award 2016 from the Insurance Association of China for Outstanding IT System Building Case in the Insurance Industry



PICC Group  
Core Digital Value

1. Boost user adhesion and improve employees satisfaction

2. Improve operational efficiency

3. Improve business expansion capacity and promote overall business growth

## 7. Core Business Systems — Customer-centered, full-business support for online and offline integrated scenarios

- Industry's **leading** social security business system, covering sales management, underwriting management, claims handling management, preservation/renewal management, joint officing management and risk control audit processes.

- Established sound core business systems for **investment research & analysis, investment transaction, quantitative risk control, credit rating, valuation & accounting**.

P&C  
Insurance

Health  
insurance

Life  
insurance

Asset  
management

Financial  
service

- Third-generation core business system achieves of **the integration of** all-risk products, full-process underwriting business processing and claims handling processes
- Support transformation to a **"platform-based, multi-dimensional and social" Internet** operation model

- Support the Company's **internal and external sales integration**, connect all business transaction processes and improve uniform user experience
- In quick and efficient collaboration with the Internet business system, fully cover the Company's all business scenarios

- Core business systems of inclusive finance with as its **technology+credit+insurance** features, and innovatively build **mobile Internet-based business processes**
- Through organic online and offline integration** and seamless connection of the front and back stages, apply science and technology to rebuild credit processes

**1. Support online and offline all-channel integration and uniform customer experience, and boost user adhesion**

**2. Promote business synergy and precision marketing, and improve operational efficiency**

## 8. Basic Business Platform — 360°customer insight and basic support

### Unified customer sharing



- Group-wide **unified customer views and unified customer data criteria**
- Integrate the **massive customer and key business data** of the Group's insurance and investment segments
- Establish an open platform, and offer **customer information sharing service to** customers, sales personnel and management users

### Unified data



- Can store and process **massive** data sources of various formats
- Possess a enterprise-level big data platform which has various **data analysis and mining algorithms** and rich and diversified presentation formats
- Form **typical application scenarios** in the areas of group decision support, risk management, marketing management, customer service and self-help analysis.

### Health management



- Integrate resources on the health industry chain, build an "**open, interconnected, intelligent and efficient**" **health management service platform**, and continuously empower PICC's big health ecosystem
- Push forward the **crossover integration** of health management with concerned parties at the upstream and downstream of the industry chain
- Achieve precision pricing, precision marketing, precision cost control and precision services, **and maintain industry leadership in professionalism**

### Cloud resources



- Provide **centralized and shared** application cloud , desktop cloud and other cloud computing services
- Provide technical support for the implementation of new technology and innovation projects in the areas of **AI, big data** and so on
- Provide a cloud resources environment for production development, testing and backup

## 9. Business Model Innovation — “Finance + data + technology” drives model innovation

Use Fintech to reinvent business and service model innovation and establish a financial ecosystem

### Urban Housing Integrated Insurance+Service Model Innovation



- Establish an **urban housing security dynamic monitoring system** platform and a **mobile phone-based inspection system**, and adopt **IoT technology** for routine inspections and data analysis

### “Jia Pei An” employs new technology to build a life ecosystem for car owners



- Use big data, cloud computing, IoT and other **new technologies** to connect with various resources on the auto parts industry chain, achieve one-stop parts procurement, and support the cost reduction, business promotion and service improvement of vehicle insurance

### “Compensating for Your Waiting” Flight Delay Insurance Product & Business Model Innovation



- Flight delay insurance products, characterized by “social marketing+dynamic pricing”
- Use **real time online dynamic actuarial technology** in combination with the Group’ s own risk control model to make **real time and dynamic pricing** for the underwritten flight delay risks
- Perform active control on flight delay insurance profit and loss and **reverse the long-term losses of airlines**

### Establish a Fintech ecosystem through the “Mai Bao Fu” financial payment cloud service platform



- Combine the bank account system with aggregating payment technology and apply them in **insurance scenarios**, and integrate the financial capacities and advantageous products of various collaborative institutions
- Provide customers with account services that integrate wealth management, account management and insurance services, and achieve business connectivity under a unified customer perspective

# Digital reinvention will build up **three key capacities**, and continuously push forward “customer-centered” innovation, change and transformation

## Forces that drive customer-centered change

### The wave of supply-side reform

- Return to the essence of insurance and serve the real economy and the masses
- Adjust supply structure to provide more security products that meet market demand

### Population structure changes & more personalized customer demand

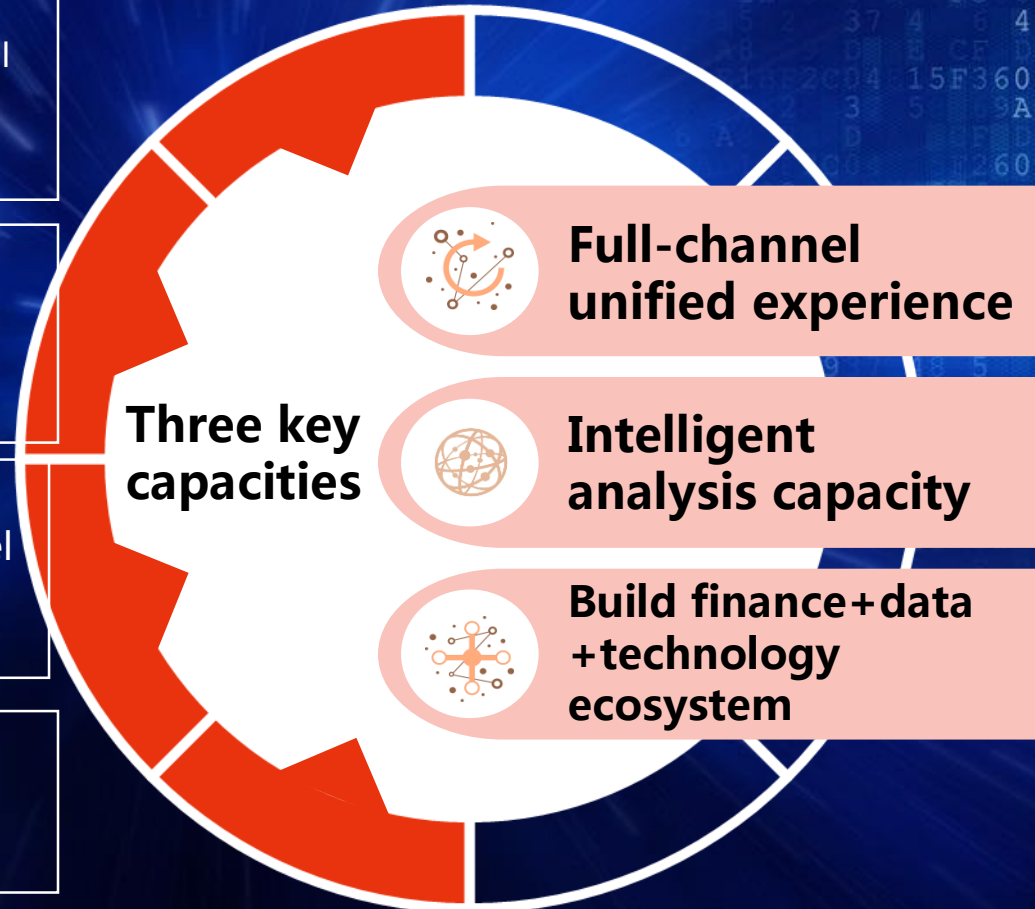
- Change from traditional homogenized services into personalized automatic and intelligent service; from management to intelligent management

### Embrace new technology

New technology will promote business model and product portfolio innovation in the insurance industry

### Financial risk prevention & control model

Regulatory policy is tightening to protect consumer rights and interests and foster orderly financial competition



The capacity in most urgent need of building — “connect all the links”

The powerful weapon to win competition — “build a strong brain”

Establish a partner ecosystem — “extend the reach”

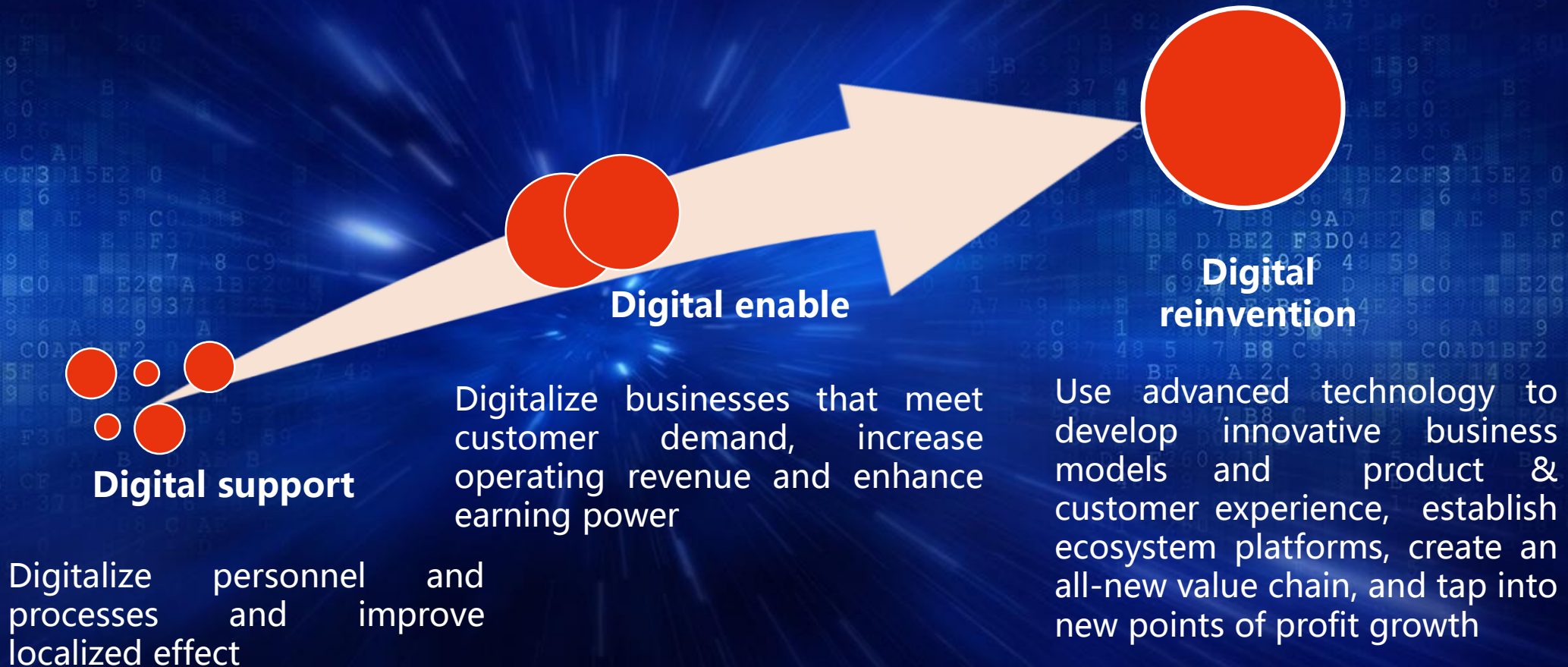
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# Positioning of PICC Group's Digital Strategy



Through “**digital empowerment**”, optimize business processes across the insurance industry lifecycle, and achieve mobile, online, integrated, intelligent and platform-based operations.

Through “**digital reinvention**”, further generate new business models

# Digital Strategy of PICC Group — Intelligent•Inclusive PICC

**Intelligent•Inclusive PICC:** Use digital technology to empower operation transformation and business model innovation. Be customer-centered, return to the essence of insurance and become the most customer-friendly insurance service expert.

**Intelligent**  
•  
**Inclusive**

- Knowledge:** Use data to fully understand and gain deep insight into customers (sales strategy )
- Quality:** Provide customers with the best products and services ( operation model )
- Intelligent:** Adopt digital technology as the core means of support (technology-driven )
- Integrating:** Integrate diversified business models, and combine offline with online business operations (business model )
- Inclusive:** Be customer-centered and benefit the masses at large (value positioning)
- Beneficial:** Become the most customer-friendly insurance service expert (vision & mission )

**S.M.A.R.T. PICC**

- |           |                |                      |
|-----------|----------------|----------------------|
| <b>S.</b> | Scenarized     | customer experience  |
| <b>M.</b> | Matching       | customer experience  |
| <b>A.</b> | Agile          | operation management |
| <b>R.</b> | Revolutionized | business model       |
| <b>T.</b> | Tailor-made    | customer experience  |

# Form **nine major digital transformation strategies** in the three areas of customer experience, business operation and business model

Use digital technology to empower operation transformation and business model innovation

Be customer-centered, return to the essence of insurance and become the most customer-friendly insurance service expert

Beneficial

Inclusive

Knowledge

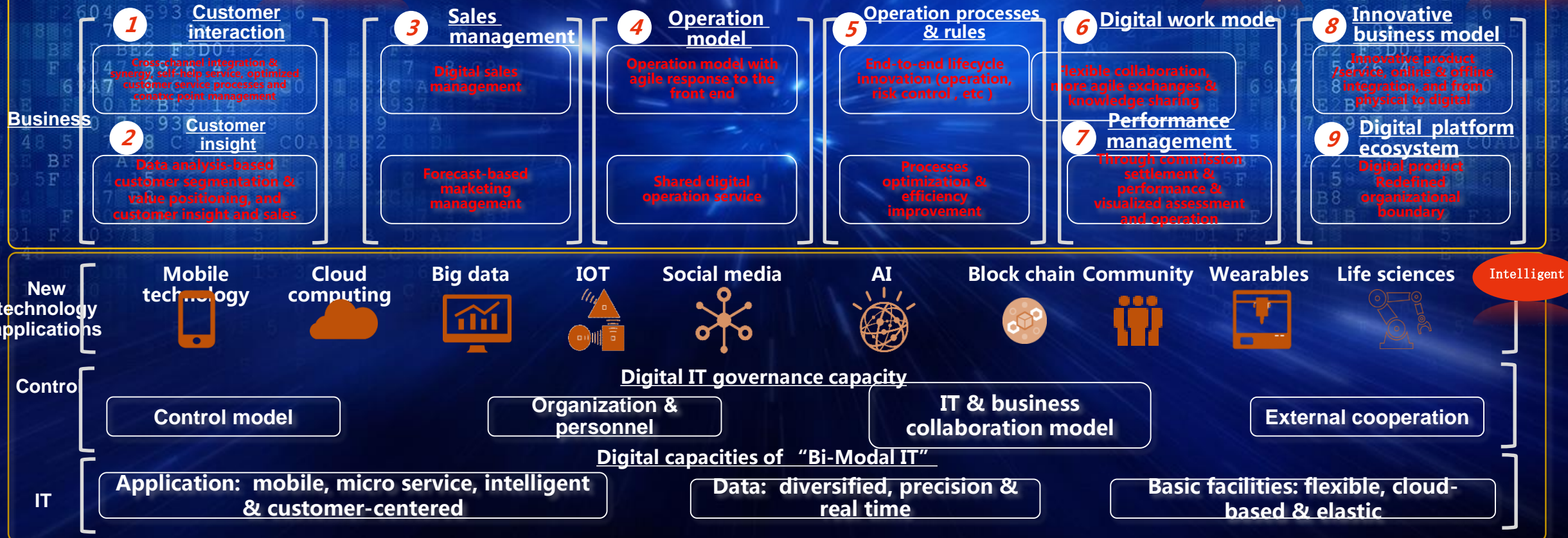
Quality

Integrating

Customer experience  
S.M.T

Business operation & internal management  
A.

Business model  
R.



# With "Connection, Integration, Features and Data" as the overall direction and through customer-centered digital Fintech platform building, form powerful capacities of "finance+data +technology"

- Powerful data sharing platform, integrate internal and external big data, and support the comprehensive enhancement of decision analysis and total risk control capacities

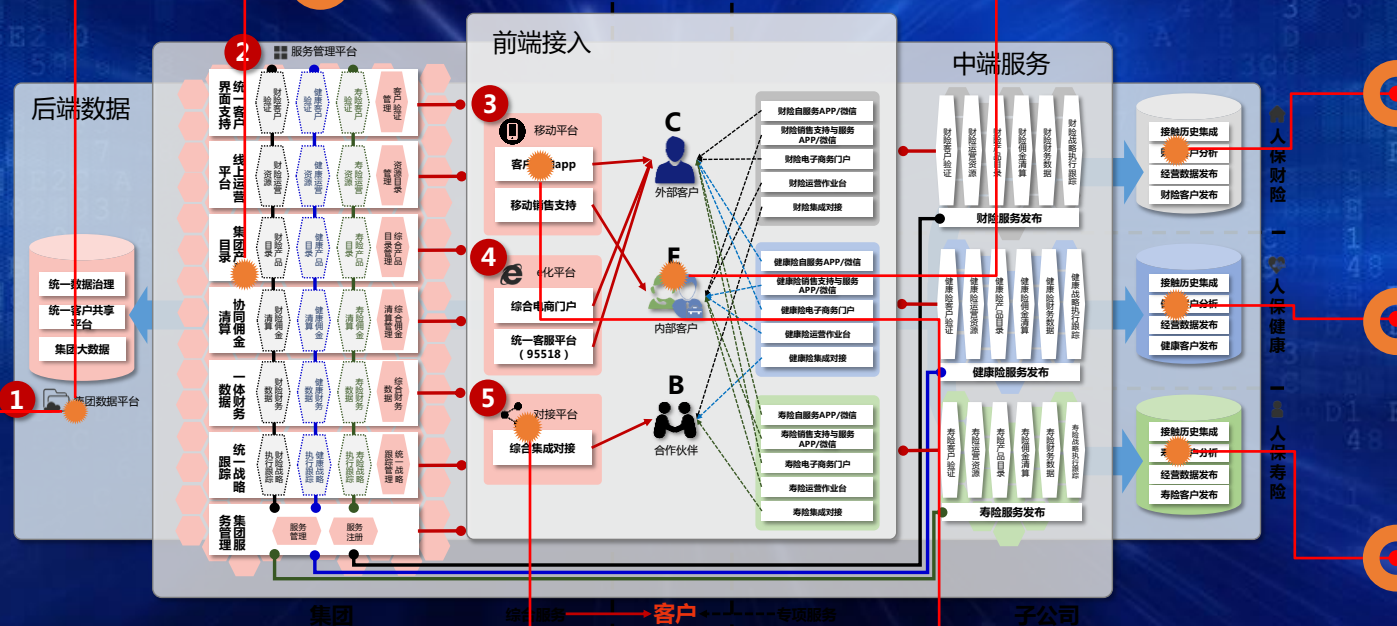
- Wide data scope: Integrate the data of the various subsidiaries of the Group and external data; satisfy different forms of external data integration models, and achieve the integration of internal and external data

- More timely data: Provide real-time and streaming data processing capacities

- More refined data services: Based on report quickly apply computing engines, active exploratory platforms and model mining to develop comprehensive data service capacities

- More complete historical data: While satisfying low-cost data storage, deliver information services to provide historical data to external users

- Build a service management platform, integrate the various operational services of the Group, and achieve the integration of cross-subsidiary operations, services and other resources of the whole Group, as well as channel and resources integration



- Establish a connection platform for rapid and flexible connection and integration with third party resources
- Rapid internal and external connections, and support for ecosystem building

- Build a unified management platform of group-level customer information, and form panoramic customer and product views
- Support for multi-channel uniform customer experience

- Build "customer-centered, new-generation core business systems, deliver multi-channel uniform customer experience, support online and offline integration and flexible product management

- Establish mobile exhibition and sales internal and external user satisfaction, deliver customer experience, support online and offline integration and flexible product management

- Conduct customer-centered reconstruction of core business systems, deliver multi-channel uniform customer experience, support online and offline integration and flexible product management

- Build integrated and synergic customer sales and service platforms, provide mobile, intelligent and comprehensive exhibition support, support new channel building and improve channel access experience

**By fully implementing a digital strategy, PICC Group will strive to narrow its informatization gap with the internationally advanced level, continuously push forward quality change, efficiency change and impetus change and write a new chapter in its corporate development !**

**Digital Strategy for *Intelligent – Inclusive PICC Group***

Thank you