

# Analysis of China's Ping an Firm'S Strategy Management : A Case Study

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## ABSTRACT

Insurance is an important pillar of the financial system. With the steady growth of China's economy, China's property insurance industry has maintained a stable growth trend in recent years, playing an important role in ensuring the development of national economy and improving the social security system. Since 2018, China's property insurance has entered a transition period, with negative premium growth. This study is supported by social learning theory. The internal and external environment has brought serious challenges to the development of the industry, but also brought new development opportunities. As a leading enterprise in the property insurance market, Ping-an Property Insurance has encountered serious tests in terms of market share, team growth, internal management, etc., especially in the face of a series of new situations, such as competition among enterprises, the threat of new enterprises, the threat of alternative products, the threat of buyers' bargaining power on products, etc. Therefore, it is necessary for Ping An to formulate a development strategy in line with the new situation, so as to promote the development of property insurance, enable the company to achieve long-term stable growth in the new business environment, and complete the transformation from a traditional company to a skilled company. At the same time, the transformation of Ping-an Property Insurance will also provide some learning for the development of other property insurance companies in the new period, and jointly contribute to the development of China's property insurance industry and national economic construction. This article uses qualitative analysis methods for analysis and SWOT method for content analysis.

## KEYWORDS

Ping-an Property Insurance; Social Learning Theory; SWOT and Qualitative Analysis Methods

## 1. INTRODUCTION

Under the complex background of China's insurance industry, Ping An insurance company of China is facing opportunities and challenges. How to develop continuously in the complicated competitive environment and make Ping An insurance company of China keep competitive vigor and make profits continuously is an important issue (Lin, Wei Wei., 2016). This paper aims to find out the development advantages, disadvantages, opportunities and challenges of Ping An Property Insurance through the analysis of its external economy, policy, market, cultural environment and internal development environment, so as to formulate a feasible competitive strategy conducive to the long-term development of Ping An Property Insurance. Moreover, China Ping An Property Insurance Co., Ltd. (hereinafter referred to as Ping An Property Insurance) belongs to the world's top financial group - China Ping An insurance group (Cui, X., Liu, Z., & Han, Y. (2024, January)). Ping An Property Insurance is the foundation of the operation and development of Ping An insurance group of China for a long time. This study aimed to address the social learning theory. Over the past 27 years, the

scale of Ping An Property insurance business has been increasing year by year, and the business has developed steadily. The business area covers the whole country, with 41 branches and more than 2100 business outlets in various provinces and autonomous regions in China (Wang, Guojun., 2016). In addition, it has set up survey agency outlets in nearly 400 cities in 150 countries and regions in the world, and has established cooperation with more than 160 insurance companies at home and abroad, such as China Reinsurance Group Corporation, Hanover reinsurance company, Allianz reinsurance company, Munich reinsurance company, Swiss Reinsurance Company, etc The reinsurance company has established business contacts. In 2014, the company's overall premium income exceeded 140 billion yuan. It has the largest auto insurance brand in China and is the second largest property insurance company in China.

## **2. ORGANIZATION OF THE TEXT**

### **2.1. An analysis of the internal environment of Ping An Property Insurance in China**

Furthermore, Table 1 (see also appendix) shows the proportion of insurance business of Ping An Property Insurance Company of China from 2017 to 2020. It can be seen from the table that the development structure of Ping An Property Insurance Company of China is very unbalanced. The proportion of auto insurance business development is too large, reaching about 75% - 80%. Automobile insurance, enterprise property insurance and freight insurance are the three major types of insurance, accounting for 83% in 2017. By 2020, the proportion will rise to 91%. There are almost no other types of insurance, which is inconsistent with developed countries such as Europe, America and Japan. The serious imbalance of property insurance business is the embodiment of abnormal development (Wang, Guojun., 2016). Consequently, This abnormal development of insurance business will have a very negative impact on the competitiveness of Ping An insurance. Generally, in the world, the loss rate of automobile insurance is high, and the premium income of intermediary and automobile company is as high as 20% - 30%. The underwriting profit of automobile insurance is very low. Ping An Property Insurance Company of China has been losing money in auto insurance business for many years, and its profit is mainly driven by other types of insurance (Lin, Wei Wei., 2016). In this development trend, the operation of Ping An Property Insurance Company is bound to be in trouble. Therefore, it is necessary to develop high profit insurance, such as family insurance, property insurance, engineering insurance, ship insurance, etc. and then , Ping An Property Insurance has realized that if the car insurance business suddenly changes in such a high proportion, it will have an irreparable impact on the company. In recent years, Ping An Property Insurance has also taken a series of measures to reduce the proportion of auto insurance in the whole insurance business, but the effect is very little. The analysis of the reasons for this situation may be related to the fact that the automobile insurance business takes up a lot of manpower and material resources of the company and forms operational inertia, and it also needs a lot of capital investment for other types of insurance (family property insurance, engineering insurance, ship insurance, etc.). It is difficult for Ping An insurance company of China to change this operation mode in the short term

### **2.2. The insurance product innovation design ability is insufficient**

At present, Ping An Property Insurance Company of China mainly operates three kinds of traditional insurance (automobile insurance, enterprise property insurance and freight insurance). Ping An Property insurance company lacks the ability to design new insurance products according to the market needs. Because of the lack of talents, the company's innovation ability can not be improved. Due to the effect of marketing inertia, Ping An Property Insurance has spent too much energy, material and human resources in insurance sales and business design expansion, and lacks energy in new product design and innovation, which reduces the company's core competitiveness. Ping An Property Insurance Company should change its development ideas, learn from foreign excellent insurance companies, and entrust the complicated insurance sales and claims to insurance agencies

and insurance brokers. Ping An Property Insurance Company should focus on, give full play to its innovation ability, design a number of new products to meet the needs of new people, carry out differentiated operation, and effectively enhance its core competitiveness.

In recent years, the premium income of Ping An Property Insurance Company of China has increased significantly. In 2019, the premium income of Ping An Property Insurance Company of China is 834.3536 million yuan. In 2020, the premium income will reach 988.1607 million yuan. From 2019 to 2020, the premium increase rate will be 18.43%. Ping An Property Insurance Company of China mainly promotes its development through scale and speed. After a large number of personnel, contacts and business network investment, it has brought a lot of problems, such as high premium income, low final input-output ratio and low efficiency. With the development of the company, the trade-off between scale, speed, quality and efficiency is more and more exposed to decision makers. In order to achieve the best performance, some leaders of Ping An Property Insurance Company often only pay attention to the immediate interests and ignore the long-term interests. When insuring for some targets, they did not carefully analyze the risks of the targets and their own underwriting capacity. In order to seek speed and scale, they will not turn down anyone's coming, which makes the company face huge risks and brings adverse effects to the long-term development of the company.

Indeed, Ping An Property Insurance Company of China must change from extensive development mode to intensive development mode, change the development mode of emphasizing scale over quality, and change it to the development mode of ensuring rapid growth and paying more attention to enterprise benefits. Correctly handle the relationship among the quantity, quality, speed and efficiency of premium increase. Without the increase of premium, there will be no development, but a brief increase in the number of premium is not equal to the development of enterprises. Simply seeking the maximum speed without paying attention to quality and efficiency will lead the enterprise astray, make the enterprise into a business dilemma, and ultimately limit the development of the enterprise (Li, Ping Yuan., 2019).

### **2.3. Lax supervision leads to increased operational risks**

Additionally, In the process of insurance business, underwriting and claim settlement are two very important links. Underwriting refers to the process that the insurer reviews the insurance request, decides whether to bear the underwriting risk, and confirms the underwriting conditions under the condition of bearing the underwriting risk. Claim settlement refers to the process that the insurance company bears the claim of the damaged party according to the agreement. The surplus of insurance company depends on the share of compensation cost and premium income. If the compensation fee is small but the premium income is high, the company will have a surplus. This share is closely related to the underwriting and claims processes (Li, Ping Yuan., 2019). Underwriting under the principle of controllable risk can reduce the compensation cost and increase the premium income. Strict claim audit system and procedures can effectively reduce the occurrence of fraud, false claims and other cases, and prevent the loss of the company's interests. The loss caused by improper underwriting and claim settlement of Ping An Property Insurance Company of China amounts to tens of millions of yuan per year. This is because the underwriting and claims system is not strictly formulated and the supervision is not effective. Therefore, we need to strictly control and reduce business risks.

## **3. SWOT ANALYSIS OF PING AN PROPERTY INSURANCE**

### **3.1. Strengths and opportunities analysis**

①the management made the right decision and seized the good opportunity for development. Since its establishment in 1988, Ping An insurance company has been developing steadily, which is closely related to the correct decision-making of the company's leadership. First of all, Ping An Property Insurance was established earlier, seizing the market opportunity. Ping An of China is the first

insurance company established in the form of joint-stock system in China. Due to the early establishment of the company, there was almost no insurance products in the market at that time, and the competitive pressure between insurance companies was very small. Based on historical opportunity factors and expanding business scale, Ping An now has the second largest market share in China. Secondly, the company's leadership has a correct strategic positioning for the enterprise and attaches importance to urban resources. While maintaining the status of cities, we should expand service areas to rural areas. The formulation of this strategy makes the network of Ping An Property insurance more extensive and provides favorable conditions for the development of the career. Thirdly, Ping An Property Insurance uses the development of network technology to promote network marketing and telemarketing services, making Ping An auto insurance turn losses into profits from 2009.

②High brand awareness and dynamic corporate culture. Ping An Property Insurance Company has a high degree of brand recognition in China. Therefore, Ping An has attracted a large number of highly educated talents with insurance professional knowledge at home and abroad. For example, by 2009, overseas directors accounted for 40% of Ping An's board of directors, and overseas personnel accounted for more than 50% of its management team. All managers are senior professionals in the fields of law, accounting and investment. Corporate culture is the embodiment of the vitality of enterprise development. Good corporate culture can play the role of cohesion and retention of talents. Excellent corporate culture is an excellent intangible asset of an enterprise and a guarantee for its healthy development. The corporate culture of Ping An Property Insurance provides a broad platform for everyone who enters the company. In Ping An Property Insurance, we do not regard education as a hero, but encourage excellent and capable talents. The company also provides perfect work education, work training and smooth work upward channel for these talents. Inspired by this kind of corporate culture, all kinds of talents of Ping An Property Insurance are survival of the fittest, retaining the best talents (Cui, X., Liu, Z., & Han, Y. (2024, January)).

### **3.2. Weakness and threat analysis**

①Lack of innovation ability. Compared with foreign insurance companies, Ping An Property insurance company lacks the ability to grasp emerging markets and innovate new products. From the perspective of long-term development, on the one hand, Ping An Property insurance may be defeated by the innovation of foreign enterprises; on the other hand, the lack of core competitiveness of Ping An Property Insurance is gradually replaced by the domestic insurance industry.

②The business structure is unreasonable. Ping An Property Insurance and auto insurance account for too much. Ping An Property Insurance relies too much on the premium income of automobile insurance. Once the car insurance business changes, Ping An Property Insurance will face a heavy blow. It is necessary to change the business development structure and balance various types of insurance.

③Lax supervision and lack of service. The supervision of Ping An Property insurance includes the supervision of business development process, underwriting process, claims and claims settlement. As Ping An's property insurance business is spread all over the country, the division of business between the head office and provincial branches, provincial branches and regional branches is clear, and there is a lack of special regulatory departments between and within the organizations, which makes the non-compliance behavior in the process of industry presentation and claim settlement.

④Threats from competitors, intermediaries and potential entrants. All kinds of property insurance companies, including domestic insurance companies and foreign insurance companies, have become small and medium-sized insurance companies. In order to seize the market, they have increased their investment in insurance services and seized the business, so that the competitive prices continue to rise. Intermediaries also compete with insurance companies. In addition, e-commerce enterprises,

new insurance companies, banks, credit companies and other potential entrants continue to join the insurance industry, which makes the insurance companies squeezed and the competitive pressure becomes greater (Ye, Yi Fei., 2019).

Overall, the above describes the advantages, disadvantages, threats and opportunities of Ping An Property Insurance, and how to use the analysis conclusions to formulate strategies and complete the optimal allocation of resources. The SWOT analysis table is also shown in contexts to get the strategic deployment of so, SWOT analysis of Ping An Property Insurance(Ye, Yi Fei., 2019).

## **4. CONCLUSION**

### **4.1. Implementation of talent development strategy**

Combined with the operation situation of Ping An Property Insurance Company and the existing problems of domestic occupation, this paper puts forward the implementation of talent development strategy to improve the overall level of personnel quality.

①Improve the entry threshold of new employees. Improve the entry threshold of new people to participate in the insurance profession, and comprehensively comment on their personal quality(Liu, Siqu., 2020). Ping'an now wants to set up its own new evaluation tools to comprehensively evaluate the recruits' intelligence quotient, emotional quotient, adverse quotient and moral quotient, and select the most suitable ones for work. For example, resume, education background, family background, work background, etc. Newcomers are included in the new talent evaluation system. These rigid indicators need to increase the weight (50% - 60%), and then analyze the loyalty of newcomers to the enterprise and the future job change risk. Low weight (40% - 50%) is set for the individual one-sided test indicators of new people, such as personal habits and preferences, personality characteristics, self-evaluation, future design, professional consciousness, etc. Generally, these factors are highly one-sided.

②The training of personal quality and professional morality should be included in the training content of recruits. Through systematic training and learning, the education of personal quality should be strengthened. Ping An's existing training pays more attention to professional knowledge such as communication skills and sales skills. In fact, training is more technical than moral. The skill of practitioners is getting higher and higher, but the moral standard is not rising, but falling! We should learn the principle of "acting first and then doing things". Only in this way can employees fundamentally change their awareness and gradually become honest and trustworthy qualified employees (Liu, Siqu., 2020).

③We should set a good example and intensify publicity. Excellent talents are not only the model of praise, but also the goal of moral learning. We should create a model of honest service, give material and spiritual rewards, and gradually cultivate an honest corporate culture.

④Strengthen the construction of corporate culture, enhance the cohesion and sense of honor of employees. Corporate culture is a goal, vision, tenet, spirit, values and operation concept gradually formed in the process of enterprise development. It is recognized and observed by all employees and has organizational characteristics. The sum of these concepts is reflected in the production and operation practice, management system, employee behavior and external image of the enterprise (Wu, Kun long., 2020). In the course of development, Ping An Property insurance should gradually absorb the essence of China's excellent traditional culture and modern western management thinking, and form a common corporate culture of Chinese and Western cultures, blending ancient and modern cultures and integrating knowledge and practice. It aims to create a kind of Noble Energy based on excellent traditional culture and pursue good and maximum value. People of value.

## 4.2. The implementation of differentiated competition strategy

Product is an important performance of the company's market competitiveness, especially innovative products can attract more attention, get the first opportunity, make the insurance company get more high-quality customers, cultivate customers' new feelings, and show the insurance company's people-oriented concept is very important (Wu, Kun long., 2020). The company needs to study in the following aspects:

① Build a strategic team in terms of design and project development. Ping An company attaches great importance to market research and product development. At present, domestic and foreign experts have been invited to launch a number of product projects. They carry out special research and development from the aspects of product development, marketing channel construction and management support, so as to maintain the innovation of the project, attract new customers and maintain old customers. However, in order to achieve sustainable development, the company should also cultivate its own local development team, and manage with the concept of external oriented, local supplemented, world blending and market blending.

② Call on developers to learn relevant theoretical knowledge. It is necessary to set up new product design and development courses, arrange experts and scholars at home and abroad to explain market trends and professional knowledge in a planned way, arrange developers to conduct social research, experience and exchange experience from time to time, and always maintain sensitivity to the new needs of social development and the understanding of domestic and foreign policies. According to the domestic policy, discuss the psychological trend of consumers, and timely develop products suitable for the market. The company should provide technical support, continuous communication, advanced research tools and experimental environment for the development team.

③ Arrange relevant staff to exchange training with excellent companies at home and abroad regularly. Learn new service concepts, service techniques and management methods, digest and absorb them, and carry forward them in combination with the actual situation (Zhang, Jie., 2020).

④ Regularly summarize and analyze the company's product types and service measures. Based on big data analysis, find the problem. Invite a third party to participate in the investigation and evaluation to ensure the objectivity and impartiality of the investigation information.

## 4.3. Implementation of balanced development strategy of business structure

At present, the business structure of Ping An Property Insurance Company is unbalanced, that is, the proportion of auto insurance business is too heavy. Therefore, this paper puts forward the balanced development strategy of business results, and the specific implementation methods are as follows:

① Expand the mature auto insurance market. Ping An Property Insurance's traditional auto insurance business has developed and operated for nearly 20 years. Have many stable customer groups, high customer recognition, strong loyalty. It is also the reason why the company's property insurance business is very stable. In the next step, we need to continue to provide efficient, high-quality and fast service, more professional underwriting and claims technology, improve customer management methods, combine with customer managers, and continue to strengthen and consolidate the responsibility system.

② Develop and cultivate non-auto insurance business. In recent years, due to the further implementation of the national micro reform policy, it provides a good development opportunity for all non-auto insurance businesses. Agricultural insurance, catastrophe insurance, savings insurance, employer's liability insurance, environmental pollution liability insurance, public liability insurance, medical liability insurance, serious illness medical insurance and other government supported insurance emerge in endlessly, with huge market potential, which will play a positive role in

broadening the market share of Ping An Property Insurance and optimizing the insurance structure (Liang, E. (2023, March)).

③Need to cancel, adjust market business. Due to the longtime of development, some types of insurance cannot meet the needs of the development of the insurance market at this stage and need to be cancelled (Zhang, Jie., 2020). However, they still take up a lot of capital and manpower, with large investment and poor effect, and need to be changed. Therefore, in order to meet the needs of commercial operation, Ping An Property Insurance Company should abandon the business with poor efficiency or small scale, and then focus on the business with high efficiency and objective scale.

In conclusions, according to the actual situation, the choice and formulation of strategy is the foundation for enterprises to become stronger and bigger, which is very important for new ventures and operating enterprises (Sheng, L., Min, T., Yidan, Z., & Gao, M. (2021, March)). In the process of strategy implementation, we also need to make corresponding adjustments according to the external environment, the actual situation of the enterprise and different situations. But as long as the strategy is suitable for the enterprise, it will lead the enterprise to a brighter and stronger future.

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## CONFLICTS OF INTEREST

The authors declare that they have no conflict of interest.

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