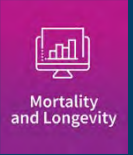


# China Life and Health Insurance Demand Trend



In recent years, China has witnessed a unique evolution in its insurance sector, particularly with the rapid development of critical illness products. As an extension of the global consumer survey study, this report provides an in-depth analysis of the current insurance landscape in China, distinguishing it from global trends and highlighting specific consumer behaviors and preferences. By utilizing advanced analytical methods focused on life and health insurance, this report aims to uncover the underlying factors driving insurance purchases among Chinese consumers. With a special focus on recent health insurance purchases, especially critical illness insurance, we delve into the roles that lifestyle, demographic factors, and consumer attitudes play in shaping market dynamics.

**Disclaimer:** The findings of this report are based solely on data from a specific survey conducted during a particular time period and may be limited in scope.

## Key Spotlights Summary

### 1. High Engagement in Health Insurance Purchases in China

Chinese consumers demonstrate a higher-than-global-average purchase rate across all major insurance types, including mortality, health, and accidental death and disability (AD&D) insurance. The purchase rate is defined as the proportion of individuals who responded affirmatively to the question, 'Which of the following types of personal health or life insurance do you have?' Responses for each product were categorized as a binary variable: 1 for those who have purchased insurance and 0 for those without. Health insurance, particularly critical illness coverage, shows exceptionally high engagement, with 72% of respondents selecting these products. This suggests strong market opportunities, particularly in the health sector, where insurers can capitalize on this heightened consumer interest.

### 2. Impact of Healthy Lifestyle and Technology on Health Insurance Purchases

Lifestyle choices, particularly those promoting healthy living, are key drivers of insurance purchasing decisions in China. Individuals who prioritize a healthy lifestyle and use wearable devices are more likely to purchase health insurance. This highlights the importance for insurers to focus on wellness-related products and marketing strategies that align with consumers' health-conscious behaviors.

### 3. Demographic and Socioeconomic Factors Influencing Insurance Purchases

Demographic factors such as marital status, area of residence, and education level significantly influence insurance purchasing behaviors in China. Urban residents are significantly more likely to purchase insurance. Married individuals and those with higher education and insurance knowledge are more likely to purchase insurance. Tailoring marketing strategies to these demographic segments can enhance policy uptake. Promoting consumer education on insurance could bridge knowledge gaps and drive higher engagement.

## Market Analysis and Modeling Findings

### MARKET ENGAGEMENT AND INSURANCE PURCHASE RATES

The purchase rate for different types of insurance in China is higher than the global average. Approximately 41% of respondents have chosen mortality-related insurance (whole life, term life). Health-related insurance (critical illness, income protection) is selected by 72% of respondents, and accidental death and disability (AD&D) insurance is chosen by 48%. As shown in Table 1, these rates are all higher than the global averages of 36% for mortality, 39% for health, and 28% for AD&D insurance. Compared to other Asian markets, China has a slightly lower rate of life insurance purchases, indicating potential for growth in this area. Health and AD&D insurance remain strong areas with high market potential.

Table 1

#### INSURANCE PURCHASE BY MARKETS

Market	Mortality	Health	AD&D
China	41%	72%	48%
Hong Kong	51%	56%	36%
Taiwan	59%	59%	54%
Indonesia	32%	46%	35%
Japan	39%	29%	11%
Malaysia	44%	51%	40%
Singapore	59%	61%	46%
South Korea	38%	45%	16%
Global	36%	39%	28%

The high purchase rate of health insurance in China can be attributed to the country's comprehensive approach to healthcare coverage and the evolving insurance landscape. Over the decades, China has developed an extensive public health insurance system that now covers approximately 95% of the population.<sup>1</sup> While these public insurance programs provide significant coverage, they generally only cover part of the medical costs, particularly for serious or chronic illnesses. Policies such as critical illness insurance and medical assistance have been introduced to further alleviate the financial burden on citizens. The rapid growth of commercial health insurance in China, with a premium income of 817.3 billion yuan in 2020, reflects the increasing demand for supplementary coverage beyond basic public insurance. The evolving healthcare framework, combined with rising healthcare costs and a growing awareness of the importance of adequate coverage, likely contributes to the high purchase rate of health insurance in China.

<sup>1</sup> "国家医疗保障局 政策解读 "十四五"全民医疗保障规划一问一答" [www.nhsa.gov.cn](http://www.nhsa.gov.cn). Retrieved 2024-08-20.

## THE ROLE OF HEALTHY LIVING AND TECHNOLOGY

To understand the high health insurance purchase rate in China, we further analyzed the factors contributing to recent health insurance purchases within the last two years. The target rate for recent health insurance purchases, defined as those made within this period, stands at 66.2%. This means that 66.2% of respondents have bought health insurance during this time. Using the XGBoost Classifier model, we examined the SHAP (SHapley Additive exPlanations) values to identify the most influential features.

According to the feature importance analysis (Table 2), individuals who prioritize healthy living are among the most likely to have recently purchased health insurance. Interestingly, people with children are the most likely recent consumers, indicating that family health responsibilities play a significant role in driving health insurance purchases.

Those who regularly use wearable devices are also recent purchasers, underscoring the importance of integrating health technology into everyday lifestyle choices. The usage of wearable devices highlights how wellness technology is becoming an essential factor in health-related decision-making.

Furthermore, individuals comfortable with engaging with online insurance platforms are more inclined to purchase insurance, reflecting a trend towards digital transformation in the insurance market. Digitalization is a future trend that insurance companies should consider as they develop their strategies to meet consumer preferences.

Other lifestyle factors, such as sleep patterns, dietary habits, and exercise frequency, also influence insurance purchasing behavior, suggesting that insurers should consider holistic wellness in their product offerings. While factors such as smoking status, employment status, and general healthy living practices are less significant, they still contribute to shaping insurance purchasing decisions. Urbanization and stable residential status positively affect insurance uptake, likely due to better awareness and accessibility of insurance products in urban areas.

**Table 2**  
**SHAP VALUES**

Feature Name	Importance
healthy_living	0.142
children	0.130
wearable	0.117
new_online	0.105
risky	0.095
sleep	0.091
age	0.084
smoking	0.055
health_app	0.054
exercise	0.048
area_type	0.042
diet	0.039
steps	0.023
life_health_knowledge	0.022
education	0.015
marital_status	0.014
mental_health	0.011
sex	0.011
residential_status	0.010
claim	0.006
work_status	0.006
stress_anxiety	0.003

Figure 1 illustrates the relationship between the emphasis on healthy living and the purchase of health insurance. The model reveals a very large attribution role for purchase to individuals who favor healthy living (as indicated by their response to the question, ‘How large a role does healthy living play in your lifestyle?’) Individuals who reported using wearable devices (as indicated by the question, ‘Do you use any of the following regularly (e.g., 2-3 times per week)?’) and answered ‘yes’ are more likely to have purchased health insurance recently. This suggests a strong correlation between prioritizing health and the likelihood of purchasing health insurance. Those actively using wearable devices and highly valuing healthy living demonstrate the most significant positive SHAP values. This trend suggests that promoting healthy lifestyles and wearable technology use could positively impact health insurance uptake.

**Figure 1**

**SHAP PLOT OF WEARABLE AND HEALTHY\_LIVING ON RECENT INSURANCE PURCHASES**

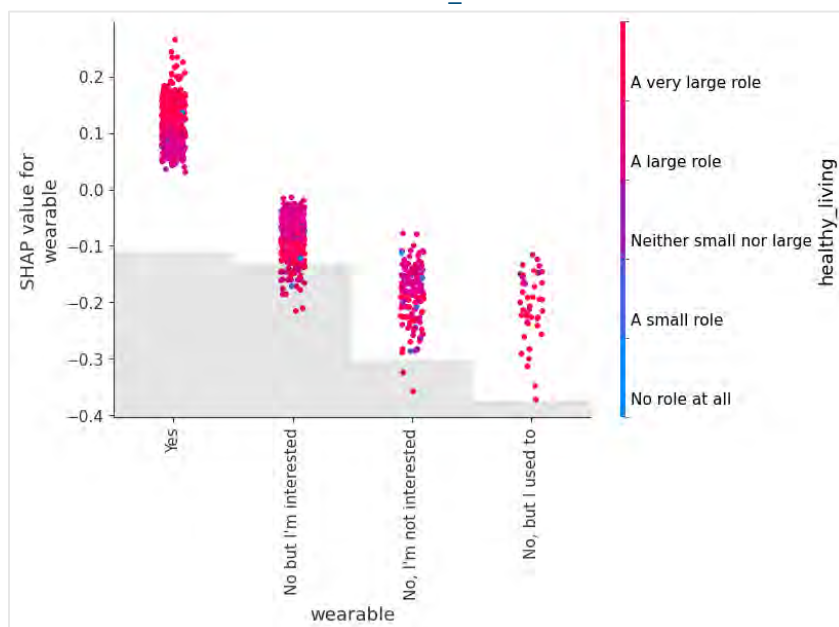


Figure 2 provides insightful patterns about the relationship between attitudes towards healthy living and insurance purchasing preferences. As the importance individuals place on healthy living increases, there is a significant rise in the likelihood of purchasing health insurance recently, especially among those who are open to purchasing insurance from online-only companies (as indicated by the question, ‘Would you be willing to buy insurance from a company like this?’) due to perceived cost-effectiveness and convenience. The data indicates that individuals who view healthy living as playing a ‘very large role’ are more inclined to buy from online-only companies (as indicated by the question, ‘Would you be willing to buy insurance from a company like this?’). On the other hand, among those who do not prioritize healthy living (those who responded ‘No role at all’ or ‘A small role’), there is a clear preference for traditional purchasing channels, such as established brands or companies with physical branches. This trend indicates a higher propensity to embrace digital purchasing among health-conscious consumers, while those less focused on healthy living lean towards more traditional purchasing methods.

**Figure 2**  
SHAP PLOT OF NEW\_ONLINE AND HEALTHY\_LIVING ON RECENT INSURANCE PURCHASES



**DEMOGRAPHIC AND SOCIOECONOMIC INFLUENCES**

With only the China market data, we modeled the purchase of any insurance (mortality, health, and AD&D) as the target variable. As detailed in Table 3, the logistic regression model demonstrates a moderate degree of predictive power with a pseudo R-squared of 10.8%, indicating that a portion of the variance in the insurance purchase behavior can be explained by the variables considered in the model.

**Table 3**  
INSURANCE PURCHASE REGRESSION OUTPUT

	Coefficient	Significance
Marital Status	1.39	***
Area Type	0.94	**
Insurance Knowledge	0.45	**
Income Level	-0.73	**
Constant	-2.73	*
Age	-0.04	*
Education Level	0.42	ns
Working Status	0.20	ns
Residential Status	-0.28	ns
Sex	-0.02	ns

Marital status is highly significant, with a positive coefficient indicating that married individuals or those in similar partnerships are more likely to purchase insurance. This could be attributed to the greater perceived responsibility among married individuals to secure financial protection for their families. Area type also shows a significant positive coefficient, suggesting that individuals living in urban areas are more likely to purchase insurance than those in rural areas, likely due to better awareness and accessibility of insurance products in urban settings.

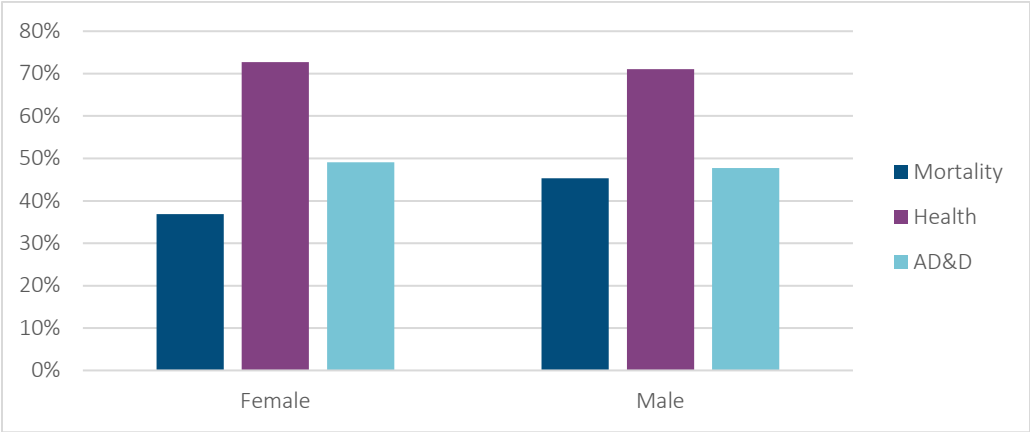
Insurance knowledge demonstrates significant effects, underscoring the importance of awareness and understanding of insurance products in influencing purchasing behavior. Individuals with higher education levels and greater knowledge about insurance are more likely to purchase coverage. On the other hand, working status,

despite being included in the model, does not show a significant impact on insurance purchasing decisions, indicating that employment status alone may not be a strong predictor in this context.

### Data Summary and Figures

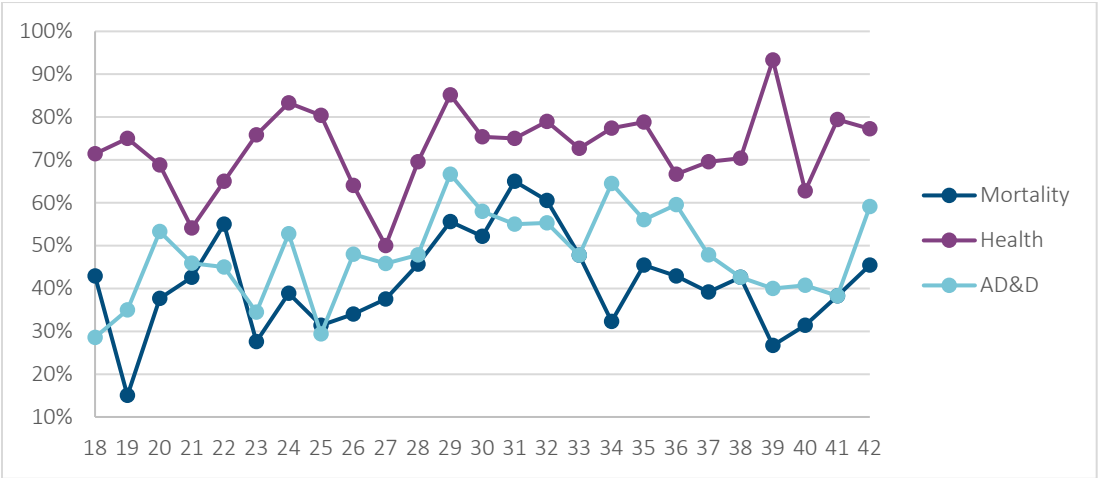
This section presents a summary of key consumer data, accompanied by visual representations. Figure 3 shows that the insurance purchase rates between genders are quite similar; however, males are more inclined to purchase mortality-related insurance, while females have a slightly higher rate of selecting health insurance.

**Figure 3**  
**INSURANCE PURCHASE BY SEX**



The age distribution is shown in Figure 4. The purchase of insurance picks up quite quickly during the 18-30s but doesn't show a very significant pattern from the 30s to 40s.

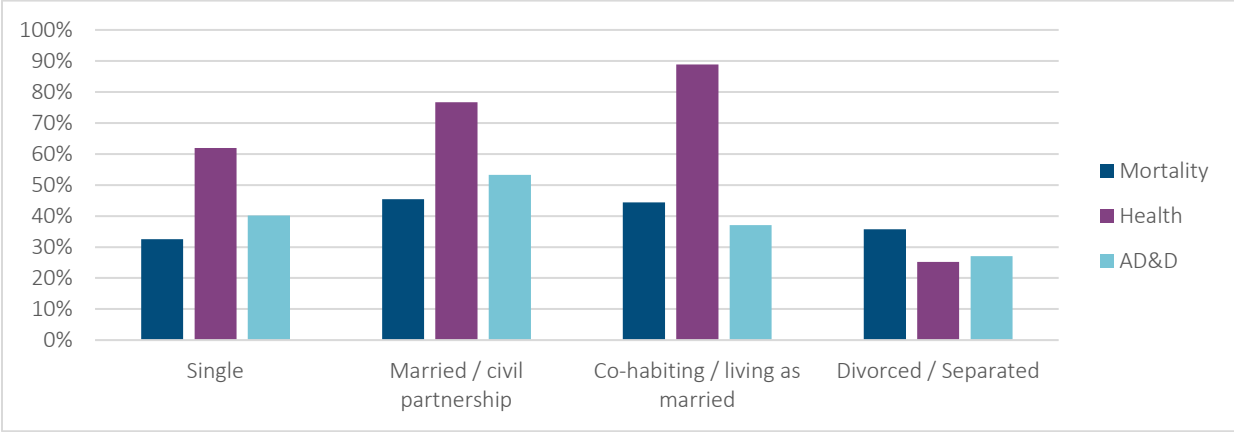
**Figure 4**  
**INSURANCE PURCHASE BY AGE**



Regarding insurance purchases by marital status, as shown in Figure 5, single individuals purchase life insurance at around 33%, health insurance at around 62%, and AD&D insurance at around 53%. These rates are significantly

lower than those for married persons, who purchase life insurance at around 45%, health insurance at around 77%, and AD&D insurance at around 53%. The highest purchase propensity is observed among cohabiting couples, with around 89% for health insurance. Divorced respondents show the lowest rates, with only about 25% having health insurance.

**Figure 5**  
**INSURANCE PURCHASE BY MARITAL STATUS**



It is shown in Figure 6 that self-employed individuals have the highest purchase rate of different insurances, with 64% purchasing mortality insurance, 82% having health insurance, and 64% having AD&D insurance. People working full-time also have a higher propensity to purchase mortality and health insurance compared to part-time workers and full-time students.

**Figure 6**  
**INSURANCE PURCHASE BY WORKING STATUS**

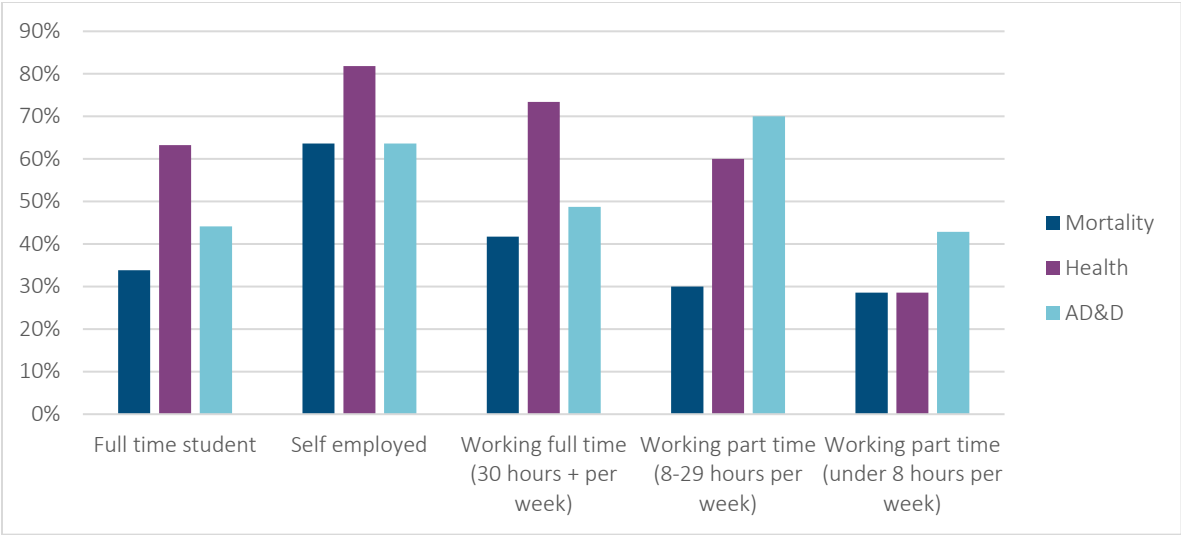
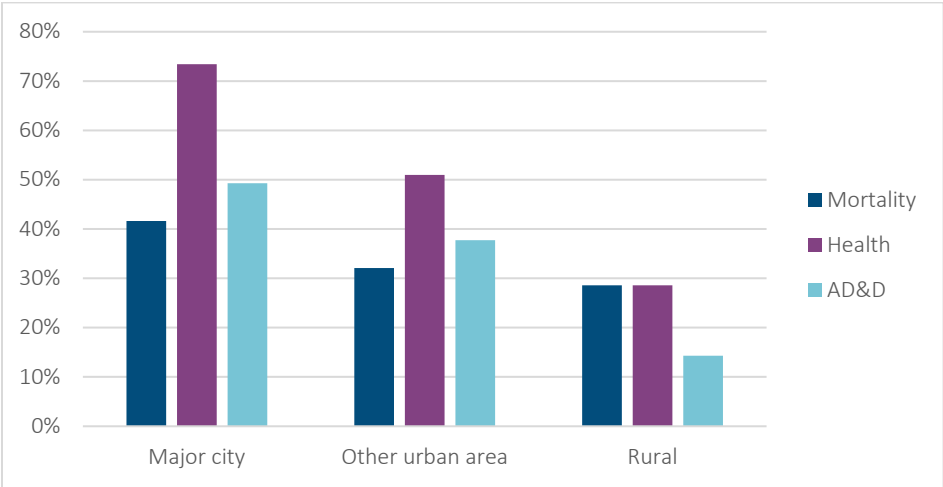


Figure 7 shows that insurance purchases are highest in major city areas, with 42% for mortality insurance, 73% for health insurance, and 49% for AD&D insurance. Conversely, the lowest rates are in rural areas, with 29% for mortality insurance, 39% for health insurance, and 14% for AD&D insurance. People living in metro cities are more likely to purchase all types of insurance.

**Figure 7**  
**INSURANCE PURCHASE BY AREA TYPE**



The analysis of after-tax yearly income reveals distinct patterns in insurance purchasing behavior. As shown in Figure 8, the lower income group (less than 5,000 CNY per year after tax) has a relatively lower propensity to purchase insurance, with 30% purchasing mortality insurance, 60% health insurance, and 37% AD&D insurance. Interestingly, the middle-income group emerges as one of the main purchasers, with 73% choosing health coverage. The higher-income group (over 200,000 CNY after tax) has the highest rate of mortality insurance purchases, with 49% opting for this coverage. These patterns suggest different financial priorities across income levels, with middle-income earners seeing health insurance as essential protection, while higher-income individuals might diversify their risk management strategies.

**Figure 8**  
**INSURANCE PURCHASE BY INCOME LEVEL**

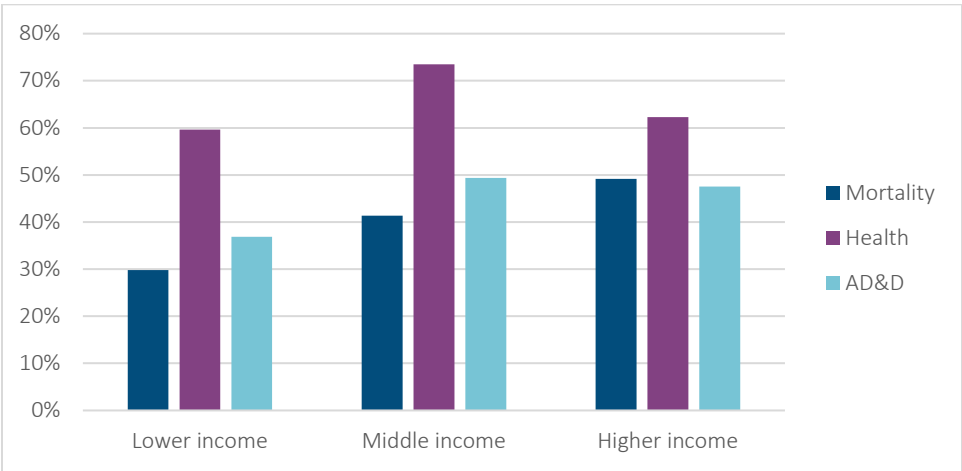


Figure 9 also shows that education level may suggest different purchasing behaviors for various insurance products. Respondents with undergraduate studies or higher typically exhibit a higher propensity to purchase insurance compared to those with basic education. The highest selection rate is 52% among people with advanced degrees. The selection rate for health insurance is seen at 74% among people with undergraduate studies. There is no strong indication that AD&D insurance purchases are influenced by income level.



**Figure 9**  
**INSURANCE PURCHASE BY EDUCATION LEVEL**

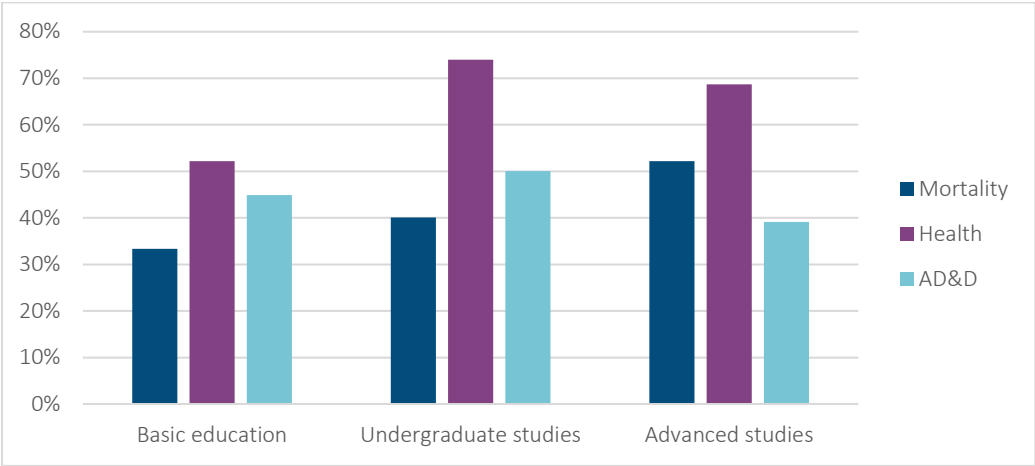
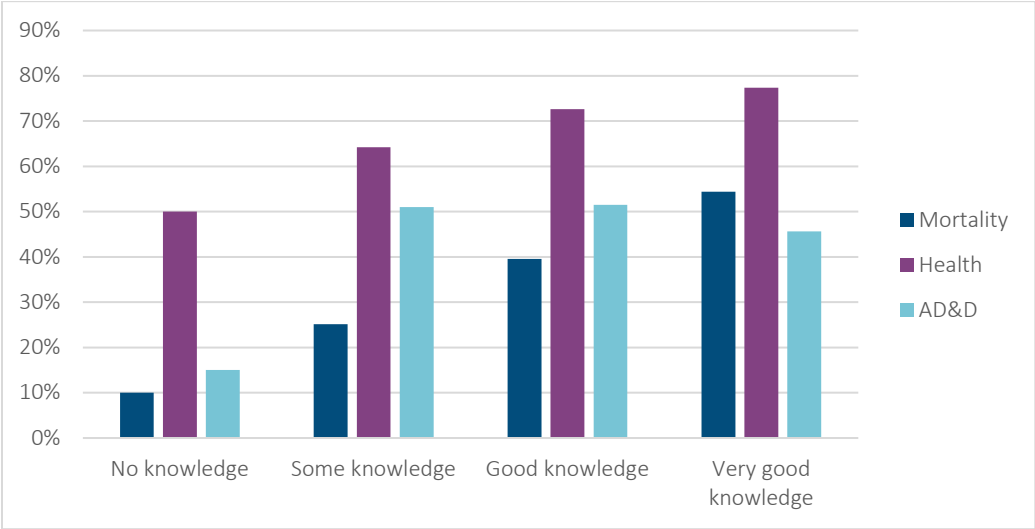


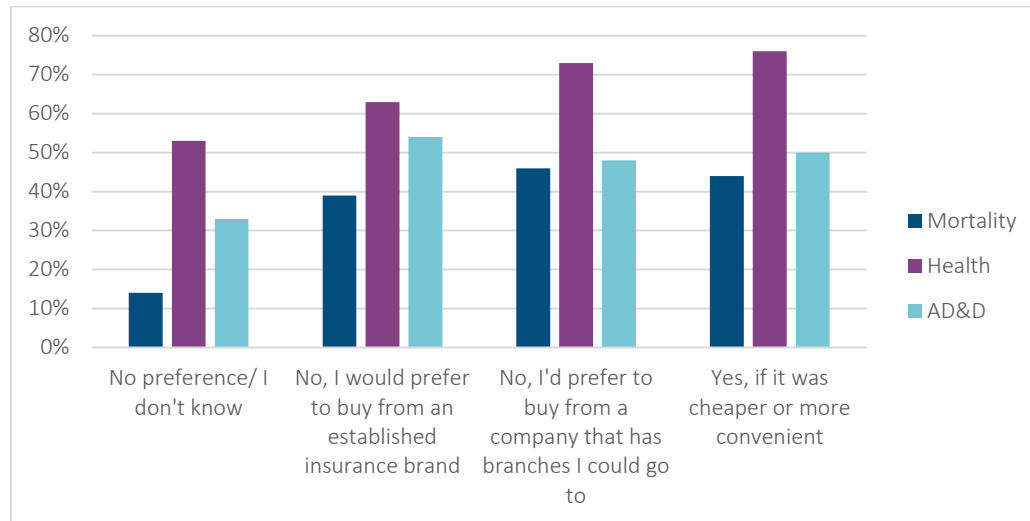
Figure 10 demonstrates that people with better insurance knowledge generally have a higher inclination to purchase insurance. Those with no knowledge have very low purchase rates: only 10% for mortality, 50% for health insurance, and only 15% for AD&D insurance. Generally, people with better knowledge levels have higher purchase rates, except for AD&D insurance. Those with very good knowledge purchase mortality insurance at a rate of 54%, health insurance at 77%, and AD&D at 46%, which is slightly lower than the rate among people with some or good knowledge.

**Figure 10**  
**INSURANCE PURCHASE BY INSURANCE KNOWLEDGE**



As shown in Figure 11, respondents who expressed no preference to purchase insurance showed the lowest rates across all types: 14% for mortality, 53% for health, and 33% for AD&D insurance. Those who prefer to buy from an established insurance brand reported higher purchase rates. Purchase rates were even higher among those who favor companies with physical branches, with 46% for mortality, 73% for health, and 48% for AD&D. The highest purchase rates for health insurance (76%) and AD&D insurance (50%) were reported by respondents who would consider buying insurance if it were cheaper or more convenient, suggesting that cost and convenience are significant factors in the decision-making process for these types of insurance.

**Figure 11**  
INSURANCE PURCHASE BY ONLINE PREFERENCES




## Conclusion

The report analyzes consumer preferences in the Chinese insurance market, highlighting higher-than-average interest in mortality, health, and accidental death and disability (AD&D) insurance, particularly health insurance products. This trend is largely driven by the evolving healthcare system in China. Although mortality insurance purchases are slightly lower compared to nearby markets like Hong Kong and Taiwan, this suggests potential growth opportunities in that area.

The analysis reveals that lifestyle choices, especially those promoting healthy living, play a significant role in influencing insurance purchasing decisions. Consumers who prioritize a healthy lifestyle, use wearable technology, or prefer online-only insurance companies are more inclined to be recent purchasers of insurance. Notably, families with children are also significant recent buyers, indicating that family health responsibilities are a key driver. The preference for digital platforms suggests the ongoing trend toward digitalization in the insurance industry in China.


Demographic and socioeconomic factors such as marital status, education level, and area of residence significantly impact the propensity to purchase insurance. The data indicates that urban residents, married couples, and those with higher educational attainment and better insurance knowledge are key demographic segments likely to have insurance products. Interestingly, middle-income earners are also prominent purchasers of insurance, possibly reflecting a perceived necessity for financial protection, even more so than among higher-income groups.

As the market continues to evolve in China, insurers must leverage these insights to refine their products and services. Emphasizing the convenience and affordability of online insurance platforms, particularly for health-conscious consumers, could broaden the consumer base and increase penetration rates. Targeted campaigns focused on attracting health-conscious individuals, particularly those who use wearable technologies, with digital solutions will be crucial for capturing this growing segment.



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