



# Pathways to Healthcare- Pension Solutions

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# 2017

Retirement Planning  
and Healthcare of  
Chinese HNWIs

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# Foreword

Over the past year, China's large-scale health industry – which accounts for 4-5% of GDP - has developed rapidly. However, this proportion is only a quarter of that of the United States, making it clear that the industry still has a long way to go. Meanwhile, as China's population ages, the issue of retirement is becoming a hot topic in Chinese society. Needless to say, China's retirement market is gradually expanding. Such wide-ranging changes in the health and retirement industries demand the attention of China's HNWIs.

This is our third insurance industry white paper covering Chinese HNWIs' healthcare and retirement planning needs. We have made comparisons between results from the past three years to identify the new trends on the horizon, and at the same time, we focus on the 'core' HNWI demographic - those aged 40-49 years - to proffer solutions to their primary needs.

The white paper shows that these three primary needs consist of their own health, parents' retirement and children's education. They are also becoming increasingly conscious of wealth inheritance. Commercial insurance and elderly care communities with integrated healthcare offer effective solutions to their healthcare and retirement issues. With their ideas gradually shifting, HNWIs' consumption demands are changing, as they become more willing to pay for professional and high-quality services.

*We have made comparisons between results from the past three years to identify the new trends on the horizon, and at the same time, we focus on the 'core' HNWI demographic to proffer solutions to their primary needs*

At the same time, we also summarise the eight steps required for HNWIs to make arrangements for their parents' retirement, and we encourage HNWIs to understand, pay attention to and lay stress on parental care problems from a variety of angles.

Retirement Planning and Healthcare of Chinese HNWIs 2017, presented by Taikang and Hurun Report, offers comprehensive analysis of and solutions to Chinese HNWIs' healthcare and pension needs. We hope that you will gain valuable information from this white paper to help to enrich your parents' lives in their golden years, and we welcome your feedback.

Happy reading!

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*HNWI need to shoulder more responsibilities, 'Seeking balance' is their top priority*

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*The core HNWIs lay stress on comprehensive protection, and are willing to make supplementary insurance purchases (p22)*

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# Key Findings

## 1 The three main needs of China's core HNWI are clear: own health, parents' retirement and children's education are their main concerns. In addition, awareness of inheritance issues is beginning to emerge

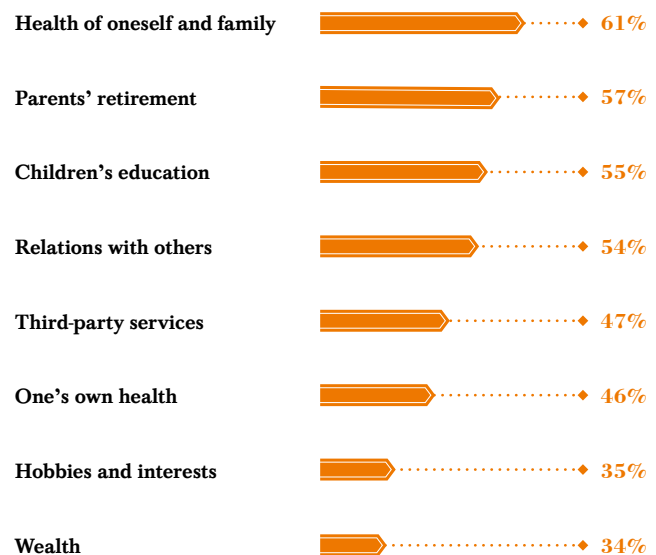
The results of the research show that core HNWIs have an important social and familial role. They have laid strong foundations in their career and are gradually entering a period of stability in terms of their work, but worries over their health and family are mounting.

Currently, their most important responsibilities are attending to their own health, their parents' retirement and their children's education. Research shows that each core HNWI family has three elderly dependents with an average age of 73, and that more than 60% of families have a child to raise, with 70% of the children in high school or below. When it comes to concerns, 'health of oneself and family' is what worries them the most with a choice rate of 61%, followed by 'parents' retirement' (57%) and 'children's education' (55%). 'Health' (82%) and 'retirement' (73%) are the two risks they are most concerned about. In addition, planning the inheritance of their wealth is gradually entering the consciousness of HNWIs, with 24% people starting to pay attention to the risks associated with it.

## 2 Risk aversion and stability are the key points. Insurance is becoming a financial management cornerstone

HNWIs are more inclined towards financial 'stability'. Risk has become their foremost concern in the process of

### Main Concerns



financial management. The research shows that 90% of core HNWIs believe that 'risk aversion' plays an important role in financial management. As this aversion to risk grows, so too does their willingness to invest in insurance. Insurance offers the optimal balance of risk control and benefits, and is very much in line with core HNWIs' desire for security. In terms of their current investment and financial management outlook, insurance is the most popular method among core HNWIs, with it being made use of by 92%. Insurance is also the form of investment they are most likely to make in future, with 82% having plans to do so. Thus, it can be seen that insurance is becoming more and more important, establishing itself as a cornerstone of the HNWI approach to financial management.

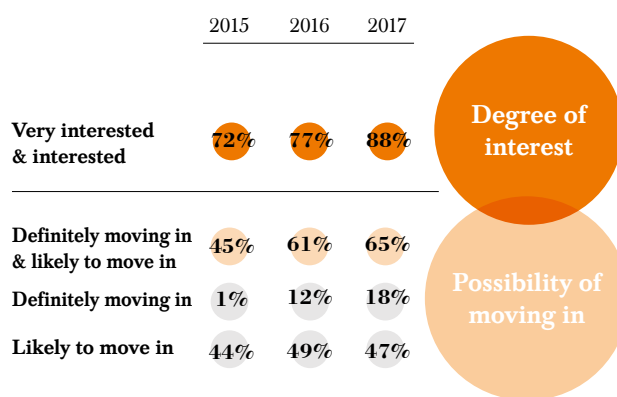
### 3 Commercial insurance and health-care-integrated retirement communities are effective methods of meeting twin medical and elderly care needs

Over the past two years, commercial insurance has gained increasing prominence among core HNWI. In 2016-2017, the growth rate of HNWI's individual premiums reached about 100%. This year, the average annual premium per person exceeds CNY70,000. Health insurance and endowment insurance are currently the main types of insurance they buy. The purchase rate of these two forms of insurance is more than 90%, while the purchase rate of critical illness insurance reaches more than 80%. From this we see that health insurance and endowment insurance have become important components of future investment, and are playing important roles in tackling HNWI lifestyle concerns. Medical resources and coverage are more important in health insurance purchasing, while endowment insurance emphasizes sustainability of benefits and excellent elderly care provisions.

On the other hand, medium- and high-end elderly care communities with integrated healthcare are becoming the first choice retirement option, and indeed, over the past three years, HNWI interest in this kind of community has seen rapid growth. Compared with 2015, the willingness of HNWI to move into such communities has increased by 44%; compared with 2016, the number of people who said they would 'definitely move in' increased by 50%.

### 4 Consumption patterns shift, core HNWI increasingly willing to pay for professional and high-quality service

### Attitude Towards Medium and High-end Elderly Care Communities Over Past 3 Years



Research shows that core HNWI are increasingly likely to pay a premium rate to obtain better service, with 68% of respondents expressing their willingness to pay for higher quality value-added service. Their main demand from such services is to improve their quality of life, with 78% expressing this desire.

As they become wealthier whilst also having to contend with family pressures, obtaining optimal service with maximum value for money and the least time spent on it is becoming their primary focus, leading to 'one-stop' services growing increasingly attractive, due to their ability to improve convenience, reduce hassle and save time. More than 70% of core HNWI most favour a comprehensive 'one-stop' solution. They demand 'one-stop' services that boast a high degree of professionalism, and that are capable of providing differentiated personalized plans, in line with individual demands.

# Chapter 1

## China's High Net Worth Individuals-Overview

### Key Topics

#### 1.1

The Burgeoning Size, Distribution and Scale of China's HNWI Population

#### 1.2

Family Structure of China's HNWIs

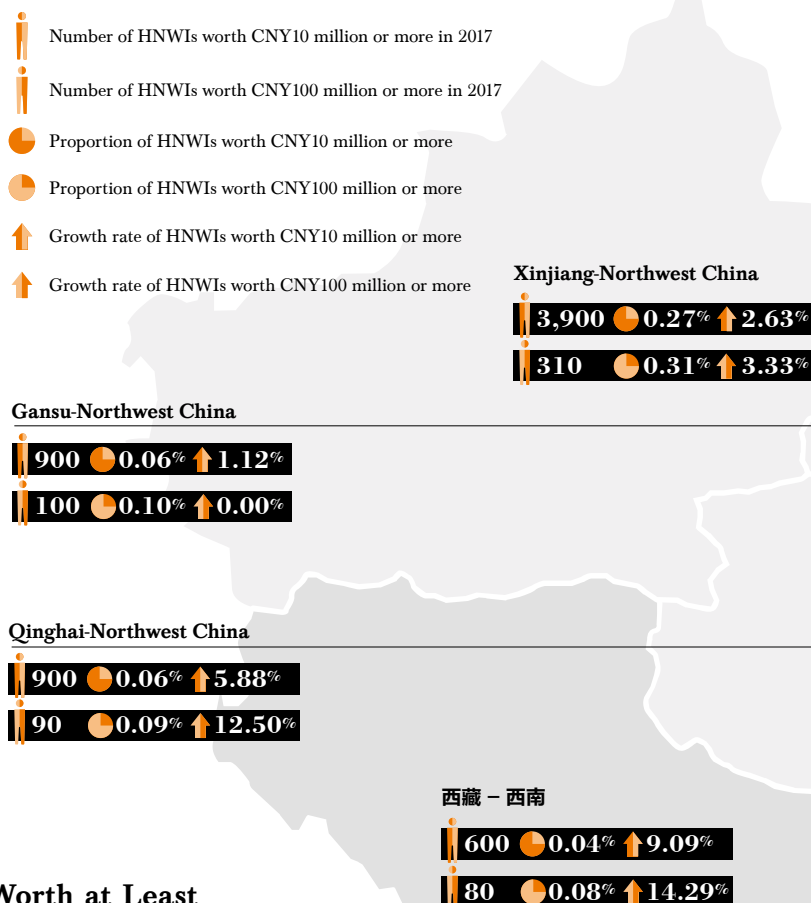
### HNWIs Worth at Least CNY10 Million-Top 10 Cities

	City	Number of HN- WIs worth at least CNY10 million
1	Beijing	263,000
2	Shanghai	230,000
3	Shenzhen	71,000
4	Guangzhou	64,000
5	Hangzhou	44,000
6	Ningbo	32,000
7	Foshan	29,000
8	Tianjin	26,000
9	Suzhou	23,000
10	Dongguan	23,000

### HNWIs Worth at Least CNY100 million-Top 10 Cities

	City	Number of HN- WIs worth at least CNY100 million
1	Beijing	17,500
2	Shanghai	15,000
3	Shenzhen	5,200
4	Guangzhou	4,020
5	Hangzhou	3,090
6	Tianjin	2,300
7	Ningbo	2,190
8	Suzhou	1,890
9	Foshan	1,570
10	Dongguan/Chengdu	1,400

### Number and Distribution of Individuals with 10 Million Yuan and 100 Million Yuan in 2017



## 1.1 The burgeoning size, distribution and scale of China's HNWI population

### 1.1.1 Scale and distribution:

As of May 2017, there are 1.855 million HNWIs with assets of at least CNY10 million in China. Among them, 1.47 million are from mainland China, which is 130,000 more than last year, with a growth rate of 9.7%.

There are 121,000 HNWIs with assets of CNY100 million or more in China. Among them, 100,000 are from mainland China, which is 11,000 more than last year, with a growth rate of 12.36%.

## No.2 Beijing-North China



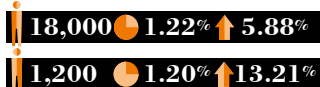
### Hebei-North China



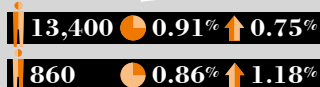
### Shanxi-North China



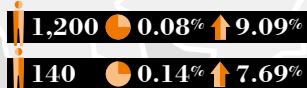
### Shaanxi-Northwest China



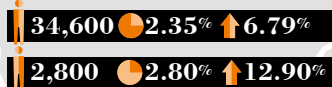
### Inner Mongolia-North China



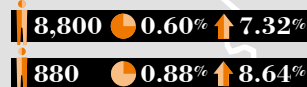
### Ningxia-Northwest China



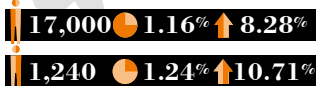
### Sichuan-Southwest China



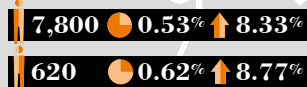
### Yunnan-Southwest China



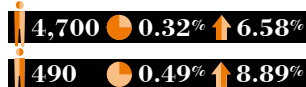
### Chongqing-Southwest China



### Guangxi-South China



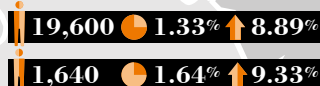
### Guizhou-Southwest China



### Henan-Central China



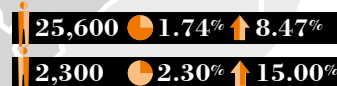
### Hubei-Central China



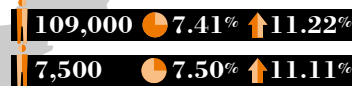
### Hunan-Central China



### Tianjin-North China



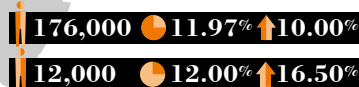
### Jiangsu-East China



## No.3 Shanghai-East China



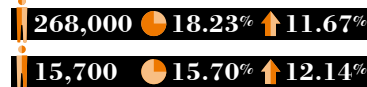
### Zhejiang-East China



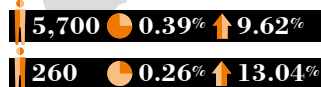
### Jiangxi-East China



## No.1 Guangdong-South China



### Hainan-South China

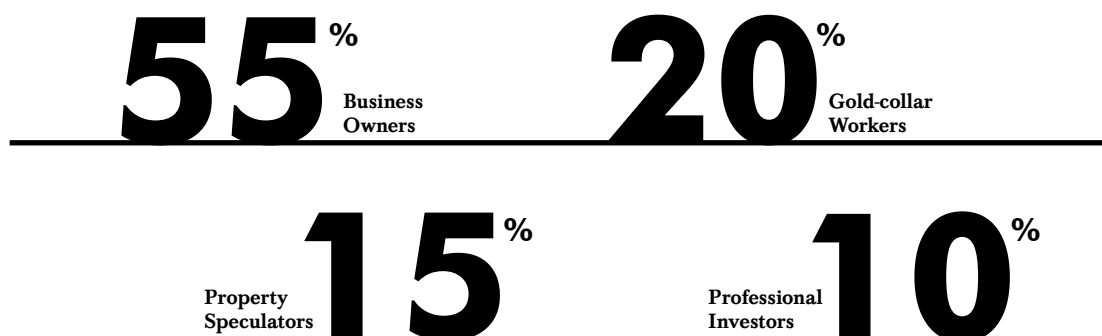


### South China Sea Region



### 1.1.2 Composition of China's HNWI's

#### Composition of HNWI's Worth at Least CNY10 Million



24 cities have more than 20,000 HNWI's, with more than 50,000 in half. Beijing has the most worth CNY100 million+, while Guangdong had the most worth CNY10 million+ once again with 268,000, up 28,000. Shanghai has the highest growth rate for these demographics, up 12.2% and 18.1% respectively.

After Guangdong, Beijing has the most worth CNY10 million+, with an increase of 25,000 to 263,000 in total. Shanghai came in third, increasing by 25,000 to 230,000. These three areas have 761,000 HNWI's worth at least CNY10 million in total, accounting for 51.78% nationwide.

Beijing has the most worth CNY100 million+ once again with a total of 17,500, up 1,900. Guangdong follows with an increase of 1,700 to 15,700, with Shanghai in third with 2,300 and 15,000 respectively. Zhejiang ranks fourth with an increase of 1,700 to 12,000. These four areas have 60,000 HNWI's worth CNY100 million+ in total, accounting for 60.2% nationwide.



#### Business Owners

They account for 55%, unchanged from last year. Enterprise assets make up 60% of total wealth. They own an average of CNY1.8million in investible assets, cars with a value higher than CNY200,000, and property with a value higher than CNY2 million.



#### Property Speculators

Mainly refers to wealthy individuals who invest in and own multiple properties. 15% of the total, with no change from last year. Property accounts for 90% of their total assets, with cash and securities accounting for 5%.



#### Gold-collar Workers

Senior corporate employees. Shares, big salaries and bonuses provide high, stable incomes. Account for a comparatively stable 20%. Cash and securities as a proportion of wealth rose to 20%. They own property worth CNY5 million+ and cars worth CNY500k+.



#### Professional Investors

Engaged in stocks, futures and other financial investments. Cash and shares account for 30% of their total assets. They own property worth CNY4.5 million+, investments worth CNY2 million+ and cars worth CNY500k+.



### Composition of HNWIs Worth at Least CNY100 Million



#### Business Owners

Account for 75% of HNWIs worth CNY100 million+. Enterprise assets make up 60% total wealth. Own an average of CNY-15million in investible assets.



#### Property Speculators

Their proportion among HNWIs worth at least CNY100 million rose from 10% in 2015 to 15% at present. Properties account for more than 80% of total assets.



#### Professional Investors

Professional investors account for 10%. Cash and shares account for 73% of their total wealth, while properties account for 25%.

#### Report Methodology

★ The Hurun Wealth Report 2017, published by Hurun Research Institute, focuses on the number and geographical distribution of China's HNWIs. The report investigates the population distribution of HNWIs in the greater China region according to province, autonomous region and municipality, based on HNWIs area of long-term residence. The figures are accurate as of May 2017.

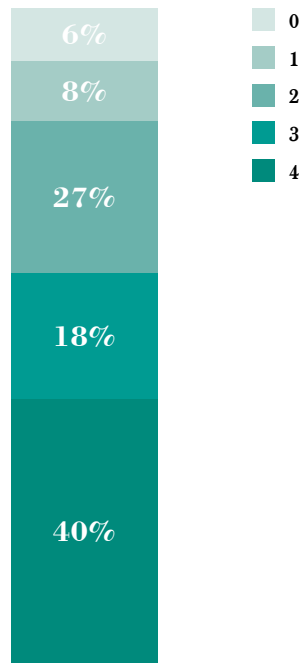
★ The assets of HNWIs in this report include their fixed assets and current assets. Fixed assets consist of equities in listed or unlisted companies, self-occupied property and investment property. Current assets include stocks, funds, bonds, deposits, insurance and so on.

★ Hurun Research Institute also made use of micro and macro research methods, encompassing a range of high-end consumption indicators. Macro research methods made use of data from China's latest GDP and GNP figures published by the National Bureau of Statistics.

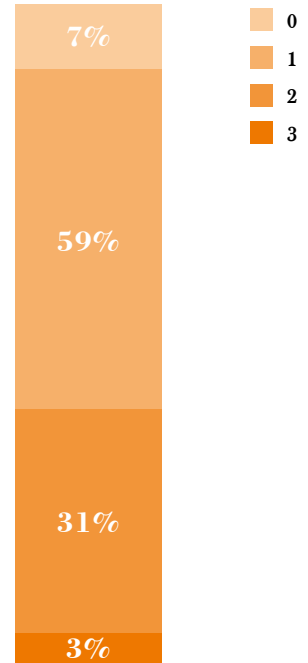
## 1.2 Family structure of China's HNWI's

China's HNWI's have to support both the older and younger generation in their family life. The data shows that 40% of families need to support four elderly family members, while 45% families need to support 2-3. Almost 60% families are raising one child, while families with two children account for over 30%. 60% of children from HNWI's families study in domestic public schools. Other HNWI's choose domestic private schools (20%), overseas schools (12%) and domestic international schools (4%) for their children. Schools in North America are the top pick for those choosing to send their children to be educated overseas, accounting for more than 40%, followed by Europe with 38%.

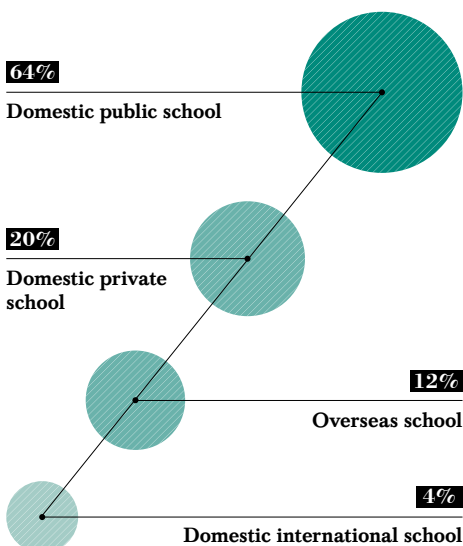
### Number of Elderly Relatives Supported by HNWI's



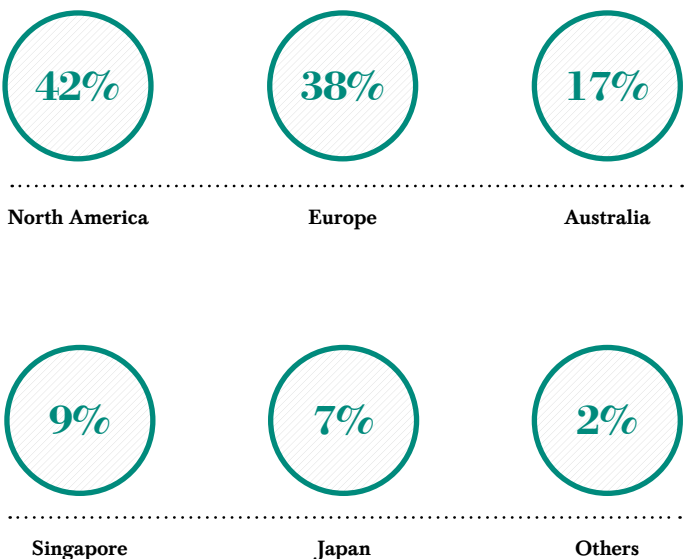
### Number of Children Raised by HNWI's



### Schools Attended by Children

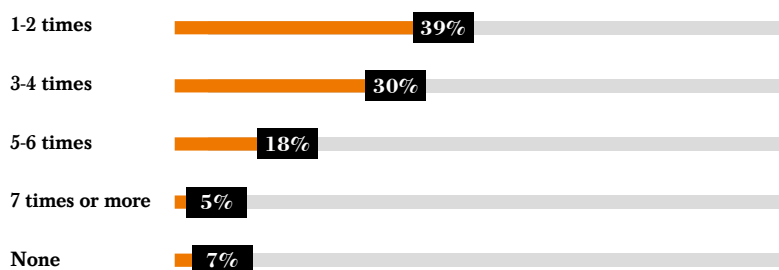


### Destinations for Children's Overseas Study



## Average Trips Abroad Per Year

Average: 3.3 times



While they might live highly pressured lives, HNWIs do not neglect their own hobbies and interests, with sports, family activities and tourism the three most popular activities. HNWIs travel abroad 3.3 times every year on average, with 22% of these people traveling abroad 5 times or more. Only 7% did not travel abroad over the past year.



# Chapter 2

## Focus on HNWIs: 421 Family Model Supports China's Ageing Populace

### Key Topics

#### 2.1

**Current Situation: Successful Career, but Family Pressures Mount**

#### 2.2

**Lifestyle: Attitude Shifts 'From Luxury to Health'; Own Health, Parents' Pension and Children's Education Have Become The Main Focus**

#### 2.3

**Analysis by Age Group: 30-somethings Value Career, Middle Aged Seek Balance, 60 Years Plus Enjoy Life**

### Highlights of This Chapter

#### Topic 1 :

Current state of core HNWIs: seeking balance and stability in face of family pressures.

#### Topic 2 :

Life focus: own health, parents' retirement and children's education are their main concerns. In addition, awareness of inheritance issues is beginning to emerge.

### Average Number of Elders Supported by Family



### 2.1 Current situation: successful career, but family pressures mount

This white paper focuses on the 'core' group of HNWIs aged 40-49 years. They account for 48% those surveyed. As the core demographic, their habits and behaviors lead and represent emerging trends in social consumption.

In the golden period of their entrepreneurial or corporate careers, they are bachelor degree holders who have become leaders in their fields.

Their average family assets amount to CNY34.7 million, with average annual disposal income of nearly CNY3.4 million.

Despite their career successes, their health

and family worries are mounting. On one hand, they suffer from below par health brought on by overwork in the earlier stages of their career. On the other hand, their family responsibilities are growing, with the twin issues of looking after their parents in their retirement as they grow more dependent and dealing with their children's education arising.

The research shows that each core HNWI family has an average of three elderly dependents with an average age of 73. More than 60% of families have a child to raise, with 70% of the children of school age, and with 11% studying abroad, mainly in North America and Europe, which are favoured by 40%+.



## Core HNWI Snapshot

Age	45 Average age
Profession	40% Entrepreneur  40% Business executive
Industry	16% Science and technology/media/communications 15% Finance and investment, 12% Manufacturing 10% Trade 10% Property
Educational background	65% Bachelor degree or above
Annual average disposable household income	3,390,000 ¥
Average total family assets	34,680,000 ¥
Marital status	98% Married
Elderly to support	3
Average age of elderly	73 Average age
Children to raise	61% 1  31% 2
Educational stage of children	70% High school or below 30% University/working
Educational situation of children	11% Studying abroad



## 2.2 Lifestyle: attitude shifts ‘from luxury to health’; own health, parents’ pension and children’s education have become the main focus

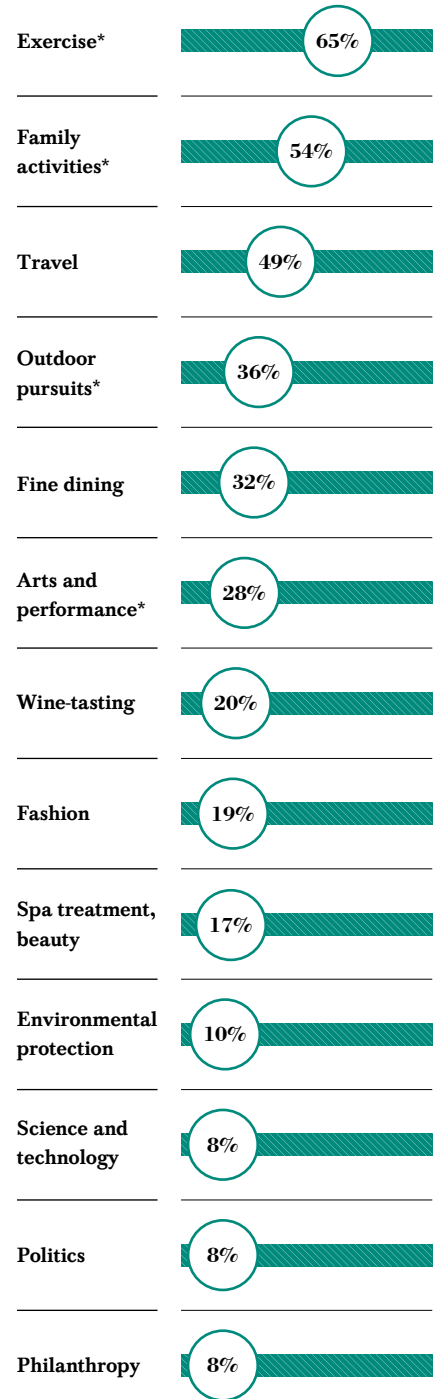
‘Exercise’ takes the first place in the ranking of HNWI’s hobbies and interests with a choice rate of 65%, followed by ‘family activities’, ‘tourism’ and ‘outdoor pursuits’. The top three topics of interest among HNWI’s are ‘financial investment’, ‘healthcare’ and ‘news’. As they focus more and more on their wellbeing, ‘health’

is the everyday concern that they are most worried about, with ‘retirement’ following close behind.

The findings show that HNWI’s begin to undergo a shift in their priorities at the average age of 45, as they pay more attention to their health and to striking a balance between their family and career. Maintaining a healthy lifestyle, their parents’ retirement and their children’s education constitute their primary responsibilities.

Although they face a range of pressures, core HNWI’s generally have a positive outlook. More

## Hobbies and Interests



- ★ Exercise\* such as football, basketball, golf, running, yoga and swimming
- ★ Family activities\* such as watching TV, reading, playing games and surfing the internet
- ★ Outdoor pursuits\* such as fishing, hiking, surfing, riding and shooting
- ★ Arts & performance\* such as design, music



## Satisfaction Level

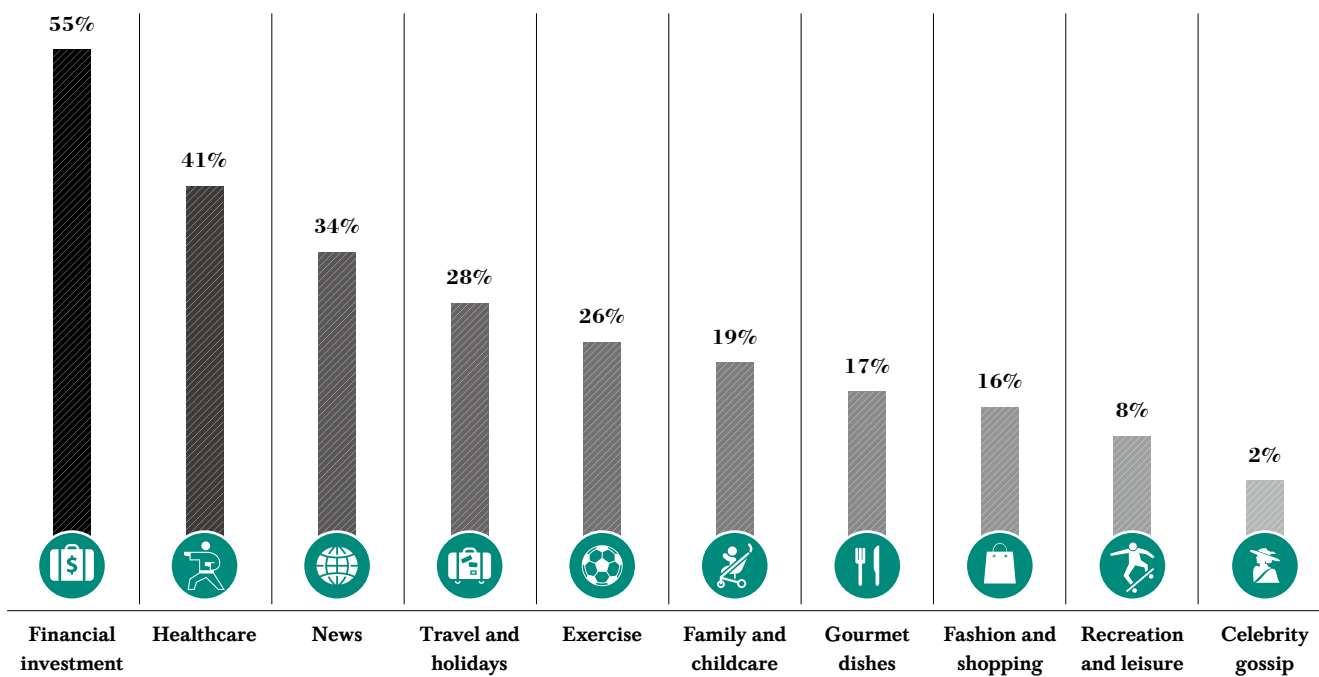
	Satisfaction with family life	Satisfaction with career
10 Very satisfied	26%	19%
9	21%	25%
8	33%	32%
7	12%	13%
6	3%	6%
5	3%	4%
1-4 Totally unsatisfied	0%	1%
Average	8.41	8.19

than 40% are very satisfied with their family life and work situation, rating their level of satisfaction in both categories at more than 8 points on average.

At the same time, the core HNWI's indicate that 'own and family's health' (61%) and 'parents' retirement' (57%) are the two concerns that trouble them the most, followed by 'children's education' and 'third-party services'. Statistics show that concerns arising from 'wealth' account for the low proportion, having been

chosen by only 30%. The data are in accordance with the qualitative feedback received. On one hand, the HNWI respondents' successful careers lead them to be less concerned about money issues. On the other hand, family pressures have increased, and as the breadwinners in their households, family issues are of serious concern to them. Health, planning for their parents' retirement and children's higher education are gradually becoming their main and most pressing preoccupations.

## Topics of Interest



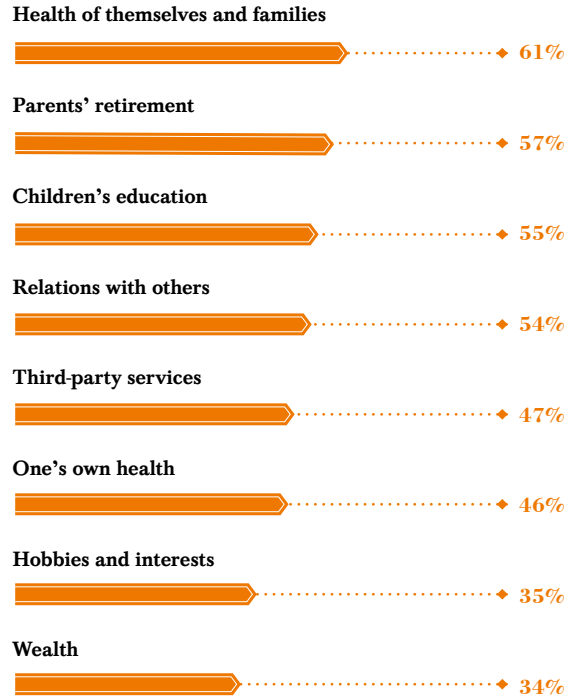


### 2.3 Analysis by age group: 30-somethings value career, middle aged seek balance, 60 years plus enjoy life

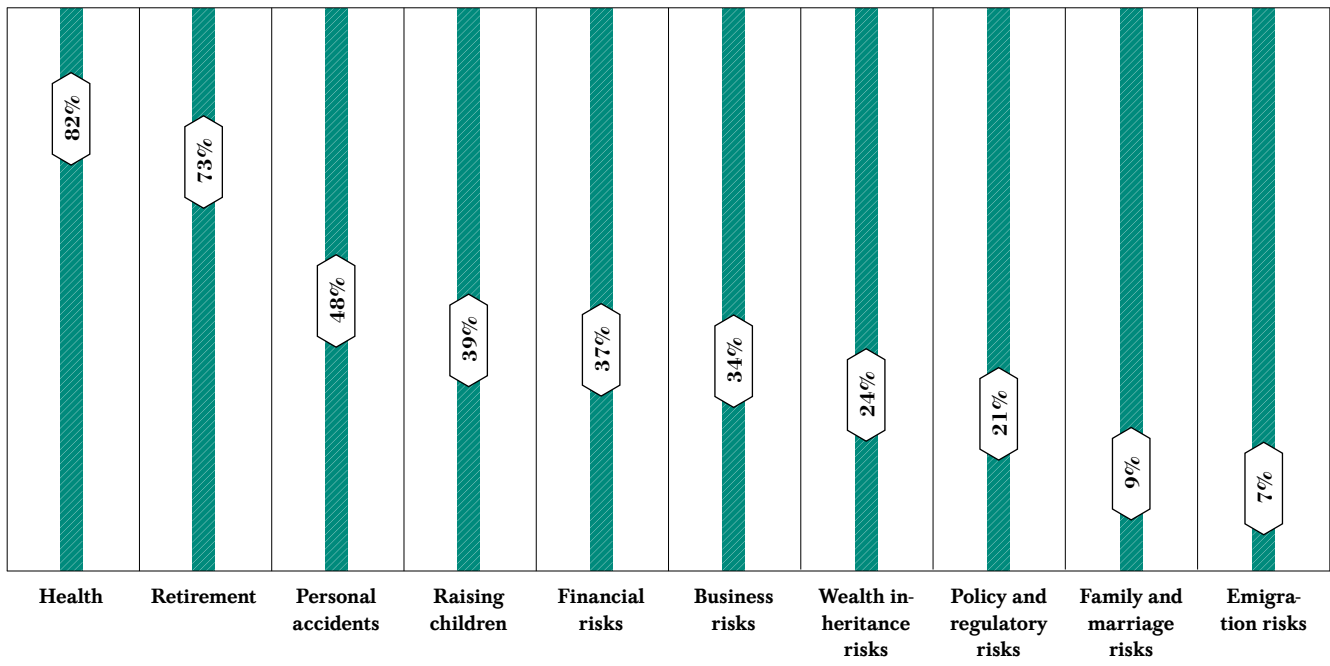
The research findings show that HNWI's wealth increases with age. HNWI households below 40 years old have an average of three elderly dependents with an average age of 69 to support, with these elders having already retired. As for HNWI's above 50 years old, their children tend to be at university or have already started their careers, so their main concern is taking care of the average of two elderly family members with an average age of 80 they need to support. HNWI's between the ages of 40-49 feel particularly pressured about their retirements.

According to the research, the different HNWI age categories have different attitudes towards life. Those below 40 'value career' and 'emphasise efficiency', and have relatively fewer family responsibilities. They only need to pay attention to their children's primary education, and their parents help out with childcare. Those from 40 to 49 need

### Main Concerns



### Everyday Concerns



## HNWI need to shoulder more responsibilities, 'Seeking balance' is their top priority

to shoulder more responsibilities, but are too busy to attend to all the pressures they face. 'Seeking balance' is their top priority, because they need to pay attention to both their children's higher education and planning for their parents' retirement, not to mention their own health and

career. Those above 50 face relatively fewer burdens as they are on the cusp of retirement, and do not need to worry about their careers and children. They mainly focus on 'enjoying the good life' and 'caring about their own health', along with 'taking good care of parents'.



### Differences Between Age Groups

	Under 40	40-49	50 or above
<b>Average age</b>	<b>37</b>	<b>45</b>	<b>56</b>
<b>Career status</b>			
Entrepreneur/business owner	29%	40%	51%
Professional investors	8%	4%	6%
Business executive/ manager	52%	40%	29%
Other professionals	6%	8%	7%
Freelance (such as entertainer, sports person and collector)	3%	3%	3%
Homemaker	3%	4%	4%
<b>Annual average household disposable income</b>	<b>254 Million</b>	<b>339 Million</b>	<b>359 Million</b>
<b>Family total assets</b>	<b>3,226 Million</b>	<b>3,468 Million</b>	<b>4,079 Million</b>
<b>Average number of elderly to support</b>	<b>3</b>	<b>3</b>	<b>2</b>
<b>Average age of elderly dependents</b>	<b>69</b>	<b>73</b>	<b>78</b>
<b>Children to raise</b>			
0	4%	4%	11%
1	62%	61%	54%
2	30%	31%	32%
<b>Children's age group</b>			
High school and below	96%	70%	33%
University/working	4%	30%	67%
<b>Life focus</b>	Focused on career and building wealth, considering children's primary education	Many family and career responsibilities. Meanwhile, they are becoming aware of inheritance issues	On the cusp retirement, their burdens are lower. Paying attention to inheritance issues

# Chapter 3

## Comprehensive Solutions to Core HNWI's Financial/Retirement Needs

### Key Topics

3.1 —————	3.2 —————
Financial Management	Health and Medical Care
3.3 —————	3.4 —————
Active Retirements	High-end Service

### Highlights of This Chapter

#### Topic 1 :

Investment outlook of core HNWI's: risk aversion and stability are the key points. Insurance becoming a financial management cornerstone.

#### Topic 2 :

Commercial insurance and integrated retirement communities are the most effective ways of meeting both medical care and pension needs.

#### Topic 3 :

Health insurance and endowment insurance have become important cornerstones of future investment plans, medical resources and coverage are more important in health insurance purchasing, while endowment insurance emphasizes sustainability of benefits and excellent elderly care provisions.

#### Topic 4 :

Shift towards 'value-added' consumption mindset. 'One-stop' service becomes top priority.

### Core HNWI's Interview Snapshots

★ 'As economic uncertainty grows, my financial management needs are shifting towards stability and preserving the value of my assets.'

★ 'In middle age, you become more cautious in your investments and financial management. We can't bear substantial losses at our age, and we have neither the time nor energy to start over from scratch, so risk control is the top priority.'

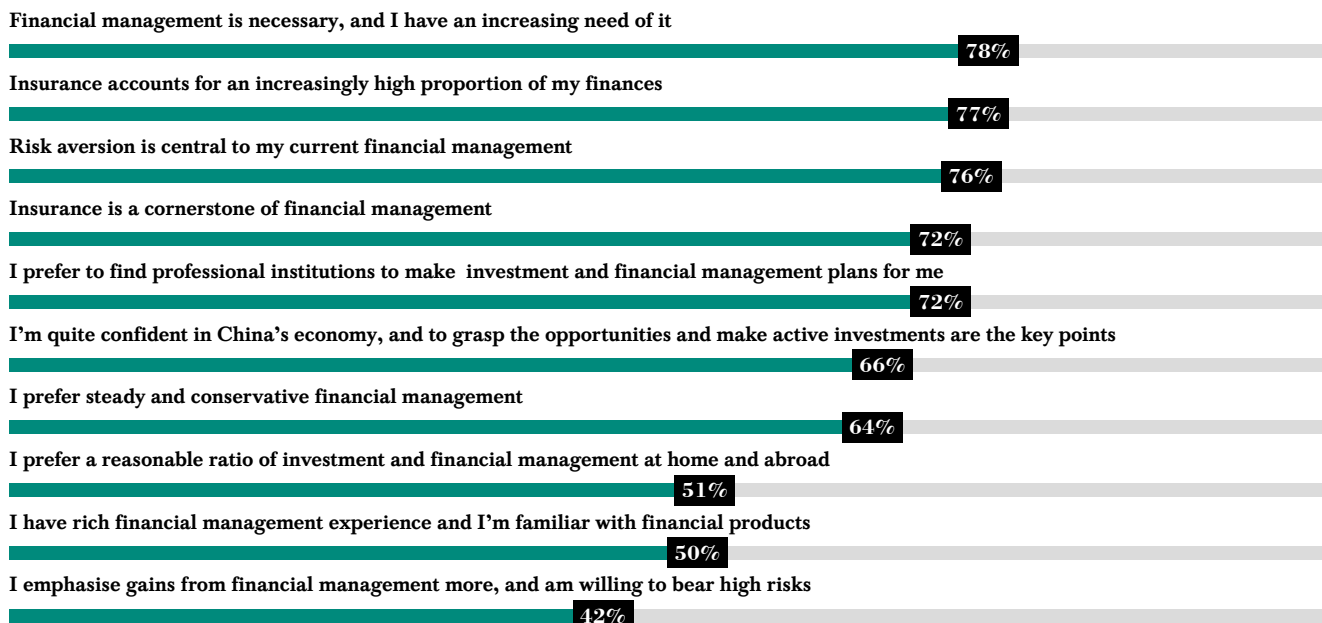
### 3.1 Financial management

#### 3.1.1 Risk aversion a central financial management demand

As inflationary pressures mount, core HNWI's are placing greater emphasis on financial management. When it comes to their attitudes towards financial management, 78% think that 'financial management is necessary, and I have an increasing need of it'. At the same time, the results show that core HNWI's have a relatively high level of 'risk aversion' when it comes to investment

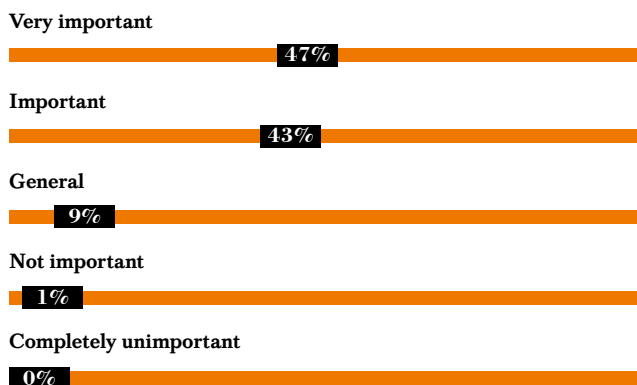
and financial management. 77% responded that 'insurance accounts for an increasingly high proportion of my finances'. More than 70% agree that 'risk aversion is central to my current financial management' and 'insurance is a cornerstone of financial management'. Having had rich experience of financial management, 64% of core HNWI's indicate that they prefer 'steady and conservative financial management', while those who say that they 'emphasise gains from

## Attitude Towards Financial Management



*90% of core HNWI's hold 'risk aversion' to play an important role in financial management, and in choosing a reliable financial institution*

### The Importance of 'Risk Aversion' in the Financial Management Process



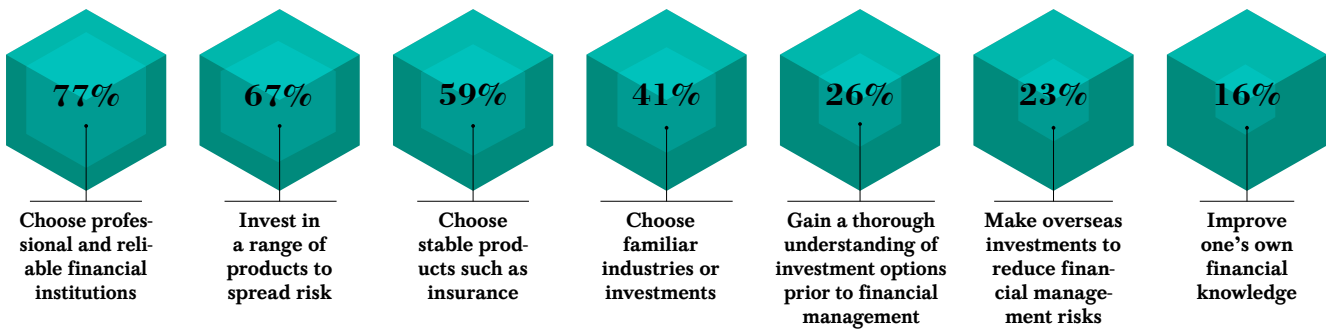
financial management more, and am willing to bear high risks' account for only 40%.

The qualitative research shows core HNWI's are more inclined towards financial 'stability'. Risk has become their foremost concern in the process of financial management. There are two main reasons for this; firstly, the uncertainty surrounding China's economic environment and structure leading to an increasingly risk averse market. Secondly, respondents aged 40-49, who face various familial pressures and responsibilities but possess limited time and energy, are less willing to accept risks or countenance large financial losses. Therefore, they prioritise secure and steady investments capable of spreading risk.

90% of core HNWI's hold 'risk aversion' to play an important role in financial management, and in choosing a reliable financial institution, it is also considered necessary to invest in different products in order to spread risk. Secure products such as insurance are opted for by nearly 60% of respondents because of 'low risk' and 'stability'.



## Methods of Averting Risk



### 3.1.2 Future financial management trend – insurance investment

#### Stable products the main trend for current investments

In terms of core HNWI's current investments and financial management, insurance and deposits are the two most common options, with 92% and 85% making use of them respectively, followed by financial investment products (56%) and property investments (49%).

Investment in insurance has been on the up over the past two years, and is likely to continue. With regards to planned increases in future investments, 'insurance' is the most popular category with 82%. 'Property investment's popularity has continued falling, ranking fourth with only 49%.

There is a close connection between such investment preferences and risk control. With the dangers of the property bubble growing apparent, property investment is losing popularity among risk-averse HNWI's. However, as

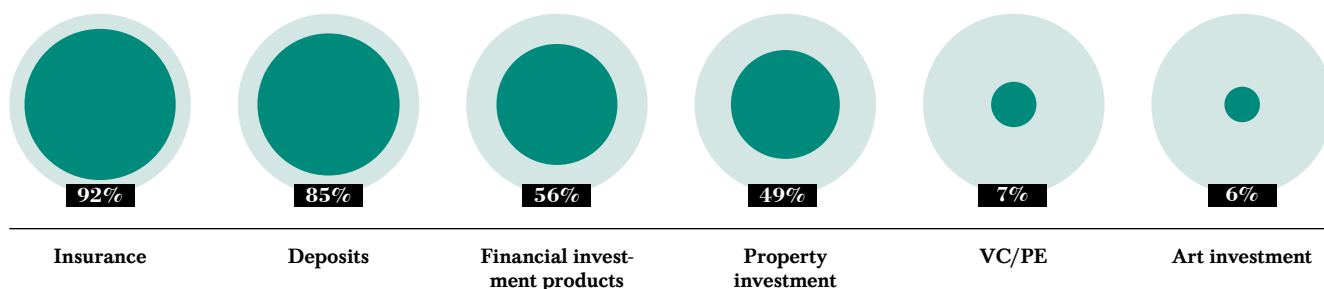
a secure investment, insurance is gaining favour. It offers the best balance of risk control and benefits, and is very much in line with core HNWI's desire for security, making it a popular choice for future investment.

#### Insurance becomes a cornerstone of financial management

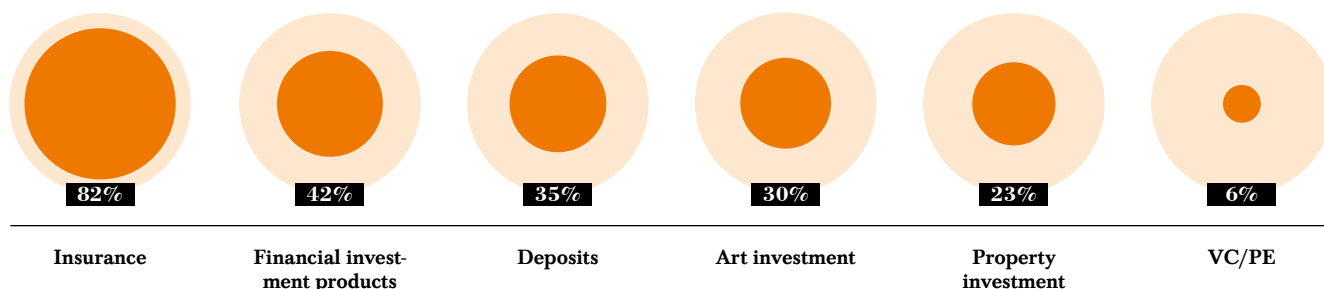
Over the past 2 years, the growth rate of core HNWI's individual annual premiums has reached almost 100%. In 2017, the average individual premium exceeded CNY70,000. Health insurance, endowment insurance and casualty insurance are currently the main forms of insurance, with purchase rates all above 90%. The rate for critical illness insurance reaches above 80%.

Risk aversion, stability and inheritance are the major reasons HNWI's purchase insurance. Insurance not only helps them avoid risks such as illness, old age and accidents, but also eases worries over financial disputes. For inheritance,

### Current Methods of Financial Investment



### Planned Investment Increases



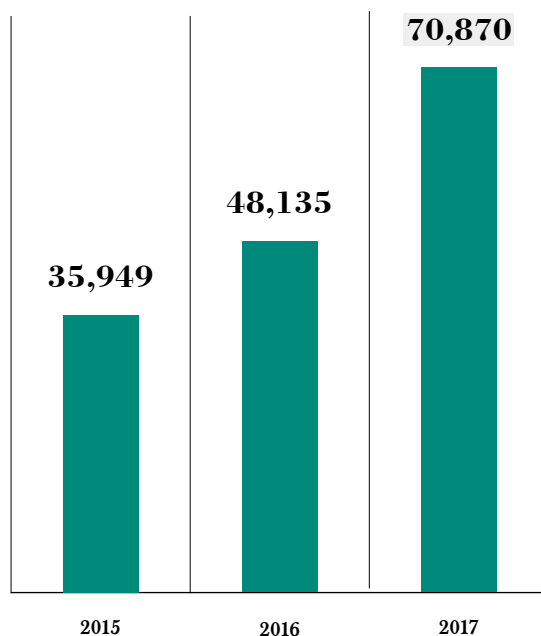
after the beneficiary is determined, the wealth can be passed on to the designated person through earmarking, which can avoid unnecessary disputes and minimise one’s tax burden.

When considering commercial life insurance, HNWI’s rate ‘brand reputation of insurance company’ (83%) as the most important factor, followed by ‘coverage of insurance products’ (64%) and ‘product yield’ (55%). HNWI’s gain information about commercial life insurance through various channels, with ‘professional advisors’ and ‘friends and relatives’ recommendations’ accounting for the highest proportion. More than 60% of HNWI’s indicate that they seek actively to understand the latest trends in commercial life insurance services and products.

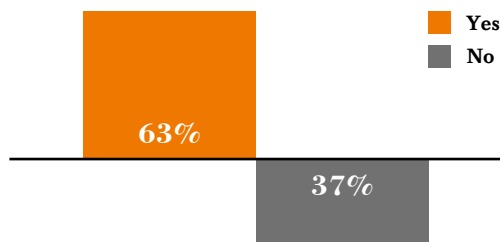
#### 3.1.3 Analysis of financial management by age group: discussing ‘wealth creation’ (30 years old) - ‘new life’ (45 years old) and ‘inheritance’ (60 years old)

In terms of financial attitudes, the older respondents get, the more emphasis they place on ‘stable and conservative fi-

### Average Individual Annual Premium over Past Three Years



## Do You Seek Actively to Understand the Latest Trends in Commercial Life Insurance Services and Products?



financial management'. Those above 50 pay more attention to 'wealth inheritance risks' than people in other age groups.

From the research results, it can be seen that HNWI's of different age groups hold different attitudes towards insurance investment. HNWI's below 40 are gradually becoming aware of its importance, and begin to purchase necessities such as health insurance, casualty insurance and education insurance. Core HNWI's lay stress on comprehensive protection, and are willing to make supplementary insurance purchases. However, the insurance portfolio of those above 50 is more or less already in place, and they care more about the forms of insurance that provide for inheritance and funeral care.

## 3.2 Health and medical care

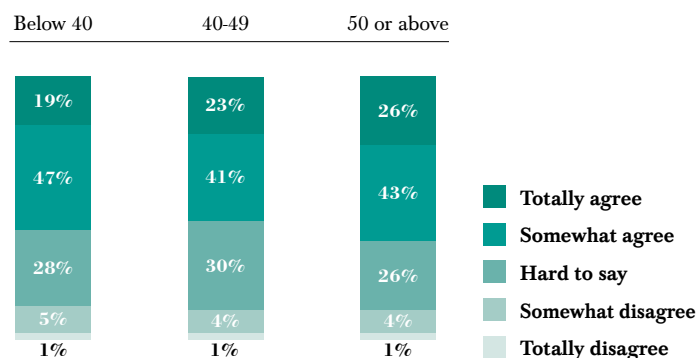
### 3.2.1 Health and medical care overview: core HNWI's have rapidly developing demands for healthcare services

Core HNWI's' work pace is gradually becoming less hectic compared with the previous two years, and they are willing to devote more time to family life and taking care of their health. Compared with recent years, their healthcare demands are increasing, while only 10% of respondents expressing no changes.

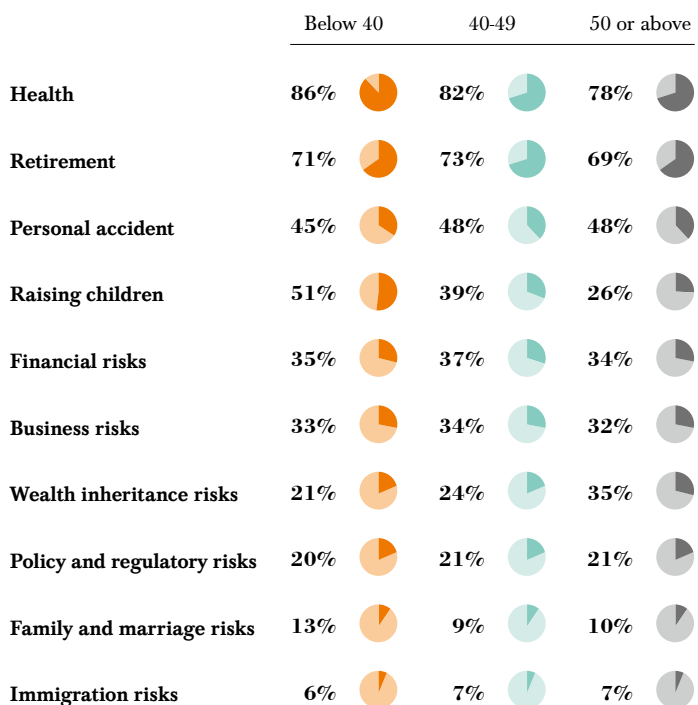
Generally, a mere 22% said that they seek medical treatment only in the event of serious

*The core HNWI's lay stress on comprehensive protection, and are willing to make supplementary insurance purchases*

## Financial Attitude: I Prefer Steady and Conservative Financial Management



## Risks of Most Concern



## By Age Group

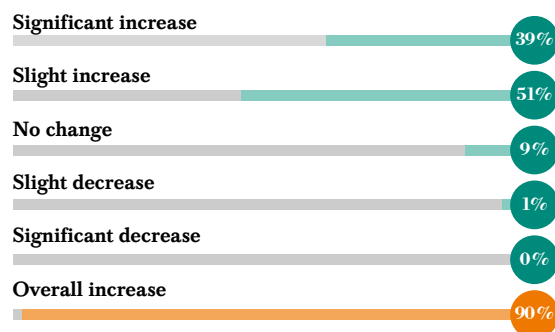
	Below 40	40-49	50 or above
<b>Representative age</b>	<b>30</b>	<b>45</b>	<b>60</b>
<b>Life stage</b>	<b>Wealth creation</b>	<b>New life</b>	<b>Inheritance</b>
<b>Insurance attitudes</b>	<ul style="list-style-type: none"> <li>◆ Begin to pay attention to and purchase insurance products</li> <li>◆ As they enter the critical period in their career, they pay more attention to avoiding illness and accidents, and consider reserving funds for children's education</li> </ul>	<ul style="list-style-type: none"> <li>◆ Pay attention to comprehensive insurance coverage</li> <li>◆ Emphasis on lifestyle. Aim to gain more comprehensive coverage, such as for their retirement, and strengthen insurance coverage against risks such as illness</li> </ul>	<ul style="list-style-type: none"> <li>◆ Insurance portfolio more or less complete. Main focus is on supplementary purchases</li> <li>◆ Considering how best to pass on their wealth to children, and beginning to consider funeral care matters in the more distant future</li> </ul>
<b>Insurance types most interested in</b>	Health insurance, casualty insurance and education insurance	Endowment insurance, health insurance with higher coverage	Comprehensive property insurance with the function of tax avoidance, ultimate care insurance

illness, compared with 30% three years ago, an indication of the greater attention core HNWI are paying to their health as they become more willing to seek treatment.

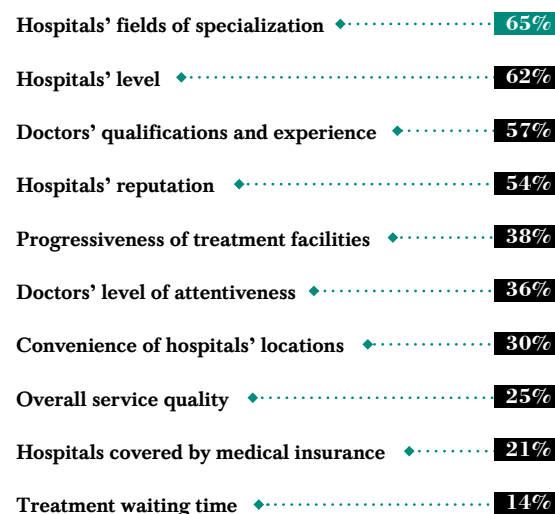
Core HNWI take many factors into consideration when seeking medical treatment. Over 60% people rate 'hospitals' fields of specialization' and 'hospitals' level' as relatively important. Next come 'doctors' qualifications and experience' and 'hospitals' reputation', selected by more than 50%.

Top-tier public hospitals are the first choice for core HNWI because of their high-quality doctors and medical resources. 70% choose 'top-tier public hospitals – special

## Changes in Medical Needs Over the Past Few Years



## Important Factors When Seeking Medical Treatment



## Mentality Towards Seeking Treatment

	2015	2016	2017
5 Seek treatment after serious symptoms	5%	7%	7%
4	25%	22%	15%
3	37%	31%	44%
2	17%	21%	21%
1 Seek treatment after slight symptoms	15%	18%	13%

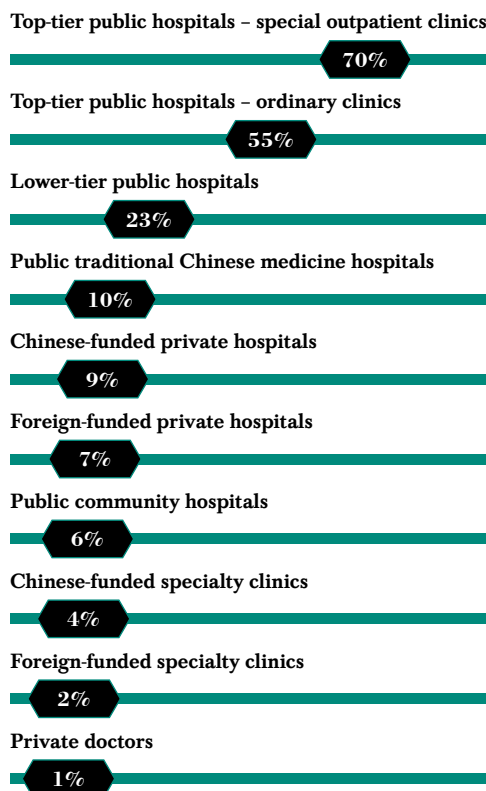


outpatient clinics' for medical treatment while the choice rate for 'top-tier public hospitals – ordinary clinics' stands at 55%. When it comes to treating certain chronic illnesses, lower-tier public hospitals rank third, due to advantages such as short waiting times and convenient locations.

The respondents believe that the current medical environment has room for improvement, especially with regards to service quality, which has the lowest satisfaction rate. Core HNWI's have high expectations for the services they receive, which current conditions in China are incapable of meeting. Indeed, problems such as 'the imbalance of supply and demand in China's medical environment leads to the difficulty in obtaining high-quality resources', 'overtreatment' and 'doctors' poor attitude and absence of humane care from the patients' perspectives' are all felt to be urgently in need of improvement.

To tackle these shortcomings – particularly their concerns about service quality – the respondents opt for various solutions, such as 'seeking relationships/personal connections' (59%), 'seeking medical treatment in Chinese-fund private hospitals' (55%) and 'seeking medical treatment in foreign-fund private hospitals' (41%).

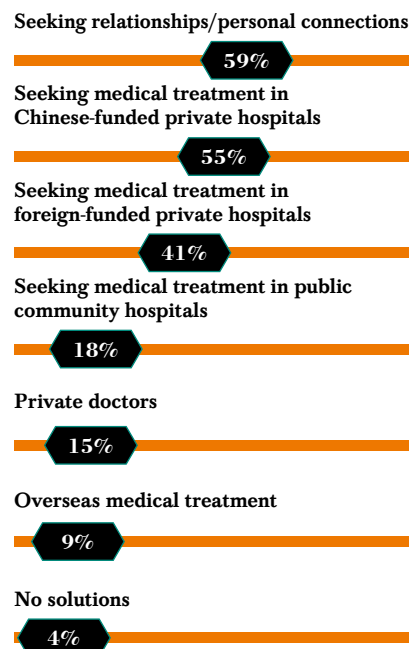
## Preferred Medical Institutions



## Level of Satisfaction with Medical Treatment

	Medical treatment environment	Service quality	Progressiveness of treatment facilities	Doctors' specialisation	Accuracy of diagnosis	Price
10 Very satisfied	6%	6%	7%	7%	7%	7%
9	6%	6%	11%	11%	11%	7%
8	23%	25%	24%	27%	25%	19%
7	24%	21%	22%	22%	23%	22%
6	17%	16%	16%	14%	15%	14%
5	13%	14%	12%	9%	11%	19%
1-4 Totally unsatisfied	11%	11%	9%	9%	9%	12%
Average	6.66	6.63	6.93	7.01	6.95	6.50

## Solutions to Dissatisfaction



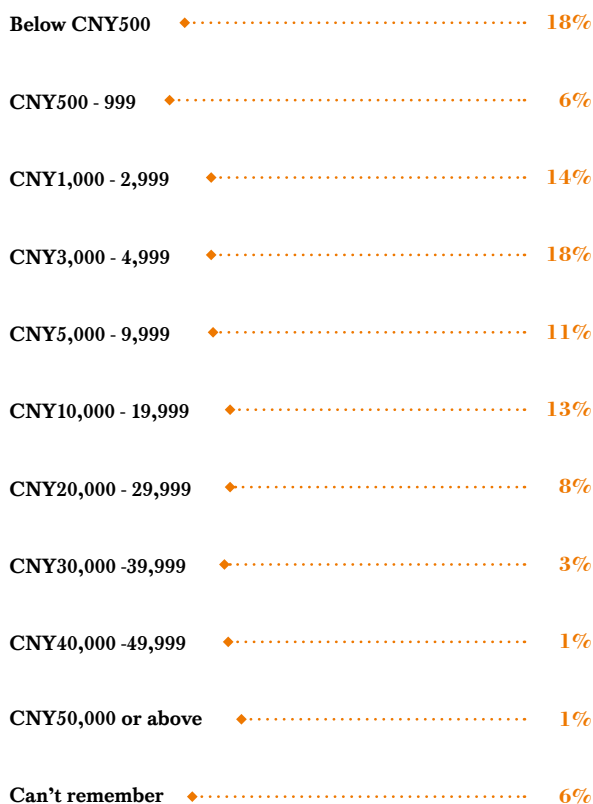
From a regional point of view, respondents in Shenzhen are particularly willing to make use of ‘overseas medical treatment’ (25%) and ‘private doctors’ (34%), to a greater extent than respondents based elsewhere. Medical treatment expenses in Beijing, Shanghai and Guangzhou are the highest.

Core HNWI’s pay for treatment mainly through three channels. ‘Social insurance’ and ‘pay oneself’ both account for over 30%. The proportion of ‘commercial insurance’ amounts to 26%, while ‘company payment’ only accounts for 8%.

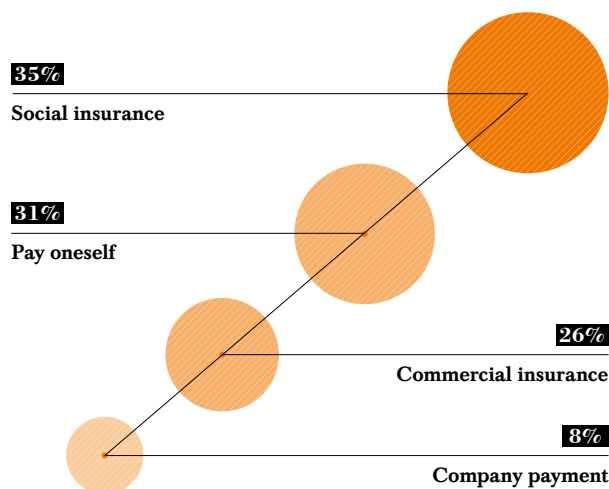
Over the past year, medical expenses have been relatively high, with an average of CNY8,660, with those who spent more than CNY10,000 accounting for 26%.

### Medical Treatment Expenses in the Past Year

Average: CNY8,660



### Payment Method for Medical Treatment



### 3.2.2 Personalized and comprehensive healthcare management program suggestions

Based on the feedback, respondents would best be served by personalized and comprehensive healthcare plans, with a focus on ‘high degree of suitability’, ‘one-stop service’ and ‘comprehensiveness’.

- 1 Personalized programs:** HNWI’s at the age of 40-49 should opt for personalised nursing and medical treatment. Only through a personalized follow-up treatment program based on a comprehensive analysis of their own particular physical condition can they get the effective precautionary measures and treatment they require.
- 2 Comprehensive healthcare management:** this focuses on ‘one-stop service’ and ‘continuous tracking and monitoring’. Core HNWI’s strongly value ease of service. A ‘one-stop’ program provides guidance and regular assistance in the fields of precautionary measures, treatment, continuous tracking and monitoring along with various follow-up support services, and through greater familiarity with individual needs, allows for the highest level of convenience.
- 3 Comprehensiveness:** it is advised that HNWI’s should consider truly comprehensive medical treat-

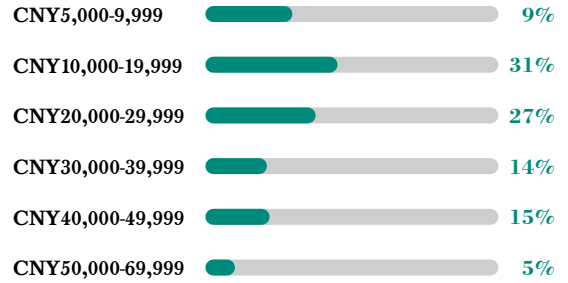
ment programs, encompassing a full range of precautions and treatment including mental healthcare. This ought to include diet and nutrition, sport and exercise, illness recuperation, mental health, and the monitoring and training of brain and cognitive abilities.

### 3.2.3 Current state and trend of health insurance purchases: securing one's resources and funds are the key

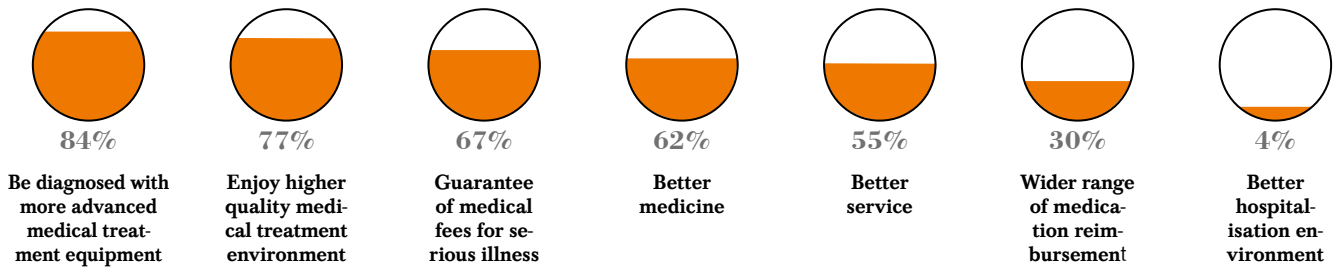
Current state of health insurance purchases: provision of resources foremost consideration, securing funds should also be considered

### Total Family Annual Commercial Health Insurance Premiums

Average: CNY26,400



### Reasons for Purchasing Commercial Health Insurance



### Satisfaction Level Towards Commercial Health Insurance

	Overall satisfaction level	Reputation of insurance company	Professionalism of sales representatives	Speed of claims settlement	Scope of coverage	Product design	Quality of service	Simplicity of process	Premium range
<b>10</b> Very satisfied	0%	0%	2%	0%	0%	1%	0%	1%	2%
<b>9</b>	4%	15%	10%	5%	9%	8%	7%	6%	5%
<b>8</b>	35%	25%	28%	28%	26%	26%	30%	25%	23%
<b>7</b>	37%	29%	33%	42%	34%	37%	33%	39%	39%
<b>6</b>	19%	21%	17%	18%	25%	19%	23%	20%	25%
<b>5</b>	4%	8%	8%	6%	5%	8%	5%	9%	6%
<b>1-4</b> Totally unsatisfied	1%	2%	2%	0%	0%	1%	2%	1%	1%
<b>Mean</b>	<b>7.11</b>	<b>7.16</b>	<b>7.14</b>	<b>7.08</b>	<b>7.07</b>	<b>7.06</b>	<b>7.06</b>	<b>6.98</b>	<b>6.98</b>

Core HNWI families spend an average of CNY26,400 annually on commercial health insurance, with the main rationale to gain access to the best resources. 84% regard to ‘be diagnosed with more advanced medical treatment equipment’ as the main reason for purchasing it, followed by to ‘enjoy higher quality healthcare environment’ (77%). 62% think they can ‘access better medicine’ through buying commercial health insurance, and over 50% people buy it for ‘better service’.

Core HNWIs are not entirely satisfied with their commercial health insurance provisions, with an overall satisfaction rate of only 7.11. They believe service needs to be improved, especially ‘simplicity of process’ and ‘premium rate’. Dissatisfaction levels with product design and scope of coverage are relatively high, with 82% selecting ‘coverage scope too limited’, and over 70% complaining that ‘coverage age is too low for older people to buy’.

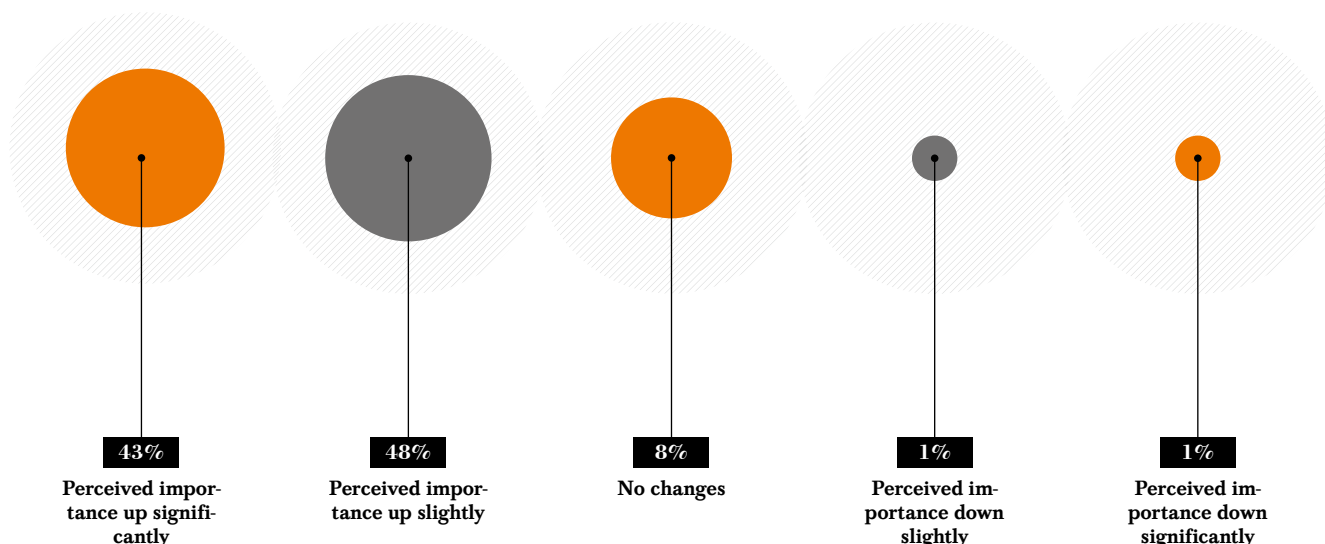
**‘Improving coverage and focusing on high-quality and convenient value-added services’ is both the future trend and main suggestion for health insurance**

Compared with the past few years, commercial health insurance is now regarded as significantly more important. Over 90% indicate that it has become more important to them in the recent years, and consider it a necessity.

Feedback demonstrates that health insurance is regarded as particularly important to core HNWIs, and that they most definitely intend to invest in it in future. At a particularly important juncture in their lives in terms of their career and family life, they are very keen to avoid risks. Ensuring a risk-free future, therefore, is their top priority, and purchasing commercial health insurance is an effective means of doing so.

**Purchasing suggestions for health insurance:** China’s social medical insurance is unable to satisfy the medical needs of core HNWIs both in terms of funds and resources, making high-end commercial health insurance a particularly important supplement. Core HNWIs should pay close attention to coverage limits and the scope and quality of future medical resources when investing in high-end commercial health insurance. Commercial health insurance with high coverage limits can avoid medical uncertainty to the greatest extent, by providing strong economic support and protection. Furthermore, only commercial health insurance with a wide range of value-added service can provide services such as green channels, top-quality domestic and foreign expertise and advanced medical equipment and technology, to enable them to get the best and most convenient healthcare program possible.

**Perceived Importance of Health Insurance – Future Trend**



## Topic 1 Chinese Healthcare Through the Eyes of Medical Experts

### *An American Medical Expert Casts an Eye over China's Healthcare Issues – An Interview with Tan Dongfeng*

#### Tan Dongfeng

*Renowned Chinese-American Doctor, Professor of Pathology and Medical Oncology in MD Anderson Cancer Center, One of the United States' Senior Experts on Molecular Pathology and Personalized Treatment*

***Hurun Report: What do you think China's medical development can learn from the experience of the United States and Europe?***

**Professor Tan:** China's medical environment has two extremes. On one hand, the development of high-end medical care is very rapid, while the basic medical care system is unable to keep up. On the other hand, inadequate medical policies and resources cause demand to exceed supply, while the planned economy healthcare model disrupts market forces. Based on the experience of the United States and Europe, there are four key reference points for China's medical development. The first is to control access to medical education strictly, and improve the overall quality of medical personnel. This involves strengthening the standardized medical education and training system, enriching the market as well as improving the practice of medicine. The second aspect is to establish a comprehensive medical system, and to evaluate, control and supervise the market through government regulation, laws and independent professional medical associations. Thirdly, the provision of medical resources should be expanded rationally, to tackle supply and demand imbalances. Finally, the medical insurance system should be improved, by reducing government intervention, increasing market flexibil-

ity, and to encourage the protection of diversified health insurance models.

***Hurun Report: Which environment do you think is more suitable for the healthcare of China's core HNWI's and their parents, USA and Europe or China?***

**Professor Tan:** Though the USA has an advantage in terms of medical technology and environment, problems may arise for China's core HNWI's seeking treatment in the USA including differences in language, culture, cuisine and lifestyle, alongside other complicating factors such as mindset, career and family. Generally speaking, it is actually quicker and more convenient to seek medical treatment in China. Therefore, I think 95% of core HNWI's ought to seek medical treatment domestically. The smaller numbers of those who require personalized physical examinations, high-end precision diagnoses, or those suffering from problematic illnesses should choose overseas medical treatment.

Also, they should not only seek medical treatment, but also find a personalised program, to obtain precision healthcare management according to their own condition, including preventive healthcare services, mental health services, illness treatment, rehabilitation and other full-range services.

## *A Chinese Medical Expert on China's High-end Healthcare Market – An Interview with Huang Yanyan*

**Hurun Report:** *What are the characteristics of China's HNWI's healthcare needs?*

**Director Huang:** HNWI's expect to get the most best services for their money. They demand personalised, comprehensive medical programs. Therefore, they should be provided with differentiated health and medical systems according to their own medical needs, covering both their physiology and psychology, encompassing nutrition and nutritional supplements, sports and exercises, mental health treatment and cognitive training. As a starting point, HNWI's should seek to receive timely management and guidance from professional private doctors.

**Hurun Report:** *What are your suggestions for the medical care of core HNWI's parents?*

**Director Huang:** We should pay attention to maintaining their health and postponing the onset of illness for as long as possible, while also taking both physical and psychological health into consideration. First of all, a safe living environment should be provided as a fundamental step. Secondly, their children need to be mindful of their mental health and cognitive ability, and take appropriate action such as encouraging parents to take part in positive social activities in order to keep their spirits

up. As HNWI's have limited time to take care of their elders, they should opt for long-term follow-up programs using trusted medical professionals, to provide preventative measures such as regular physical examinations and follow-ups, and memory training to prevent cerebral degradation.

**Hurun Report:** *What deficiencies do core HNWI's face in their medical care? How can they be improved?*

**Director Huang:** At the moment, they tend to focus more on their physical health while attaching less importance to their mental health. Those aged 40-50 should pay close attention to the symptoms of brain degeneration, such as declining memory and impaired concentration. I believe we should pursue authoritative medical institutions for personalized, one-stop and comprehensive prevention programs through examinations. These would include four elements, namely diet and nutrition, sports and exercise with a focus on aerobic training, treatment for stress, and cognitive training to keep the brain in good working order. Through the implementation of such a program, HNWI's should take good care of themselves and continuously monitor their own behavior, making this a regular habit in order to achieve good results.

Huang Yanyan

*Chief Physician of Geriatrics Department in Huashan Hospital  
Affiliated to Fudan University*

### 3.3 Active retirements

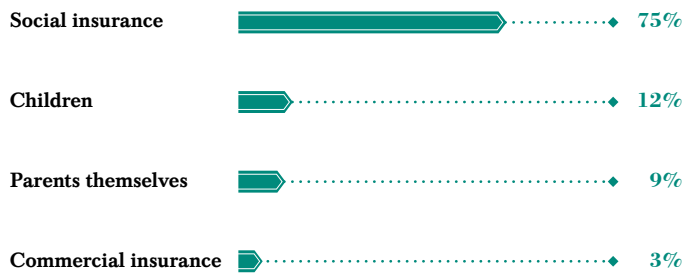
#### 3.3.1 Parents' retirement overview: hard to balance 'home retirement' and 'own life'

Nearly 70% of core HNWI's parents currently prefer 'home retirement', while those who prefer some form of retirement home account for 30%, within which the proportion of those opting for medium-to-high-end elderly care communities is 14%. Core HNWI's parents in Beijing and Shanghai show a more pronounced preference for medium-to-high-end elderly care communities than their counterparts in other cities. Parents' level of health, retirement attitude and their own wishes are the main reasons for choosing a particular mode of retirement. For source of pension funds, social insurance accounts for the lion's share with 75%, followed by children, constituting 12%, parents paying themselves with 9% and commercial insurance with 3%.

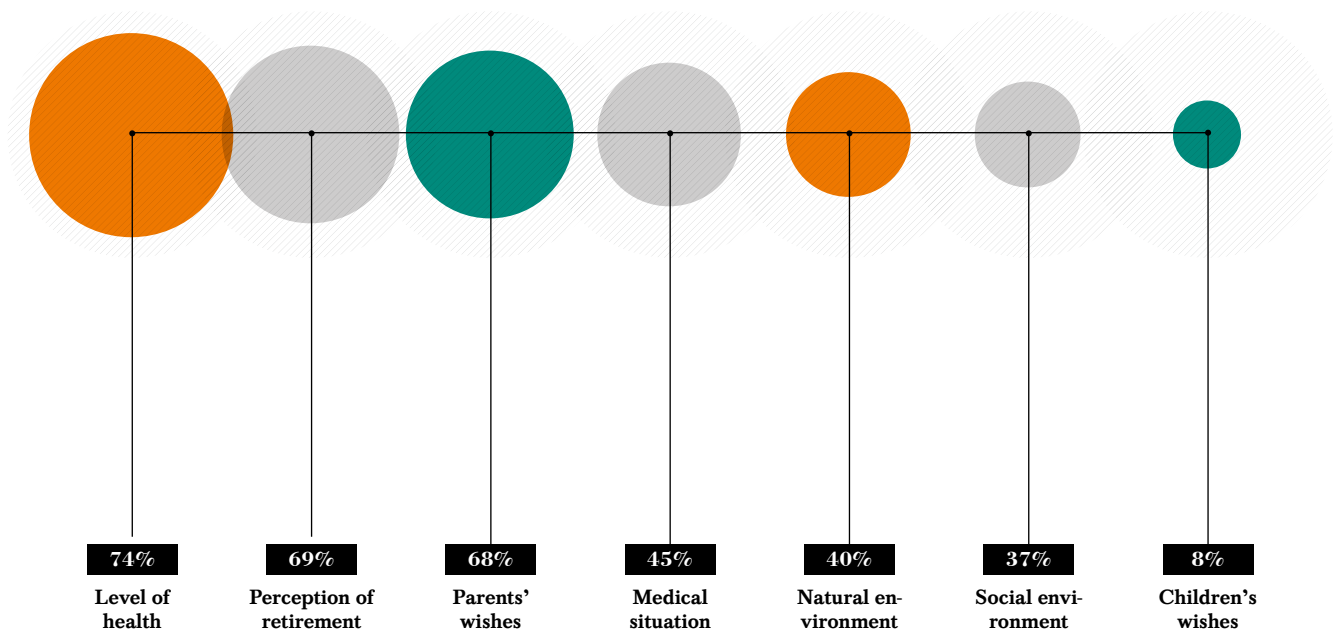
#### Core HNWIs Interview Snapshots

'Now I regularly need to accompany my parents to the doctor. They want us to spend more time with them, but honestly, I have my own family and work to attend to, so sometimes I don't have the time nor the energy.'

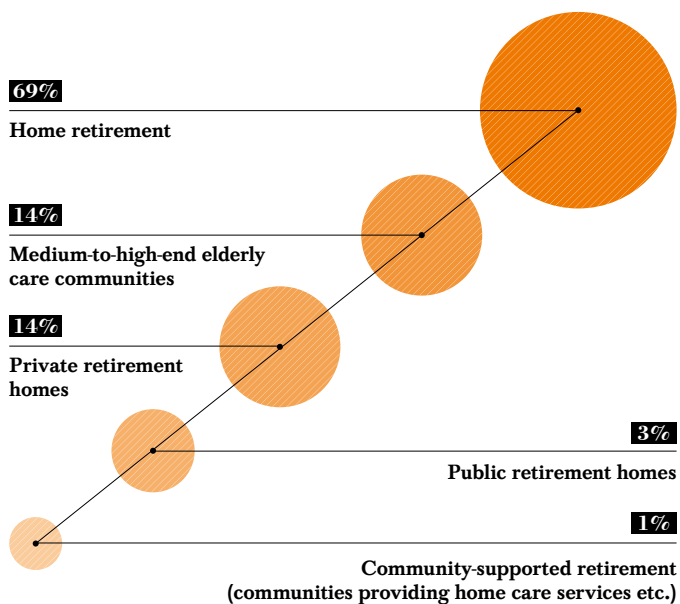
#### Source of Parents' Retirement Expenditure



#### Reasons for Choosing Parents' Retirement Method



## Parents' Retirement Method



parents' commercial insurance accounting for about 3%.

The feedback from the HNWI respondents shows that their biggest concern with regards to their parents' retirement is being too busy to take care of them. They need to balance devoting more time to caring for their parents as they get older with other considerations such as their career development, children's education, and other family affairs. Furthermore, the current status of home retirement as the main pension method adds a further burden to the lifestyles of core HNWIs, as their parents become strongly dependent upon them for both their medical and psychological needs.





## Topic 2 8 Steps for Core HNWI's to Prepare for Their Parents' Retirement

### 1 Come to terms with the fact that parents are ageing, prepare for more care and chaperonage:

Parents' dependence on their children inevitably increases as they age. Core HNWI's must prepare themselves for this psychologically, and accept the fact that they will need to devote more time and energy to looking after their parents. Meanwhile, they should prepare their career-life balance in advance, in order to avoid stress when their parents come to need more frequent care.

### 2 Discuss thoroughly with parents to understand their true thoughts and feelings about retirement life-style:

Only through truly understanding parents' thoughts and feelings can we develop a more effective and targeted retirement program. Therefore, it is very important to find a suitable time to discuss post-retirement plans with one's parents at length, including the ideal environment, the preferred method, how much care is expected, needs and concerns, and other factors.

### 3 Teach parents about how to acquire high-quality retirement and medical knowledge through appropriate information channels, and lead a healthy lifestyle:

Limited by time and energy, core HNWI's cannot always be with their parents, so they need to educate them and teach them how to acquire trustworthy information, to enable them to lead suitable lifestyles.

### 4 Focus on parents' mental health and encourage them to participate regularly in positive social activities:

The elder generation, just like their children, are prone to feelings of loneliness, abandonment, and other negative emotions. Therefore, core HNWI's need to pay careful attention to their parents' mood, and ensure they spend sufficient time with them. At the same time, encouraging parents to engage in uplifting social activities and spend time with their friends can help to keep them in a positive frame of mind and avoid cognitive deterioration.

### 5 Sign agreements with trustworthy medical institutions, arrange regular physical check-ups twice a year and implement follow-up management for parents:

Because of limited time and energy, HNWI's should sign long-term agreements with authoritative, trustworthy medical institutions. With the assistance of professional doctors and nursing staff, HNWI's can effectively maintain and prolong their parents' good health. The main focuses



Photo source: Taikang Yueyuan elderly care community

are on the ‘regular’ and ‘continuous’ aspects, including regular physical, psychological and brain examinations (twice annually), follow-up tracking services, and medical management support services.

## 6 Alter perceptions, improve parents’ acceptance of medium-to-high-end elderly care communities:

Home retirement is still the preferred method of retirement, in line with traditional ideas. However, it is clear that medium-to-high-end elderly care communities are capable of providing higher quality, more pleasant retirements in terms of the infrastructure, nutrition and mental health provisions they are able to provide, which can moreover minimize the children’s burden. Therefore, core HNWI should regularly communicate with their parents or accompany them to visit high-quality institutions, to overcome their reservations and encourage them gradually to grow to accept the idea of entering one of them.

## 7 Develop a comprehensive retirement program for parents, create a high-quality retirement lifestyle for them:

With the parents’ health, perceptions of retirement and parents’ own wishes and personalities in mind, HNWI should take a range of factors into consideration such as high-level medical resources, environment, infrastructure, nutrition, health tracking (both physical and psychological), financial reserves and social activities, in order to create a comprehensive and high-quality retirement program for their parents based on the advice and assistance of professional institutions.

## 8 Make back-up plans for unexpected events:

Old age is full of unknowns, so core HNWI should discuss and determine plans for dealing with unexpected events with their parents that allow for a fast response and that are easy to understand and implement.

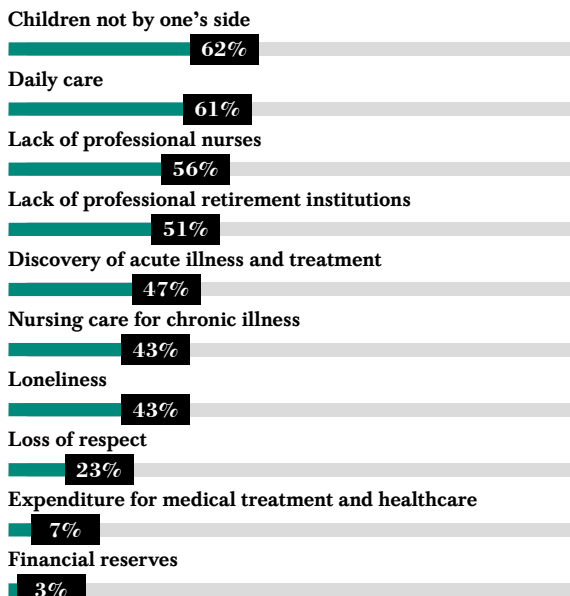
### 3.3.2 Medical equipment, safe environment and mental health provisions are the main retirement needs

Core HNWI have higher requirements for both their parents' and their own retirements. This is especially pressing for their parents as they age.

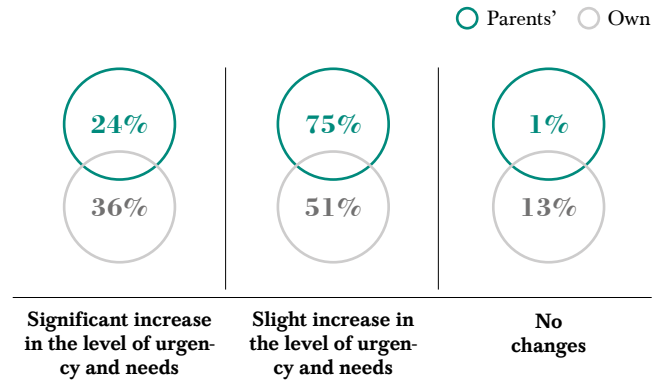
Over 80% believe that the ideal retirement status needs a 'healthy body' and 'top-quality medical and living services'. Healthcare, then, is closely associated with elderly care, with good health and high-quality medical conditions forming the basis for an ideal retirement. External conditions such as 'excellent living environment and suitable facilities for elderly' (73%), 'adequate financial reserves' (65%) are viewed as relatively important factors. Over 50% think that the ideal retirement also depends on psychological factors such as 'rich and colorful leisure activities' (63%), 'a happy state of mind' (56%) and 'quality time with children and grandchildren' (55%),

Core HNWI have both psychological and physical concerns. 'Children not by one's side' (61%), 'daily care' (61%), 'lack of professional healthcare nurses' (56%) and 'lack of professional retirement

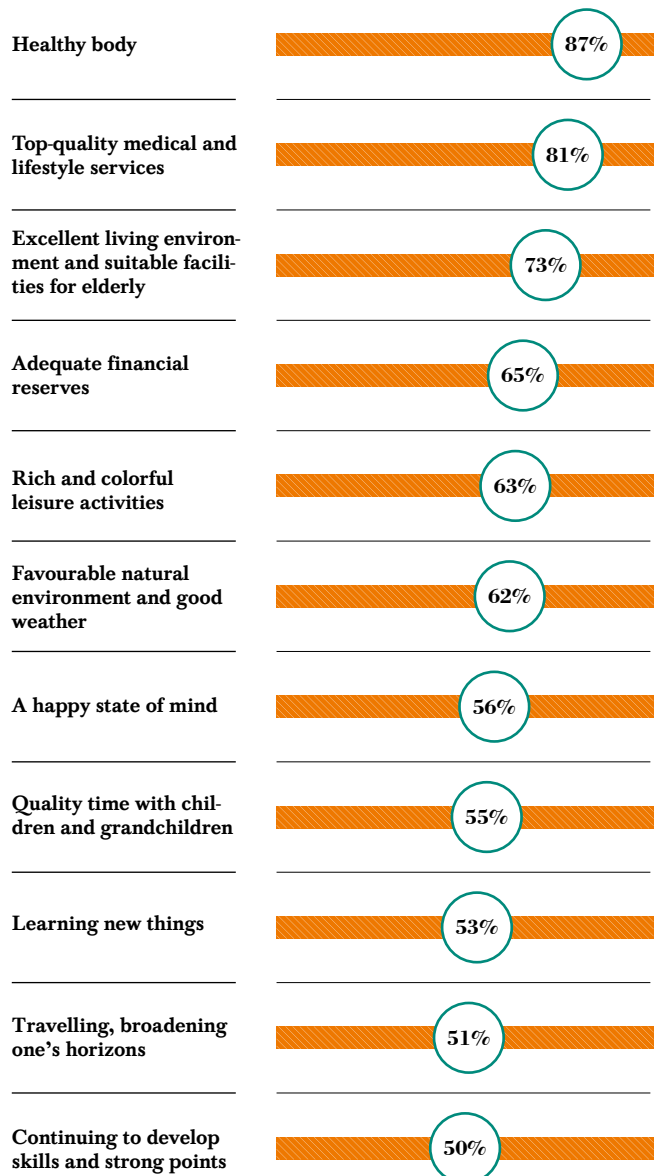
#### Concerns



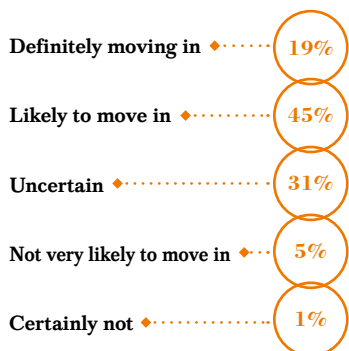
#### Changes in Retirement Needs



#### Ideal Retirement



## Probability of Moving In



institutions' (51%) were all chosen by over 50%.

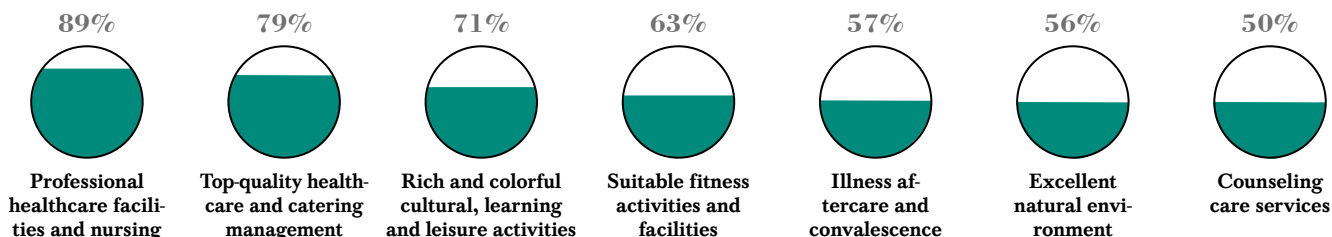
### 3.3.3 The first choice for retirement in future: retirement communities with integrated healthcare

Medium-to-high-end elderly care institutions have grown in favour among core HNWIs, due to the comfortable living environments and wide range of social activities they provide, along with their extensive medical resources.

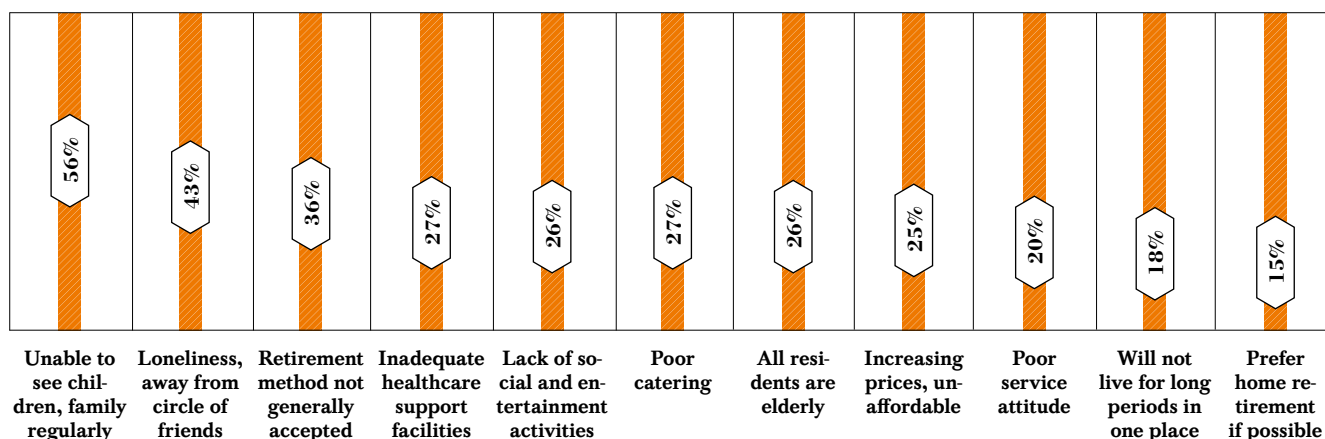
88% of core HNWIs are interested in them, with more than 30% very interested. Over 60% are very likely to move in to such communities, while only 6% are not very likely to.

The 'professional healthcare facilities and nursing' of medium-to-high-end elderly care communities is what HNWIs find most attractive about them. 'Top-quality healthcare and catering management' (79%) and 'rich and colourful cultural, learning and leisure activities' (71%) also find favour. Though core HNWIs show a high level of interest in medium-to-high-end elderly care communities, they also have some concerns, mainly psychological issues common among the elderly, such as 'unable to see children regularly, unable to spend quality time with family' (56%) and 'loneliness due to being away from circle of friends' (43%).

## Most Attractive Aspects of Medium-to-high-end Elderly Care Communities



## Concerns with Moving into Medium-to-high-end Elderly Care Communities



### Topic 3 Taikang's Retirement Culture and the 'Silver Wave'

#### —Tsinghua University's Liu Guangjun

##### Liu Guangjun

*Deputy Director of the Center for Employment and Social Security Research, School of Public Administration, Tsinghua University, Director of Ageing Financial Branch of China Association of Gerontology and Geriatrics, Senior Trainer, Specialist, China Financial Planners Standards Committee*

Society is entering the era of the 'large-scale health economy', which will tackle quality of life issues, and through cooperation, seek a more equitable distribution of per capita GDP; thus, average life expectancy may well reach 90-120 years, with health and longevity becoming a major social issue, as the 'silver economy' emerges. This term refers to the ageing population's escalating consumption needs, and the restructuring vis-à-vis health and longevity required in the wider economy.

One problem arising is intergenerational conflict of interest. For society as a whole, there will be a conflict of interest between the working age and post-retirement populations over pension contributions and benefits. With this in mind, the research results of Professor Yang Yansui and the Tsinghua team have demonstrated that the development strategy for harmonious intergenerational relations is as follows: first, to increase the human capital of the labour force, and promote scientific and technological economic development; second, to improve the asset structure of aging population, and promote a consumption-driven economy. Theorists such as Becker, Friedman and Modigliani posit that the desire for health and longevity should be based on the concept of lifelong self-reliance and financial planning, otherwise, intergenerational conflict of interest will arise. From

the findings of Lee and Mason (2011) in their research on China, the peak consumption age is 15-40 years old, peaking at 35 years old, with a significant decline witnessed after the age of 50; in contrast, in countries subject to significant population ageing such as Germany and Japan, the 55-80 age bracket constitutes the peak consumption period, with older people's consumption acting as the main driving force for domestic demand, which naturally boosts the economy; this is the 'soft power' of a positive response to population aging.

A lifelong self-reliant elderly care plan consists of a pension, medical insurance, property, disability care and other elements, which should be based on personal planning and supplemented by national social insurance. Pensions covers the elderly's daily expenditure, and include the basic state, occupational pension and private pensions. Medical insurance includes both social and private insurance should be able to shoulder more than 80% of the cost. Post-retirement property is not only able to help the elderly live contentedly, but also helps solve the problem of disability care. Disability care and nursing is an unavoidable health and longevity consumption demand, and its highly professional and expensive nature necessitates the support of a care and nursing insurance plan. In short, developing a large-scale health industry

① Yang Yansui, chief editor: Report on China's Aging Society and the Development of Pension Insurance, Tsinghua University press, 2013, Page 5.

in the silver economy era requires the joint efforts of the government, enterprises and individuals. Taikang is one of the most hardworking enterprises in this regard. Chairman Chen Dongsheng is one of the earliest entrepreneurs to take such matters into consideration, and to take steps to making them a reality.

Health includes physical health, psychological health, mental health, social health, intellectual health, and moral health, and in 2007, the WHO put forward the goal of developing a health-friendly economy. In the 21st century, a series of international conventions and standards for elderly friendly societies have been issued, and the large-scale health economy can be viewed as the new socioeconomic form of technical and human progress, acting as a third wave of human economic development superseding the previous model of the environmentally polluting industrial economy. The party proposed in the third Plenary Session of the 18th CPC Central Committee to ‘actively respond to the aging population, accelerate the establishment of social pension service system and the development of the elderly service industry’, and encourage market forces to participate in the development of the elderly service industry. The Taikang Group, which focuses on the four major sectors of the medical rehabilitation health industry, pension and health insurance, asset management and medical care service community, is playing a leading role in promoting the development of the medical and healthcare industry.

Firstly, Taikang is customer demand-oriented. Chairman Chen Dongsheng and his team have been considering these issues for 20 years, considering a variety of difficulties such as medical treatment, diet, care, rehabilitation and nursing, housing insurance, asset management, tackling loneliness, and more. How can these needs be integrated to the mutual satisfaction of the elderly and their families? The starting point for Taikang is to create a favorable environment for meeting the elderly’s needs, with attention paid to the smallest of details, alongside excellent service, in order to ensure a positive experience. With operations in Beijing, Shanghai, and Guangzhou and more planned, Taikang has created the four-in-one retirement community operation model for an ideal retirement, encompassing an active social life, high-end medical treatment, financial management and funeral

care, allowing residents to realise the dream of growing old gracefully.

Secondly, Taikang draws on its international experience. Since 2007, Chen Dongsheng has led his team to visit over 20 modern retirement communities in the United States, Japan and elsewhere, before going on to create a service model suitable for China. This is not just the embodiment of commercial sensitivity, but more importantly, the molding of a corporate culture based around respecting life and science.

Thirdly, Taikang makes use of integrated resources. Taikang explores industry synergies with an entrepreneurial spirit, integrating property and finance, healthcare, pensions and asset management, creating a holistic social service, and bringing about ecological interaction through scientific design and meticulous management, so as to realize a profit model predicated on improved efficiency and reduced risks.

Finally, Taikang offers a standardizing service. Taikang has entered the field of medical and nursing services with a humanistic attitude towards the large-scale health economy. Although there is no comparable experience for reference, Taikang is confident in breaking new ground, as a trailblazer. Taikang employs strict norms and standards in choosing project sites, building design, facilities and service, and ensures that its ethos permeates both management and staff, to create a unique Taikang spirit and culture.

The development of China's elderly care industry is only just beginning, and Taikang is leading the way.

*The starting point for Taikang is to create a favourable, environment for meeting the elderly’s needs, with attention paid to the smallest of details, alongside excellent service, in order to ensure a positive experience*

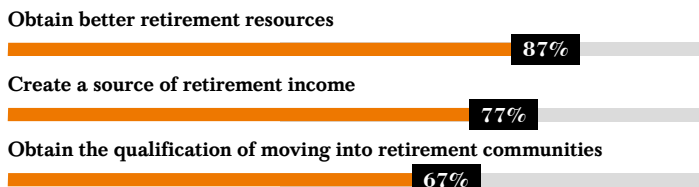
### 3.3.4 Current state and trend of endowment insurance purchases: sustainable income and retirement facilities the key points

**Endowment insurance purchase overview: endowment insurance premiums are high, focus on resources and income**

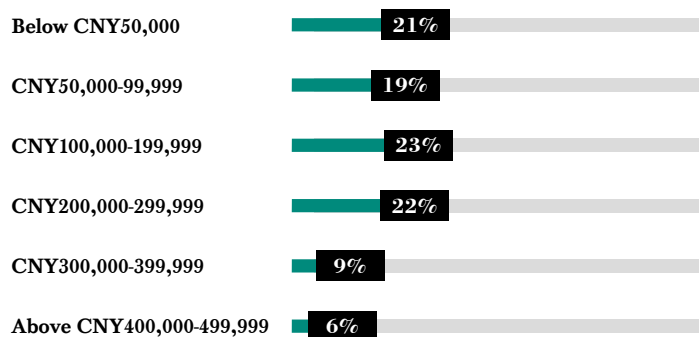
Core HNWI's buy commercial endowment insurance to 'obtain better retirement resources' (87%), 'create a source of retirement income' (77%) and 'obtain the qualification of moving into retirement communities' (67%). Nearly 40% have yearly premiums of more than CNY200,000.

Satisfaction with commercial endowment insurance services is low, and improvements are needed across the board. 'Product design' and 'premium rate and price' fall well below expectations, and over 70% express concerns such as 'coverage age is too young for elders to buy' and 'poor insurance benefits, returns low'.

### Reasons for Purchasing Commercial Endowment Insurance



### Total Yearly Premiums Paid by Family



### Satisfaction Level Towards Commercial Endowment Insurance

	Overall satisfaction level	Service quality	Reputation of insurance company	Professionalism of sales representatives	Simplicity of process	Product design	Premium rate and price
<b>10</b> Very satisfied	0%	0%	0%	0%	0%	0%	0%
<b>9</b>	3%	5%	10%	8%	8%	9%	2%
<b>8</b>	38%	37%	31%	30%	28%	22%	19%
<b>7</b>	34%	38%	34%	36%	38%	40%	51%
<b>6</b>	20%	15%	17%	20%	20%	23%	22%
<b>5</b>	4%	4%	6%	4%	4%	5%	4%
<b>1-4</b> Totally unsatisfied	1%	2%	2%	2%	1%	2%	2%
<b>Mean</b>	7.13	7.19	7.17	7.11	7.10	7.02	6.85

### Focus on the sustainability of benefits and improvement of retirement resources the way forward for endowment insurance

Core HNWI are paying more attention to endowment insurance, and 94% of respondents are more willing to purchase it than previously. Commercial endowment insurance can effectively avoid the risks associated with old age, and acts as an important guarantee to relieve the family pressures they face.

#### Purchase suggestions for endowment insurance:

Only with long-term, reasonable and steady returns can provide the sustained financial support needed to support retirement. In purchasing high-end endowment insurance, there should be a focus on the background and reputation of the insurance companies, to conduct a comprehensive assessment what they offer and the benefits they provide. It is also necessary to pay attention to the value-added resources, such as medical care, retirement environment and other aspects, in order to ensure a better quality retirement.

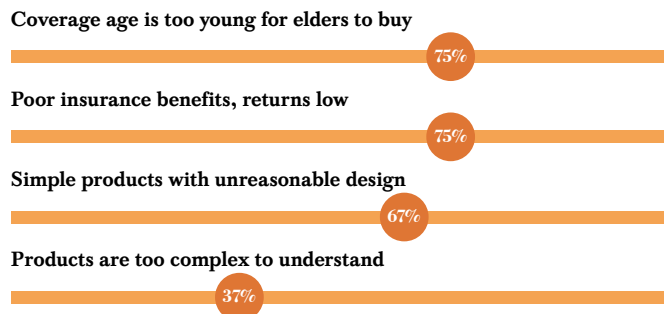
## 3.4 High-end service

### 3.4.1 HNWI's value-added service demands have changed, willing to pay for high quality services

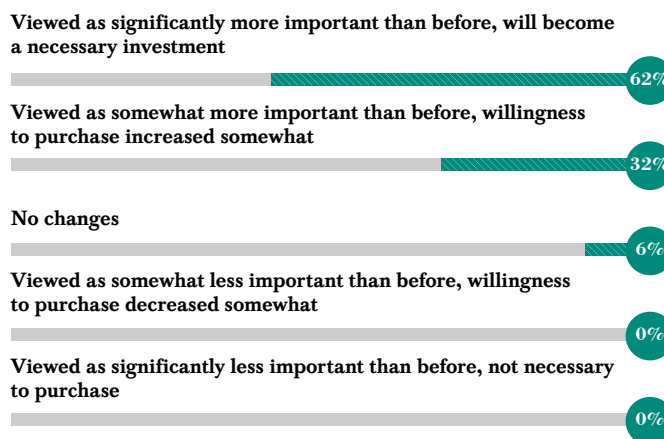
Awareness of value-added services is on the up. Due to a lack of time and energy, HNWI are increasingly seeking out professional 'third-party' services capable of providing targeted assistance. As their wealth increases, they are becoming more demanding, with standardized market products unable to fulfill their needs. They expect to receive higher quality value-added services, which match their individual needs.

68% of core HNWI express a willingness to pay for higher quality value-added services. The most common demand is to improve quality of life, with 78%. Within this category, 'healthcare service' is the most popular value-added service, with 87%.

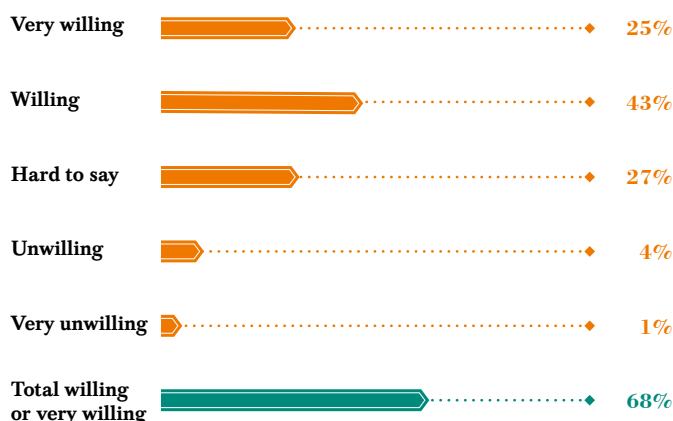
### Inadequate Areas of Commercial Endowment Insurance



### How Important Endowment Insurance is Viewed



### Willingness to Pay for Higher Quality Value-added Services





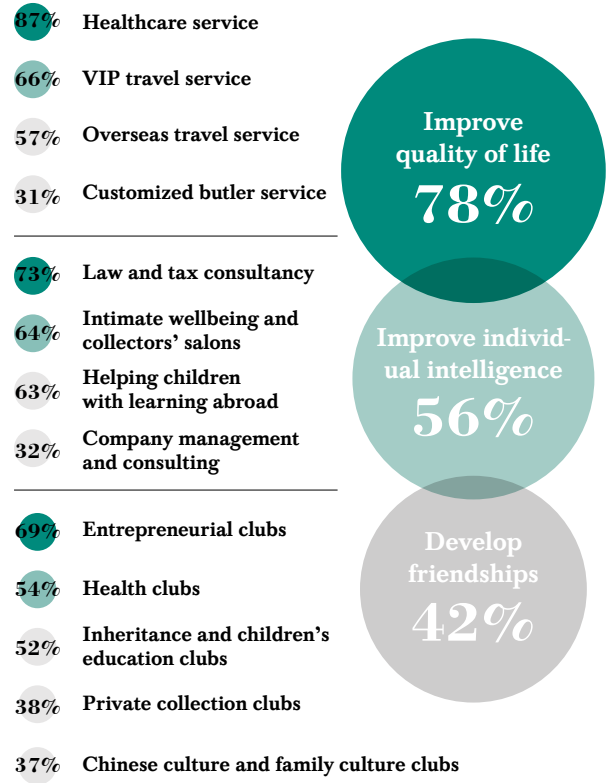
In terms of value-added insurance services, there is most demand for physical checkups, with over 80% of core HNWI's demanding domestic checkups. In addition, they have a preference for value-added consultancy and lecturing services such as legal consultancy.

### 3.4.2 A one-stop service platform is the first choice

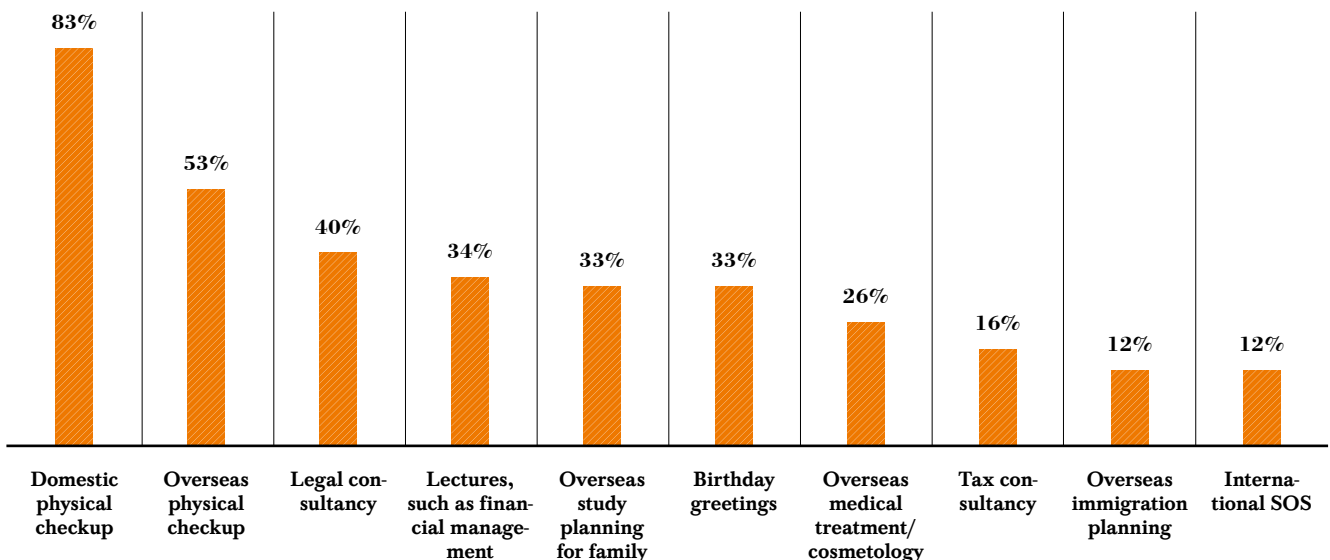
Accessing a convenient, one-stop service platform has become core HNWI's top priority in their quest for high-end services. Over 70% regard a comprehensive 'one-stop' program as their preferred solution. In their assessment of third-party services, 'prefer buying composite product programs from the same institution' ranks first, having been chosen by 45% of respondents.

Core HNWI's have a high level of demand for one-stop service platforms. Obtaining optimal service with maximum value for money and the least time spent on it is becoming their primary focus, leading to 'one-stop' services growing increasingly attractive. One-stop services should be established on the basis of a high degree of professionalism, and should provide differentiated personalized plans, in line with the demands of HNWI's.

## Purpose of Value-added Services Demanded



## Preferred Value-added Services



In terms of the one-stop services provided by insurance companies, 60% of HNWI respondents express their willingness to make use of the one-stop financial management services currently offered.

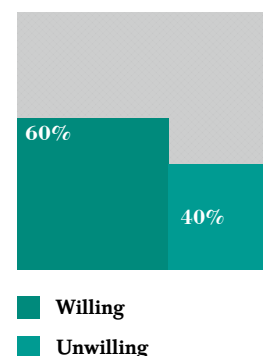
From this comprehensive survey of core HNWI's needs it can be recommended that institutions should take standardized products and personalized services into account, with a 'one-stop' mode adopted to assist HNWI lifestyles fully.

**1 Meet core HNWI demands with market-oriented standard products:** Keeping the core HNWI's perspectives in mind, relieve their family pressures, design professional products to meet their primary needs of their own health, parents' retirement, children's education and

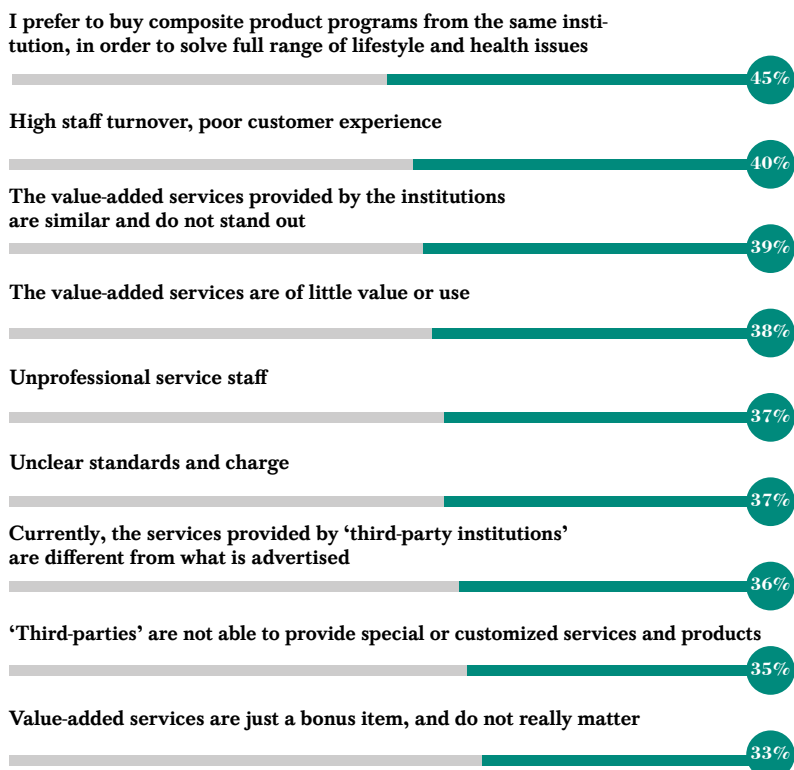
even family inheritance, in order to develop the market.

**2 Meet the value-added needs of core HNWI's with one-stop personalized services:** As HNWI's grow wealthier and their consumption patterns become more sophisticated, the standard products are no longer capable of satisfying demand. They are becoming more willing to pay for high-quality services, and the 'sense of privacy', 'convenience' and 'customization' are three guiding factors in terms of their demands for value-added services. Therefore, third-party service institutions should provide one-stop personalized products for core HNWI's to cater to each individual's tastes, so as to improve overall satisfaction and diversification.

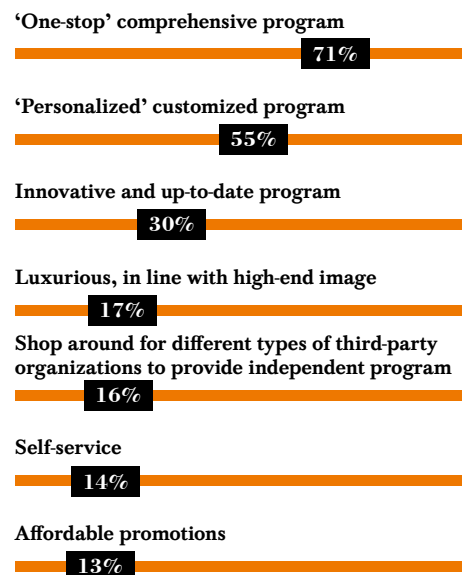
### Willingness to Use One-stop Financial Management Services Provided by Insurance Companies



### Assessment of Third-party Services-level of Agreement



### Preferred Third-party Service Solutions



## Topic 4 New Healthcare and Retirement Trends

### Comparison of data from the past three years explores new trends in medical care and endowment insurance

**Awareness of commercial insurance, investment in health insurance and endowment insurance is gradually increasing:**

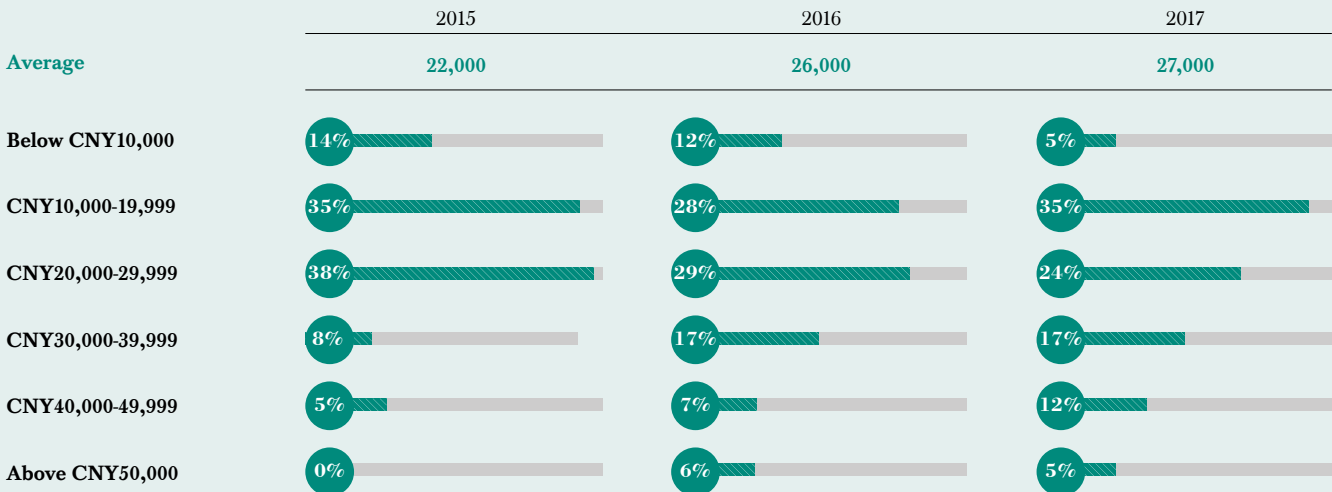
From 2015 to 2017, the yearly premiums for health insurance have increased by CNY5,000. The four major reasons for the 23% rise in health insurance:

① Imbalances between supply and demand for medical provisions and resources in China is increasing.

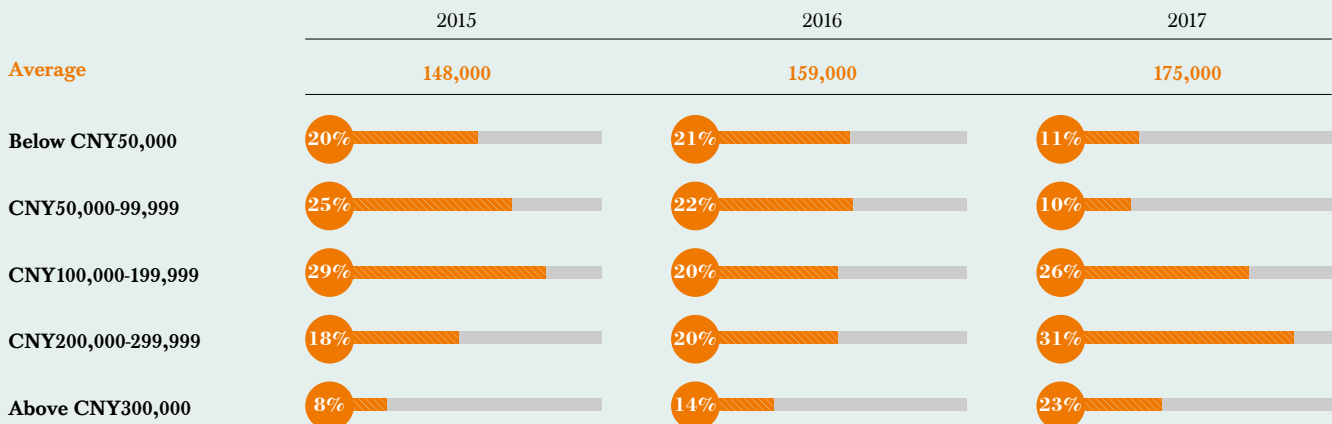
- ② HNWI's have pressing need for high-end medical care.
- ③ Quality of life problems are gradually increasing (environmental problems such as pollution, food safety issues, etc.).
- ④ HNWI's awareness of risk aversion is improving.

As with commercial health insurance, the yearly premiums for endowment insurance have also been on the up over the past three years, with an increase of CNY27,000 from 2015 to 2017, growing at a rate of 18%. The three main reasons for the increase in endowment insurance investment are:

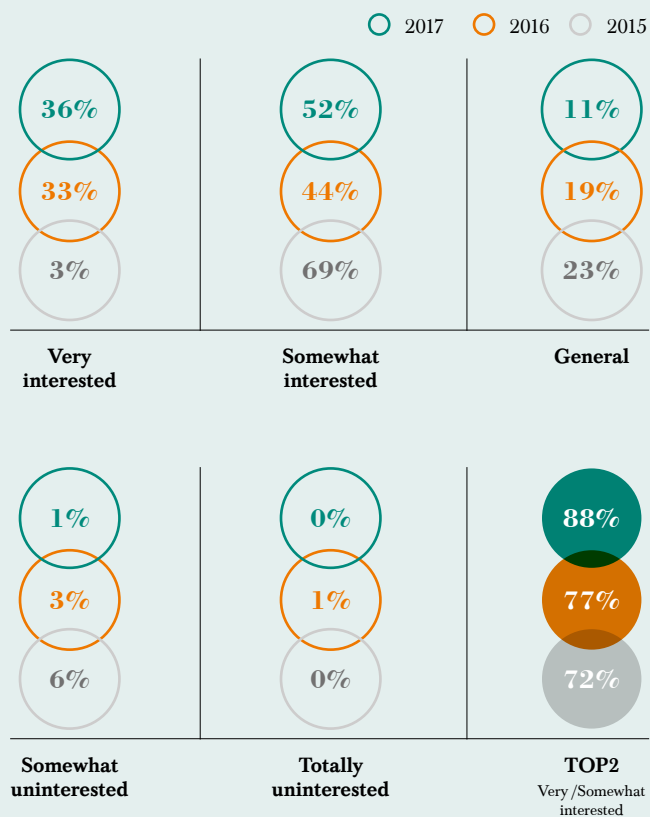
### Annual Health Insurance Premiums



### Annual Endowment Insurance Premiums



## Level of Interest in Medium-to-high-end Elderly Care Communities



- 1 China's aging population problem is becoming more and more serious
- 2 HNWI's confidence in the basic social endowment insurance is declining
- 3 Consciousness of private retirement options are increasing, and the elders are becoming more sensitive about burdening their children

### The new trend for a 'healthier, richer, happier' retirement:

The burgeoning interest in medium-to-high-end elderly care communities can be attributed to two main causes. The first is that the '421/422' family structure, with those of working age responsible for the care of both children and elderly dependents, makes elderly care problems increasingly glaring. The second reason is a growing open-mindedness with regards to retirement options and growing awareness among HNWI's of the retirement options on offer as the market matures. The integrated healthcare-retirement model has reduced the burden on children, and led a more independent-minded approach to retirement. Meanwhile, the social and entertainment activities on offer in such communities improve the quality of retirement.

## Probability of Moving into a Medium-to-high-end Elderly Care Community



# About Taikang

Taikang Group (formerly known as Taikang Life), founded in 1996, located in Beijing, is a large insurance and financial service conglomerate which operates through three main businesses: insurance, asset management and health and elderly care. By the end of 2016, it managed assets worth more than CNY1,100 billion.

Through its 3,900 nationwide distribution offline channels, online platform and 600,000 staff and marketing staff teams, Taikang aims to create an O2O health ecosystem driven by the 'Four-in-One' business model featuring 'vibrant elderly care, high-end medical services, premier wealth management and ultimate end-of-life care'. Taikang is committed to provide integrated services from insurance to asset management, health and elderly care, and offer more assured, accessible and affordable insurance services, to help people live healthier, wealthier and longer lives, making Taikang a part of people's happy life.

Taikang Insurance Group has a number of subsidiaries which include Taikang Life, Taikang Asset, Taikang Pension, Taikang Community, Taikang Health and Tk.cn. Over the past twenty years, Taikang has served a cumulative total of 185 million clients, made claims payments of CNY25.8 billion, nearly CNY50,000 billion of risk premiums, paid a cumulative CNY28.1 billion of tax, and has been listed in the 'Top 500 Chinese Enterprises' list for 13 consecutive years.

Taikang Group has been fully engaged

in the integration of the whole-life industry chain and the construction of the 'Happiness Project' through the cross-border integration of virtual insurance products and medical care services. As the first enterprise to introduce integrated health-care-retirement elderly care communities in China's insurance industry, the company has built a nationwide network in key cities such as Beijing, Shanghai, Guangzhou, Sanya, Suzhou, Chengdu, Wuhan and Hangzhou, making it the largest elderly care community chain in China. The company has steadily promoted the construction of high-end medical systems, introduced high-quality medical resources, and built a large number of comprehensive medical centers meeting international standards and integrating medical treatment, research and teaching.

Taikang Group adheres to the concept of "serving the public and giving back to society", and actively fulfills corporate social responsibility. The company has formed a comprehensive education donation system sponsoring schools from primary through to university level, as well as sponsoring China's Economic Theory Innovation Award. It has also sponsored and supported the development of Chinese contemporary art through the establishment of "Taikang Space", a non-profit art organization. Up til now, Taikang and its chairman Chen Dongsheng have made donations totalling CNY390 million to public welfare programs.



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Taikang Lifestyle

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# About Hurun Report

## An Authoritative Source Since 1999

Established as a research unit in 1999, Hurun Report Inc. has grown into a leading media group targeted at China and India's high net worth individuals. Its flagship is the Hurun China Rich List and, since 2012, the Hurun Global Rich List. Headquartered in Shanghai, Hurun Report has offices in Beijing, Guangzhou, Chengdu, Sanya, London, Los Angeles, Chicago, and Cochin and Kerala in India.

### Hurun Research

Hurun Research ('Nobody Knows China's Rich Better') has grown to become the world's leading authority when it comes to understanding the Chinese high net worth individual. Recent reports include partnering with some of China's most important financial institutions, local government, multinationals and luxury brands, including Bank of China, Taikang Life, Minsheng Bank, Minsheng Financial Leasing, Industrial Bank of China and the Changbaishan government.

### Hurun Media

Hurun Media ('The Voice of Chinese Entrepreneurship') reaches between one and two million unique viewers a week through its digital platform and a further 485,000 a month through its print media. Digital media is made up of 7 WeChat social media accounts, an online business talk show called MaShangHu, distributed through iQiyi, CBN and Ningxia Satellite, and Hurun.net. Our flagship WeChat account is Hurun Business, with others including Hurun Education, Hurun Art,

Hurun Horse & Sports, Hurun Health, Hurun Property and Hurun English.

### Hurun Conferences and Training

Hurun Conferences and Training hosts over 100 events across China every year, led by its flagships in Beijing and Shanghai every year. Hurun Conferences and Training brings Chinese entrepreneurs abroad, to the US, London, Singapore, Australia and India.

### Hurun International

Hurun Report Inc established its India business in 2012, which today is best-known for the Hurun India Rich List, Hurun India Philanthropy List and for hosting events with some of India's most respected entrepreneurs.

### Hurun Investments

Hurun Investments includes a CNY100m early-stage venture capital fund, and strategic investments in media, education, classic cars, financial services and luxury.



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# Survey Methods

The results of Retirement Planning and Healthcare of Chinese HNWI's 2017 came from the cooperation between Taikang and Hurun Report. This is the third year this white paper on HNWI's retirement and healthcare has been published. This project developed a special survey focused on UHNWI's in mainland China. Relying on Hurun Report's HNWI's database, the project team carried out stratified random sampling according to gender, age, area, total family assets and other dimensions. A quantitative study was carried out on 1554 HNWI's in the form of a one-to-one questionnaire, and the sample covered 35 areas in China. At the same time, the project team conducted one-to-one interviews with 30 UHNWI's and experts in Beijing, Shanghai, Guangzhou and Shenzhen in order to conduct wider and deeper studies of the characteristics and needs of these people.

In addition, the project team also fully exploited ten years of Hurun Report research results and combined the historical data and the related public information from the Hurun Rich List, Hurun Wealth Report and the series of white papers published in recent years by Hurun Research Institute, using a large number of desk studies and statistical analysis methods, effectively ensuring and improving the accuracy of the survey. Through this report, we can understand the retirement and healthcare needs of HNWI's in China, thus creating huge brand and media value.

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