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China insurance in 2026: resilience amid structural divergence

China's economy remains relatively resilient, with real GDP growth expected to moderate to 4.7% in 2026, from around 5.0% in 2024-25, well above our global forecast of 2.5%. Meanwhile, growth is becoming increasingly uneven: high-tech, AI-related industries and exports outperforming domestic consumption. Insurance market growth is slowing with divergence across business lines, as the rapid expansion of emerging industries has yet to translate into meaningful premium growth. Non-life nominal premium growth slowed to 3.7% in 2025 and is expected to remain broadly stable (at 3.8%) in 2026. Life insurance premium growth remained strong at 9.4% in 2025 (2023–24: 11.7%) but is expected to moderate to around 7% in 2026 as the savings pull-forward from guaranteed-rate cuts fades and protection stays subdued. Profitability is expected to remain broadly stable, supported by investment returns, while underwriting performance continues to improve, notably in EV insurance. Against a backdrop of low interest rates and heightened capital market volatility, asset-liability management will remain the key challenge for China's life insurers.

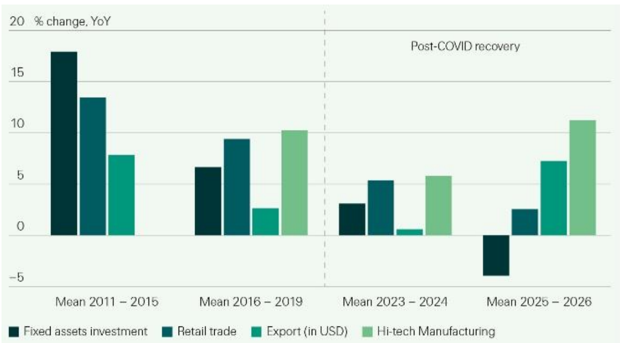
China outlook 2026/27: Broad resilience amid structural divergence

Amid rising external fragmentation and geopolitical uncertainty, China's economy remains broadly resilient, although growth is becoming increasingly uneven and supply driven. We expect the direct impact of recent energy shocks to stay contained, supported by diversified energy sourcing, domestic price controls, strategic reserves, and substantial domestic coal and renewable energy capacity. A prolonged shock, however, would weigh on external demand, industrial margins, and global financial conditions.

China's growth is increasingly supported by industrial upgrading, high-tech manufacturing and exports, while property, domestic consumption, and household confidence remain comparatively weak. In 1Q26, GDP grew 5.0% yoy, supported by industrial output (+6.1% yoy), high-tech manufacturing (+12.5% yoy) and exports (+11.9% yoy, Figure 1). April data showed some moderation, with industrial production and retail sales both softening, suggesting that the earlier strength was partly driven by front-loaded exports and external demand.

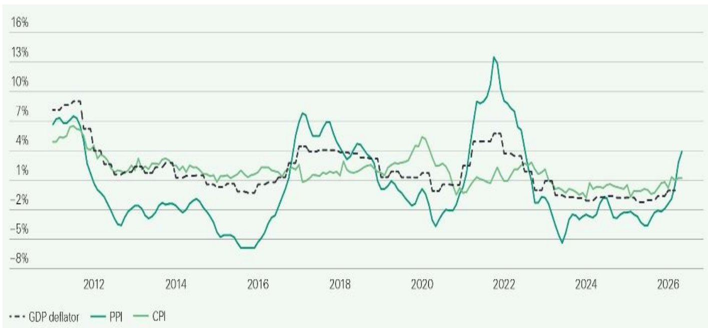
China's AI transition is centered on the practical deployment of AI across the real economy, aiming to boost productivity through automation and operational optimization while accelerate industrial upgrading. These gains remain largely confined to high-tech, capital-intensive and highly automated sectors, limiting spillovers to broad household income and employment. At the same time, the prolonged property market adjustment and ongoing household deleveraging continue to weigh on consumer confidence and spending, keeping domestic demand subdued .

Figure 1: China growth divergence amid structural transition



Source: NBS, GAC, Macrobond, Swiss Re Institute

Figure 2: Limited pass-through from PPI to CPI (up to May 2026)



Source: NBS, Macrobond, Swiss Re Institute

We expect China's growth to stabilise at a lower but still resilient 4.7% in 2026 and 4.3% in 2027, reflecting the ongoing transition from a property- and investment-led growth model toward one driven by technology-driven productivity gains and industrial upgrading. Inflation should recover only gradually, as imported inflation helps break deflationary expectations at the margin, but sustained reflation will ultimately require stronger domestic demand (Jan-Apr CPI: 0.9%, Figure 2). Policy remains supportive but more targeted, focused on strategic sectors, industrial upgrading, energy security, and technological self-reliance. Against this backdrop, policy rates should remain low, while 10-year government bond yields are likely to stay relatively stable with only limited upward pressure as growth stabilises. Relative to many economies, China is better positioned to absorb energy shocks and fragmentation, and global demand rotating towards AI, advanced manufacturing and new energy solutions should allow it to leverage its strong position in these industries.

Non-life insurance - structural divergence reshapes growth patterns [1]

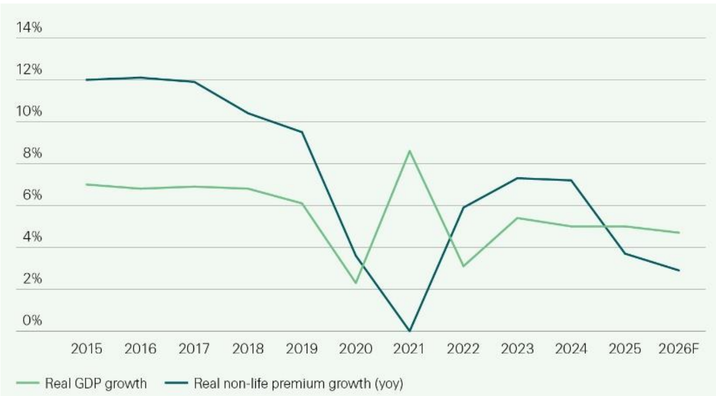
Recent market data already points to a broad-based moderation in premium growth. While non-life premiums expanded by 3.7% in 2025[2], growth has softened across motor, property and several commercial lines, reflecting weaker business activity and more cautious household spending. We expect non-life premium nominal growth to remain largely steady at 3.8% in 2026, below its historical average growth of 9.6% (2015-2024), and consistent with China's slower economic growth (Figure 3).

This marks the second consecutive year in which real non-life premium growth trails overall economic growth[3]. Unlike the 2022 slowdown, which was largely driven by motor de-tariffication reforms, the current moderation increasingly reflects weaker business confidence, softer investment activity and subdued insurance demand. In addition, the ongoing implementation of the non-life "Bao Xing He Yi" (premium-rate filing consistency) reforms has exerted some downward pressure on premium growth by curbing expense-driven competition and slowing business expansion in certain lines. However, these reforms are expected to support a healthier and more sustainable market structure by improving market discipline and fostering a stronger focus on underwriting quality rather than premium volume growth.

While commercial and specialty lines linked to advanced manufacturing and industrial upgrading are expected to outperform, their contribution to overall market growth remains limited by their relatively small premium base. Health and household property insurance should see relatively steady growth, supported by demographic trends, urbanization, rising risk awareness and continued government support.

Overall, China's non-life sector is likely to continue growing more slowly than the broader economy in the near term. With motor insurance accounting for nearly half of total non-life premiums and expected to grow at a historically lower pace, future market expansion will increasingly depend on insurance demand from emerging sectors such as advanced manufacturing, new energy and technology-related industries, rather than traditional lines.

Figure 3: Non-life premium growth and GDP growth



Source: Swiss Re Institute

Figure 4: EV sales growth and motor premium (nominal) growth

Source: Swiss Re Institute

The non-life insurance sector has yet to capture the rapid expansion of high-tech and emerging industries. Many emerging risks are still characterised by limited loss experience, evolving risk profiles and uncertain pricing dynamics, constraining underwriting capacity and premium scale. This is particularly evident in technology-intensive sectors, where risk exposures evolve rapidly and insurance solutions take time to develop and scale. At the same time, continued weakness in property investment and new construction activity remains a drag on broader traditional commercial insurance lines.

Increasing divergence across business lines amid structural shifts

Motor premium growth has been slowing since 2024 and have grown by 3.0% in 2025, as the market matures and premium growth increasingly lags vehicle sales. We expect motor insurance growth to moderate to around 2.0-3.0% in 2026, reflecting slower vehicle sales growth from high 2025 base as vehicle trade-in and consumption-support policies fade. With electric vehicles (EVs) accounting for 54% of new vehicle sales in 2025,[4] the market is more mature, limiting scope for further rapid expansion (Figure 4, Figure 5). Even so, the continued adoption of advanced driver assistance systems (ADAS) may support replacement demand; combined with more refined EV pricing as insurers build underwriting and claims experience, motor premium growth is expected to remain broadly stable in the coming years.

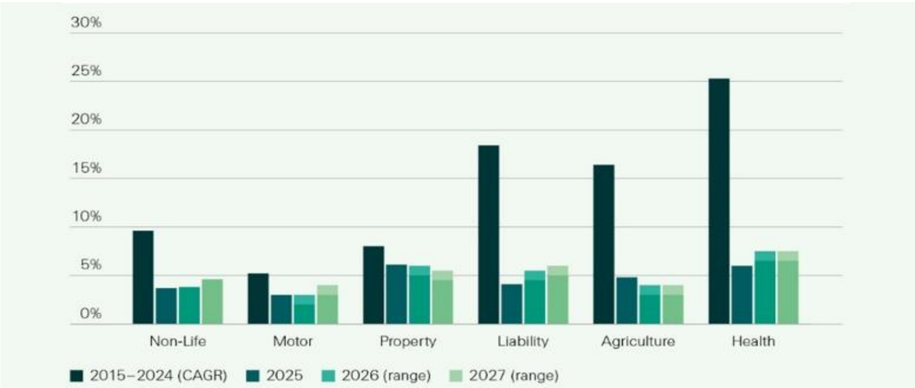
Property insurance growth softened to an estimated ~ 6% in 2025, with commercial lines slowing to around 3% while personal lines grew at double digit rates. We expect the divergence to continue in 2026, with growth moderating to 5.0-6.0% due to weaker construction activity and subdued business investment. According to Marsh Global Insurance Market Index, China's commercial property rates declined by 3% (yoy) in 2026 Q1. With market capacity remaining ample (industry solvency ratio at 242.6% in 2026 Q1[5]) and competition intensifying, soft pricing conditions are likely to persist. Household property insurance, by contrast, should be supported by relatively low penetration and ongoing government efforts to strengthen household resilience through affordable protection.

Liability insurance growth moderated to 4.1% in 2025 but remains one of the more resilient commercial lines, supported by industrial upgrading, growing corporate risk awareness and expanding mandatory liability requirements. We expect growth to rise modestly to 4.5% - 5.5% in 2026, supported by industrial upgrading and regulatory support in product liability, environmental protection and manufacturing safety. Industrial upgrading and automation are reshaping liability exposures rather than simply increasing them. Greater automation may reduce some traditional workplace and operational risks over time, while new technologies create more complex commercial risks, especially in cyber, technology, and supply-chain exposures. As a result, liability demand is likely to become more specialised and risk-specific, reflecting the changing composition of corporate risk.

Agriculture insurance growth moderated to 4.8% in 2025, from the rapid expansion of the past decade (2015-2024: 16.4%) as the market matures and policy priorities shift toward improving protection quality and resilience. We expect growth to normalize at 3.0%-4.0%. With annual premiums now exceeding RMB 150 billion[6] (and an estimated sum-insured value of over RMB 5 trillion), future growth is likely to come increasingly from expanding coverage for higher-value crops and agriculture facilities, enhanced protection levels and stronger disaster risk management.

Health insurance has remained one of the fastest-growing segments of China's non-life market, growth of 6.0% in 2025, supported by strong demand for supplementary health protection and the continued expansion of digital distribution and healthcare ecosystems. We expect growth to slightly rise to 6.5% -7.5% in 2026. Beyond favourable demographic trends, the continued expansion of digital and embedded distribution, and deeper integration of insurance with healthcare services, should support further market development. In particular, scenario-based health products from non-life insurers are expected to outperform traditional longer-duration offerings, benefitting from greater affordability, accessibility and ease of distribution through simpler product structures and embedded channels.

Figure 5: By-line premium growth (2015-2027F)



Source: Swiss Re Institute

Profitability outlook: investment-led recovery with improving underwriting performance

Profitability improved in 2025, largely driven by stronger investment returns, which accounted for over 60% of gross income in 2025 for major insurers[7] —supported by the recovery in China's equity markets, and a higher allocation to equities in 2025[8].

Underwriting results also improved in 2025, supported by both a relatively benign catastrophe year and continued improvement in EV underwriting. Economic losses from natural catastrophes declined by around 40% year-on-year in 2024[9], lowering loss ratios across the industry. This should not, however be interpreted as a reduction in underlying risk: China is experiencing structural shifts in catastrophe exposure and accumulation that could increase loss volatility over time. [10]

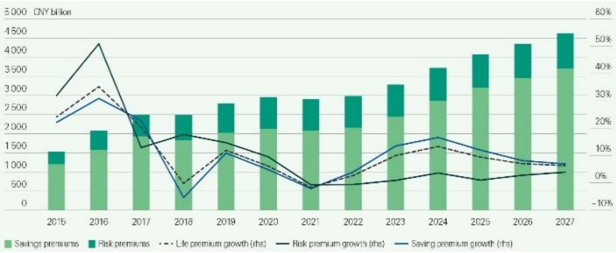
Underwriting in the EV segment continued to improve, with the industry-wide EV combined ratio declining from 109% in 2023 to around 105.7% in 2025[11]. Profitability remains uneven, favouring larger insurers with scale, richer data and more sophisticated pricing capabilities. Several major domestic insurers, according to public disclosures, already achieved underwriting profitability across parts of their private passenger new electric vehicle portfolios.

Looking ahead, underwriting profitability is expected to remain stable, albeit weather-related risk volatility remains a downside risk, particularly in property and agricultural, where elevated catastrophe losses could cause short-term earnings fluctuations. Investment returns should stay supportive in 2026, although gains are likely to normalise from 2025's strong performance. While capital markets and low bond yield volatility should continue to underpin earnings, the upside from equity market revaluation and bond gains is likely to be more limited.

Life insurance – premium growth is moderating but tailwinds remain

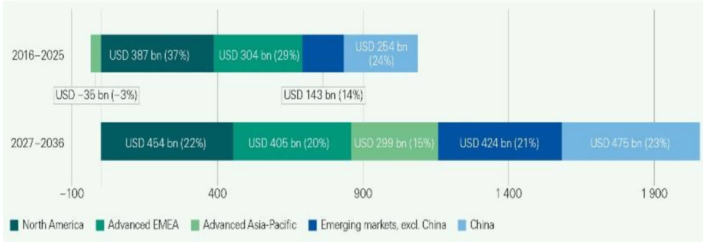
Life insurance premium nominal growth remained strong at 9.4% in 2025, extending the elevated growth trend seen since 2023 (2023-24: 11.7%) (Figure 6). Growth was supported in part by pre-emptive purchases ahead of successive reductions in guaranteed rates, which encouraged households to lock in higher returns. As that demand pull-forward effect gradually fades, we expect premium growth to moderate to around 7.0% in 2026, with life premiums reaching roughly USD 633 billion. Over the longer term, demand is expected to remain resilient supported by demographic ageing, retirement needs, and elevated precautionary savings (Figure 7). As households seek greater financial stability amid lower interest rates, demand for guaranteed and retirement-oriented life products should remain solid.

Figure 6: By line premiums and growth, China (2015—2027F)



Source: Swiss Re Institute

Figure 7: Global life insurance additional premiums 2027F–2036F, compared to previous decade 2016–25 (USD billion)



Source: Swiss Re Institute

Savings products are expected to outgrow protection products, reflecting households' preference for stability and capital preservation in a prolonged low-interest rate environment. Regulatory changes linking guaranteed rates more closely to market conditions have encouraged product innovation while preserving returns attractiveness to policyholders. The continued shift to bancassurance should reinforce this trend, given the channel's natural fit with savings and wealth-management products.

By contrast, growth in protection products is expected to remain relatively subdued in the near term, reflecting soft consumer confidence and cautious income expectations. The longer-term outlook is more constructive, supported by demographic ageing, rising healthcare costs and growing health and longevity protection needs. As cyclical headwinds gradually ease, demand should recover with future growth increasingly driven by differentiated health and ageing-related solutions, deeper integration of insurance and healthcare, and more flexible, digitally enabled product designs.

Profitability outlook: stronger earnings, persistent balance-sheet challenges

Profitability improved in 2025, supported by stronger investment returns and continued improvement in new business value (NBV). Investment returns improved substantially, with leading life insurers recording double-digit growth. Among listed life insurers, NBV margins[12] expanded by around 1~4 percentage points, driven by tighter commission regulations, a product mix shifting to longer policy terms with floating rates, and productivity gains in agency channels.

Profitability is expected to improve in 2026, supported by resilient new business value growth, product innovation, distribution optimization and operational efficiency gains. Product innovation has increasingly centred on floating-rate and participating products, helping insurers manage interest-rate risk and reduce asset-liability mismatch in a lower-yield environment. Insurers are also optimizing distribution by improving agent productivity, strengthening bancassurance partnerships, and accelerating AI adoption.

However, stronger 2026 earnings do not eliminate underlying balance-sheet challenges. Life insurers are likely to remain under margin compression pressure, given the large stock of legacy savings products carrying relatively higher guaranteed rates. Even with improved investment returns, recurring yields may be insufficient to fully offset the cost of these legacy liabilities. At the same time, rising life expectancy is increasing longevity risk and extending liability duration, intensifying asset-liability management challenges, particularly where the supply of long-duration assets remains limited.

The view ahead

We expect China's economy and insurance market to remain broadly resilient, although growth is likely to moderate amid widening structural divergence. Cyclical headwinds, including soft consumer confidence and subdued household credit demand, will weigh on insurance growth in the near term. China's insurance market remains supported by long-term structural drivers, including rising household wealth and the government's increasing emphasis on societal resilience— including its expansion on national natural catastrophe pool to cover risks beyond earthquakes[13] and efforts in building nationwide long-term care insurance system[14].

Emerging risk pools associated with high-tech industries have yet to become meaningful growth drivers for non-life insurers. High-tech manufacturing, AI-related industries, new energy and advanced manufacturing should continue to outgrow property- and household-demand-linked sectors, but many of these risks still have limited loss histories, evolving exposures and model uncertainty. Their contribution to premium growth will therefore build gradually from a small base. As risk understanding, underwriting capabilities and insurance solutions evolve, these sectors could become an important source of insurance growth, following a trajectory similar to the EV sector.

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References

[1]In *sigma* health insurance is allocated to non-life insurance. Health insurance mainly includes medical insurance, while CI and LTC are categorised under life insurance. Historical growth rates may differ from official figures due to variations in classification.
[2] All quoted growth rates are in nominal terms, unless otherwise stated.
[3] Excluding 2021, when the 2020 motor insurance reform led to a temporary contraction in motor premiums and materially weighed on overall non-life premium growth.
[4] Statistics from China Passenger Car Association.
[5] National Financial Regulatory Administration, PRC
[6] National Financial Regulatory Administration, PRC
[7] Swiss Re Institute estimates
[8] National Financial Regulatory Administration, PRC
[9] Ministry of Emergency Management, PRC
[10] Sigma insights: Structural shifts in China's catastrophe risk, 19 Mar 2026
[11] Authors inference based on data from China Association of Actuaries and China Banking and Insurance Information Technology Management Co., Ltd., Release of 2024 Claims Information on China's New Energy Vehicle Insurance (24 January 2025) and Release of 2025 Claims Information on China's New Energy Vehicle Insurance (31 March 2026). The 2025 absolute combined ratio is not published in the CAA and CBIT release. The c.105.7% figure is an inference from the government's c.107% industry-average level in the 2024 policy context and the official statement that the 2025 combined ratio fell by 1.3 percentage points year on year.
[12] Measured as NBV/ first year premium.
[13] Insurance Asia News. China expands national nat cat pool to cover perils beyond earthquakes. March 27, 2024
[14] Xinhua New. China steps up long-term care insurance to address aging challenges. April 7, 2026

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