



Joint Colloquium of the IACA, PBSS and IAAHS Sections  
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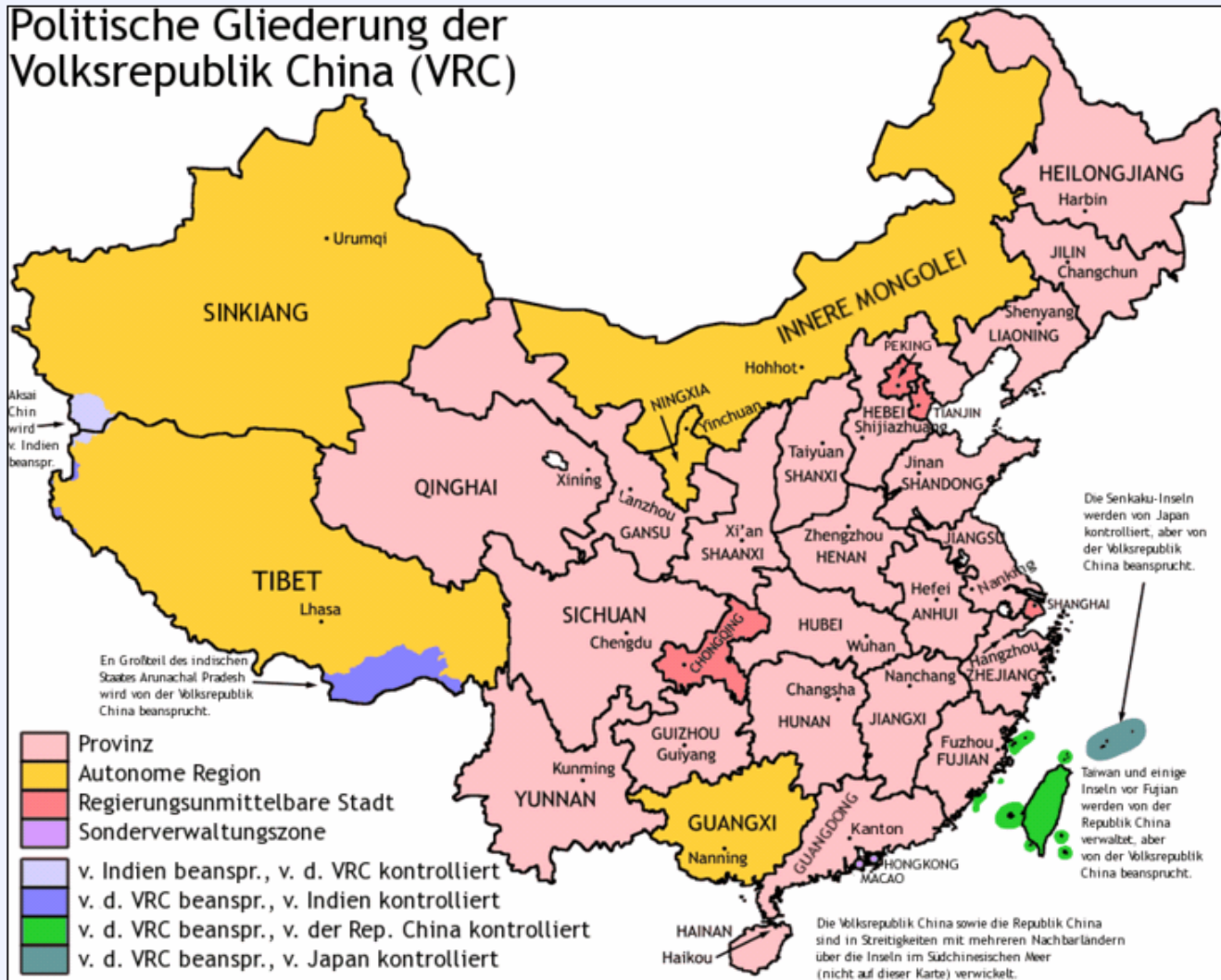
# China - Quick overview & current issues in health insurance development



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# China – One country, several faces



# China – Macro economic figures (1/4)

**GDP in  
2006:  
2,627 bn  
USD**

## Total GDP 2004

*(millions of  
Ranking Economy US dollars)*

1 United States	11,667,515
2 Japan	4,623,398
3 Germany	2,714,418
4 United Kingdom	2,140,898
5 France	2,002,582
6 Italy	1,672,302
7 China	1,649,329
8 Spain	991,442
9 Canada	979,764
10 India	691,876
11 Korea, Rep.	679,674
12 Mexico	676,497
13 Australia	631,256
14 Brazil	604,855
15 Russian Federation	582,395

Note: Rankings include only those economies with confirmed GDP estimates. Figures in italics are for 2003 or 2002.

a. Data include the French overseas departments of French Guiana, Guadeloupe, Martinique, and Réunion. b. Excludes Kosovo.

c. Data refer to mainland Tanzania only. d. Excludes data for Transnistria. World Development Indicators database, World Bank, 15 July 2005 4

# China – Macro economic figures (2/4)

**2006:**  
1,323.6 mn

## Population 2004

### *Ranking Economy (thousands)*

1 China	1,296,500
2 India	1,079,721
3 United States	293,507
4 Indonesia	217,588
5 Brazil	178,718
6 Pakistan	152,061
7 Russian Federation	142,814
8 Bangladesh	140,494
9 Nigeria	139,823
10 Japan	127,764
11 Mexico	103,795
12 Philippines	82,987
13 Germany	82,631
14 Vietnam	82,162
15 Turkey	71,727

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**World 6,345,127**

Note: Figures in italics are for 2003. a. Estimate excludes Kosovo.  
World Development Indicators database, World Bank, 15 July 2005 4

# China – Macro economic figures (3/4)

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- Population in 2008: 1,330 mn
- Growth rate: 0.629% (2008 est.)
- Birth rate: 13.71 /1,000 population (2008 est.)
- Fertility rate: 1.77 / woman (2008 est.)
- Life expectancy: male 71.37 years, female: 75.18 years (2008 est.)
- Life expectation 2000  
80 years Shanghai  $\leftrightarrow$  66 years Tibet  
(67 years Yunnan)

# China – Macro economic figures (4/4)

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- GDP / capita 2006: 1,985 USD
- GDP growth: 11.1% (2006), 11.3% (2007)
- total health expenditure in 2005: 106 bn USD
- health expenditure trend for the years 2000 - 2005: CAGR of 14%
- health expenditure in 2005:  
52% out of pocket, 8% private, 40% public

# China – Socio economic figures

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- Cities statistics (Inhabitants)
  - 11 : > 4 Mio.
  - 22 : 4 Mio. => 2 Mio.
  - 141 : 2 Mio. => 1 Mio.
  - 274 : 1 Mio. => 0.5 Mio.
- Inhabitants per region (10.000 people)  
9,667 Henan  $\leftrightarrow$  270 Tibet (533 Qinghai)
- Gross regional product per capita (2003)  
47 tsd. Shanghai  $\leftrightarrow$  3.6 tsd. Guizhou
- Average wage (2003)  
27 tsd. Shanghai  $\leftrightarrow$  10.4 tsd. Hainan
- Number of mobiles per 100 people in urban households (2003)  
150 Guangdong  $\leftrightarrow$  62 Shanxi
- Area under land survey (10.000 hectares) per capita  
44,5 Tibet  $\leftrightarrow$  0.05 Shanghai

# Public health care system

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- Who is covered → Employees in urban areas (~ 10% of population)
- Contribution → employer and employee (x% of monthly salary)  
- individual account (for outpatient treatments)  
- health fund (inpatient treatments)
- Coverage → Inpatient (treatment)  
- Level & limit structure  
- Deductible (level 1)  
- Coinsurance (level 2+3)
- Inpatient (Drugs)  
- Coinsurance, limit & exclusions
- Outpatient  
- Deductible, coinsurance + limit
- Other restrictions & conditions  
- class of hospital  
- medical scheme varies by provinces

# China – Health insurance market

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- health premium volume in 2006: 37.6 bn RMB  
(564 bn total)
- life and non-life insurer can write health business
- only 4 specialized health insurance companies until now
- very competitive market (several insurance companies)  
→ Dumping premium / Tailor made business
- demand in PHI products is increasing (awareness)
- lack of qualified staff (knowledge & experience in health)

# China – Several target markets !

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# China – Health insurance products

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- Group / individual products
- Group size (small, mid, big)
- Short-term\*/ guaranteed renewed / long-term
- stand alone/ rider
- Full cover / supplementary cover
- reimbursement / lump-sum payments
- 80% CI, 13% medical exp., 3% HDA, 4% LTC
- fundamentally identical products

\* mainly annual policies

# China – Market growth perspective

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- demand in private health insurance products is increasing due to higher income and higher awareness of Chinese
- Chinese supervisory authority is putting more emphasis in further development of private health insurance market
- it is expected that health insurance premiums will increase dramatically and spending on healthcare by individuals will be a key driver of growth
- in April 2008 two TPAs were established: WPMI (launched by 4 US health insurers) and Swiss Re