



2025 Insurance M&A Outlook Expectations for China

With inflation moderating in much of the world, global insurance M&A activity remained largely stable in 2024. Some trends, like consolidation in the distribution market, are playing out across multiple regions. Others, such as an imbalance between buyers and sellers, reflect nuances that are particular to a country.

Against that backdrop, what will insurance deal-making look like in 2025? Deloitte's teams are looking at insurance M&A in several markets. Some insurance M&A trends we are seeing in China are:



[1] A bigger foothold for multinationals

Weak consumer sentiment and low interest rates in China may pose challenges to existing insurance operators in China in 2025, particularly the life and annuity sector. On the other hand, such conditions could also create opportunities for global insurance companies who hold convictions about the long-term prospect of the industry in China. In 2024, Italian insurance group Generali became the sole owner of Generali China Insurance, a property and casualty insurer.¹ More broadly, some foreign insurers may also consider their acquisition plans in China among the context of an overall strategy in other regions of Asia.

[2] Lower valuations in life insurance

Interest rates have dipped in China amid slowing economic growth. These conditions are likely to weigh on transaction prices in the life insurance sector as carriers face smaller returns on their investment portfolio, a pullback in consumer spending, and belt-tightening among potential buyers domestically. Carriers looking to divest may find more interest among multinationals with a long investment horizon, but deals may still fail to close if offers for state-owned entities are too low to win approval from Beijing.



[3] More Chinese capital in Hong Kong

On July 1, 2024, the Risk-based Capital regime went into effect for the insurance industry in Hong Kong. Soon after, in December, OCBC Bank's Hong Kong subsidiary offloaded its Hong Kong Life holding to Chinese multinational Yuexiu Group.² More such transactions may follow as Chinese investors seize the opportunity to expand their presence in the Hong Kong life insurance market by acquiring carriers struggling to meet the new solvency capital requirement.



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ENDNOTES

¹ “Generali to become 100% shareholder of its Chinese P&C insurance business,” Generali, January 10, 2024, <https://www.generali.com/media/press-releases/all/2024/Generali-to-become-100-percent-shareholder-of-its-Chinese-P-and-C-insurance-business>.

² “OCBC Bank (Hong Kong) Limited’s Sale of the Entire 33.33% Stake in Hong Kong Life Insurance Limited,” OCBC, December 27, 2024, https://www.ocbc.com.hk/cmh/files/Media%20Release/2024/Press%20Release_Sale%20of%20Stake%20in%20HK%20Life%20Insurance_27Dec2024_EN.pdf.

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