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China's Expanding Market

The emerging insurance market in China has expanded quickly over the past two decades. The China insurance market is now the second largest in the world, and it is estimated that this market will become the world leader by 2030. Given this expansion, it pays to examine and understand the trends and key issues that are playing out in the China market.

Recent Slowing of Growth

While the overall growth rate in the past two decades has been high, the market has seen a slowdown in recent years. The standard, year-over-year growth we saw in the past two decades has become stagnant or decreased recently, especially in the life insurance arena. Some major players are seeing new business decrease, and the industry as a whole is rethinking whether the development model it has sustained in the past will succeed in the future. The reasons for this stagnation include:

- An erosion of the China population base, due to the one-child policy over the past 30 years. This has led to the sharp decrease in the working population beginning in 2013.
- A lack of talent, and shrinking human resources due to the recent economic slowdown and the new normal of a pandemic or even post-pandemic world.

Industry Transformation

The insurance industry in China has been forced to transform from a quantity-driven to a quality-driven business. This means that companies are focusing on transitioning and operating their business in more professional, sustainable, profitable ways. The less-educated and minimally trained advisors should fade out over time, based on the market and organizational selection. Companies are focusing more resources on the “3H” advisors — highly educated, highly efficient, and highly productive — to build their sales forces. This also means greater demand for more effective and essential professional training and development for their agency forces.

Middle-Income Products

The rapidly increasing middle-class-income population (MCIP) in China merits attention, despite the uncertainty that this population will continue to increase in the future. Recent years have seen companies launch financial products that target the MCIP. Companies are promoting these products, while continuing to keep them updated and dynamic. Despite some companies encountering increased risk with these products, they continue to be an ongoing influence in the China insurance market.

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Focus on InsurTech

Insurance players in the China market quickly bought into the InsurTech field. Given the ongoing breakthroughs and critical technology, companies like Ping An, China Life, AIA Life, and CPIC have actively applied InsurTech to their day-to-day business operation. However, the majority of the InsurTech implementations were instituted on the operational side of the business — with a focus on automatic underwriting, customer experience, operational efficiency, and anti-fraud. The impact of InsurTech on distribution remains insignificant. While the China insurance industry expects that InsurTech implementation will offset the recent slowing in business, or will continue to fuel business growth, they have not yet seen this level of success with InsurTech.

All of these trends indicate an ongoing and dynamic future market for insurance in China. Despite setbacks in recent years, it is clear that the market will remain a strong focus for companies looking to increase distribution in the future. A necessary focus on a well-trained agency force, products for the middle class, and continued investment in InsurTech will allow for continued growth in the China insurance market. 🌐

LIMRA Initiates Licensing Agreement With Prudential Mexico

Prudential Mexico has signed a licensing agreement for LIMRA to train their advisors during 2022, including seven sessions for approximately 200 advisors using the Spanish language Master Financial Advisor (MFA) first-stage content. Prudential's vision is to pursue LIMRA MFA designations for their first-year and experienced advisors in Mexico, after piloting successfully in 2022 and observing results.

In addition to the value of LIMRA training, Prudential expects that the designation will eventually help their advisors rise above the daily "noise" in the market with prospects and customers, and distinguish Prudential and its representatives as a source for trustworthy solutions and advice. Carlos Islas, LIMRA Mexico/Latin America training leader, welcomed



Master Financial Advisor (MFA) Series

Prudential of Mexico as a new LIMRA Elite member in 2021, and will guide the experience through 2022. Islas states, "This is an alliance committed to the productivity and professionalism of the sales force. Prudential and LIMRA — a binomial of progress."



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