Comparison of Competitiveness of Global Systemically Important Insurers and Suggestion to Internationalization of Chinese Insurers

Zhao Hang   Zou Qihui

Zhao Hang
Master graduate students
Insurance School, Central University of Finance and Economics
phone：18810519302
Email：zhaoyingbaohang@163.com

Zou qihui
Master graduate students
Insurance School, Central University of Finance and Economics
Phone: 15201168099
Email: justzouqihui@qq.com

Abstract: The first groups of 9 insurance agencies, which are selected into Global Systemically Important Insurers, not only cast comparably high importance in systemic importance on a global scale, but also have strong international competitiveness in most cases due to its significant role in financial market and economic environment. Therefore, they became the beacon light of other insurance agencies who aim at international market. In this paper, using the factor analysis method compare the 9 Insurance Institutions ranked comprehensive competitiveness from Profitability, Capital management ability, Management ability, Risk management ability, Development potential five aspects. Ping An as the only selected Asian insurance agencies comprehensive compare with other agencies. The results maybe play an important role for the future development of Chinese insurance institutions internationalization.

Keywords： Global Systemically Important Insurers, Comparison of Competitiveness, Ping An

1. Research introduction

Under the globalization background, insurance giants have a constant deepening impact on the stability of global insurance industry as well as the national financial system, leading to global insurance market concentration strengthened. The importance of insurance giants arouses the national regulators attention. In order to better manage global system risk in insurance industry, International Association of Insurance Supervisors (IAIS) officially released global systemically important insurers assessment methods and policy measures in 2013, based on five aspects including insurer's scale, international activity, replacement, non-traditional & non-insurance business, and relevance. Then, IAIS announced the top nine global systemically important insurers, including Allianz SE, AIG, Assicurazioni, Generali S.p.A., Aviva plc, Axa S.A., MetLife Inc, Prudential Financial Inc, Prudential plc, Ping An Insurance Group of China Ltd. Ping An Insurance Group of China is the only insurance institute selected in developing and emerging insurance markets.

Someone holds the perspective that China's insurance institute, as the only representative of developing countries selected into G-SII, shows great recognition to the influence and status of Chinese insurance industry in international insurance

market, and also reflects the international competitiveness of Chinese insurance institute. China's accession to WTO and the opening opportunity to the insurance industry attract many foreign insurance companies enter and to be stationed. For the sake of improving overall competitiveness and enhancing the power of speech, Chinese government is aiming to establish some competitive multinational corporations, to achieve the goal of globalization actively and efficiently. Chinese insurance industry needs to be globalized without any hesitation; it is necessary for both the oversea investment guarantee and even further development. How to improve the international competitiveness of China's insurance companies is the primary problem must to be solved for China's insurance companies successfully "going out".

Ping An Insurance Group of China Ltd starting with insurance business, has already become a leading integrated financial services group, its business including insurance, banking, securities, asset management, corporate pension and other diversified financial services, which has a pivotal position in China's insurance industry and financial market and also is the most powerful and potential domestic insurance institute to "go out". Ping An can stand out from the worldwide 50 insurance institutions of 14 countries and regions, and be selected into the G-SII list, to some extent confirming its international influence. Other eight insurance institutions in the G-SII list are all traditional international insurance giants with very high internationalization level and their business all over the world. In recent years, Ping An despite frequently allocates overseas assets, but its core business is mainly from home country so that its position in the international market hasn't fully revealed. Therefore, our study attempts to compare global systemically important insurers' international operation and competitiveness to identify Ping An comparative advantages and disadvantages and evaluate its competitive position in the international insurance market. Then we will put on some targeted recommendations about how to effectively enhance Ping An international competitiveness, hoping to inspire other Chinese insurance companies to "go out".

With the continuous growth of China's economic strength, overseas investments keep increasing in these years. To accelerate the pace of "Going Global" of China's insurance industry, establishing an insurance group with international competitiveness

would be an important strategic direction. As the only one selected insurance agency in China, or even in all developing countries, Ping An Insurance (Group) Company Ltd. is regarded as the most powerful and promising "Going Global" domestic insurance agency in China at present. Through constructing the competitiveness evaluation index system of insurance agencies in Global Systemically Important Insurers, a comparative study in the perspective of insurance agencies' international operation and competitiveness can be conducted. The research defines the current situation of internationalization of Ping An Insurance Company. It helps Ping An to find its pros and cons, and then learn from other foreign insurance giants, especially about their ways of internationalization. Ping An can improve its competitiveness by combining both experiences from others and its own advantages. In addition, Ping An has a demonstration effect on other domestic insurance companies in improving and perfecting their global management. Its own progress also accelerates the internationalization process of China's insurance industry. On the other hand, the study takes economics and management research as its basic theoretical support. It applies statistical methods to evaluate and test the competitiveness of the 9 insurance agencies which are selected into G-SII. The study steps further in the theoretical study of insurance companies' competitiveness and has considerable theoretical and practical values.

2. Research Methods

The study takes the 9 insurance agencies selected into G-SII as research objects and systematically analyzes them from the 5 dimensions of their core competitiveness on the basis of foreign and domestic classical theoretical study. It will conclude the advantages of these 9 agencies and provides appropriate advice to insurance industries of China and other developing countries in internationalization in the future.

The study tries to seek breakthrough in methodology and quantitative analysis on the basis of existing theories. It first explores the existing materials relating with competitiveness study and evaluation and analyzes its basic theoretical framework. Then, according to practical research objective, the study discusses the fundamental basis of choosing index for the company's competitiveness index system and illustrates the basic principles and analysis process of Factor Analysis. Third, it

conducts an empirical research on the status of each of the 9 companies' competitiveness and gives them a ranking. Finally, the study analyzes the competitive advantages

of those companies selected into G-SII in different countries and give some constructive suggestions about competitiveness to insurance industries in developing countries.

2.1 The design theory of G-SII competitiveness evaluation index system

This study uses not only the methodological theories of economics and management to define and analyze, but also the methods of statistics to manifest, that is to use the statistical methods to show the competitiveness of the institutions listed and the elements that influence the competitiveness. To build a scientific and reasonable statistical index system for company's competitive ability is the basic demand for statistical appraisal on the competitiveness safety .Companies' competitiveness can be reflected in a more objective and detailed way by using the statistically analytic indexes which are able to explain the advantage competitiveness that the companies possess as well as to point out the deficiencies of their competitiveness. In other word, analytic indexes aim at reflecting the reasons or the pacing factors of the companies' competitiveness in various aspects and through various means.

To build a scientific and favorable statistical indicator system for insurance industry competitive ability is the first link of the insurance industry competitiveness assessment. To evaluate the competitiveness of insurance industry mainly lies in assessing the comprehensive strength of the insurance corporations. The assessing procedure contains selecting and building evaluating indicators (or index system), picking samples from the indicators to observe and obtaining value of the indicators, choosing the proper assessing method, providing an evaluation scheme and program designing scheme, then computing on electronic computers, and finally giving out the result, level and classification of the evaluation. Owing to the current variance in the domestic macroscopic environment and accounting standards of the 9 insurance agencies, the assessment of the insurance company competitiveness should focus on main financial statements data of the institutions. The indicators can be divided into

two categories. One is the dominant indicators that have shown their competitive edges in operation. This kind of indicators mainly consists of operation performance and finance indicators. They respectively reflect the institutions ability of controlling the market as well as their operation qualities including capital ability, profitability and risk management ability. Another kind of indicators is capability indicators that enable the corporations to own potential competitive advantages, such as operate ability, development ability, etc. Apart from these kinds of indicators, we should take into consideration the domestic macroscopic environment after obtaining the factor indexes for analyzing. Analyzing the indicators after putting them into the comparatively fair environment will make the competitiveness evaluation indexes comparatively more fair and accurate.

This evaluation index system (table 1) is created after drawing on the theoretical basis that is built by the domestic and foreign scholars on the existing competitiveness evaluation index system, consulting insurance companies' annual forms such as balance sheets and statements of income and profit in 2014, selecting indicators that can to some extent reflect the comprehensive strength of the insurance companies.

Table 1: The competitiveness evaluation index system of insurance institutions

	Index system	Index formula	Index Significance
X1	Rate of return on total assets	Net profit in report period/The average total assets*100%	Profitability
X2	Rate of return on net assets	Net profit/The average net assets*100%	
X3	rate of return on net investment	Net investment income/The average investment assets*100%	
X4	Investment assets to total assets ratio	Average investment assets/The average total assets*100%	
X5	Net profit growth rate	(Net profit for the year-Last year net profit)/Last year net profit*100%	
X6	capital utilization rate	Premiums for the year/The Total equity*100	Capital management ability

X7	Net asset turnover rate	Income from continuing operations/The average shareholders equity *100%	Management ability
X8	Total assets turnover rate	Income from continuing operations/The average total assets*100%	
X9	Income from continuing operations growth rate	(Income from continuing operations for the year-Income from continuing operations for the last year)/Income from continuing operations for the last year*100%	
X10	Retention Premiums ratio	Retention premiums/Premiums for the year*100%	Risk management ability
X11	Assets liability ratio	Average total liabilities/Average total assets	
X12	Liability management rate	Average total liabilities/The average total equity	
X13	A growing percentage of the original premium income	(Premiums for the year-Premiums for the last year)/Premiums for the last year*100%	Development potential
X14	The growth rate of total assets	(Total assets for the year- Total assets for the last year)/Total assets for the last year*100%	
X15	The growth rate of net assets	(Total equity for the year-Total equity for the last year)/Total equity for the last year*100%	

2.2 G-SII Competitiveness Evaluation Based on Factor Analysis Method

With the development of measurement technology and computer, multivariate statistical analysis method provides us with a better means of comparing the competitiveness of insurance institutions, which can transform statistical indicators describing different aspects and dimension of competitive factors into dimensionless relative evaluation value and then integrate these values to obtain an overall evaluation of the competitiveness of insurance institutions. Multivariate statistical analysis focus on dealing with multi-index problem. Increasing observed indicators will make research process more complete, but to avoid too many indicators

increasing complexity, we decide to use factor analysis method to analyze the competitiveness indicators of global systemically important insurers.

Factor analysis method used to process multi-dimensional random variables under linear transformation of its component-related issues, is a multi-dimensional statistical methods to simplify data through dimensionality reduction, which can integrate a large number of variables with complex relationship to a smaller number of factors in order to reproduce the relationship between original variables and factors, meanwhile classifying the variables according to different factors. Factor analysis model starts from studying correlation matrix's internal dependency, and then divides variables into group based on their correlation, resulting in high correlation among variables within the same group but low correlation among variables in different groups. Each group of variables represents a basic structure called common factor. Its starting point is to use less independent factors to replace most information of the original variables, which can be represented through the mathematical model $X = AF + \varepsilon$, in which $\mathrm{X} = (X_1, X_2, \cdots, X_p)'$ denotes p original variables, F denotes m common factors, m$\leq$ p, and A denotes a p$\times$m factor loading matrix, a_{ij} denotes the correlation coefficient between i-th original variable and j-th common factors and the bigger aij means the stronger correlation between common factor Fj and original variables Xi, ε denotes special factor which reflects that original variables cannot be explained by common factors and is equal to the residual part of multiple regression analysis. Factor analysis model includes a variety of methods to determine common factors and our study will use principal component analysis to determine common factors based on principal component model.

The biggest advantage of factor analysis lies in that the weight of each comprehensive factor is not subjective assignment but determined according to their own variance contribution rate. The larger variance of the variable means the more important comprehensive factor is, and thus the factor has greater weight. On the contrary, the smaller variance of variable consistent with smaller weight, avoiding the randomness of the weight determined artificially and making the evaluation results only, more objective and reasonable. Moreover, factor analysis method is especially

suitable for studying the competitiveness of company level. On the one hand, that insurance companies are in different competitive environment is difficult to select indexes, factor analysis method can introduce a lot of variables to examine its competitiveness influence factors by setting up more indicators in a comprehensive way; On the other hand, factor analysis can get classification and ranking by dimensionality reduction, thus the factors considered by the company level can be simplified from dozens into several factors, easy to grasp the principal contradiction and its root causes.

Concrete steps about the global systemically important insurers competitiveness evaluation factor analysis algorithms include the following aspects :

(1) Assuming the original index: $X_1, X_2, ..., X_n$, each index of n measurements, get the original data matrix:

$$X = \begin{bmatrix} x_{11}x_{12}...x_{1p} \\ x_{21}x_{22}...x_{2p} \\ \\ x_{n1}x_{n2}...x_{np} \end{bmatrix} \left(x_1, x_2, ..., x_p \right)$$

Due to this study aims to select the nine global systemically important insurers for analysis, 15 indicators will be set up, so there n=9, p=15.

(2) Standardization of the original data matrix, (to transform the original data x_{kj} into new data x'_{kj}).

First, the data was normalized, soon transformed negative index into positive index, make the index of the same symbol, the conversion formula: $x'_{kj} = \frac{1}{x_{kj}}$; Then the original data using the Z-score method standardized , normalized values obtained for various insurance agencies data , and then factor analysis.

Standardized methods for: $x'_{kj} = \dfrac{x_{kj} - \bar{x}_j}{\sqrt{S_{jj}}}$ $(k = 1, 2, ..., n; \ j = 1, 2, ..., p)$

$S_{jj} X = \left(x_1, x_2, ..., x_p \right)'$ is the sample variance of column j: $S_{jj} = \dfrac{1}{n} \sum_{k-1}^{n} \left(x_{kj} - \bar{x}_j \right)^2$

（3）Computing the eigenvalues and eigenvectors corresponding orthonormal,

where R is p deliberately determined non-negative eigenvalues, to note：$\lambda 1 \geq \lambda 2 \geq \ldots \geq \lambda p$，feature vectors corresponding standard orthogonal denoted: $\mu_1, \mu_2, \ldots, \mu_p$，$\mu_i = (\mu_{i1}, \mu_{i2}, \ldots, \mu_{ip})' \ (i = 1, 2, \cdots, \ p)$. The contribution rate of each factor is given the degree of variability of total variation extent percentage. The contribution rate is larger, which is relatively more important factor. For this reason we have chosen factor greater than 85% of the cumulative contribution rate $\sum_{i=1}^{m} \lambda_i / \sum_{i=1}^{p} \lambda_i \geq 85\%$ .As a factor based on the number of choices, take the first m feature roots and corresponding eigenvectors.

(4) Seeking initial factor loading matrix $A = (a_1, a_2, \ldots, a_m), a_i$ is i column vector.

(5) To calculate main factor score and integrated computing factor scores and rankings: $F_i = \beta_{i1} X_1 + \beta_{i2} X_2 + \ldots + \beta_\varphi X_P$, $\beta_\varphi \ (i = 1, 2, 3, \cdots, \ p)$ is the factor scores in the variables Xp. To make the weight for each main factor contribution rate and obtain the comprehensive value: $F = \sum_{i=1}^{p} d_i F_i, d_i = \lambda_i \ (i = 1, 2, \ldots, n)$. Then, we will be based on the results of factor analysis on the importance of global systemically important insurance institution comprehensive score ranking and the ranking of the specific analysis of single factor.

2.3 Research on the competitiveness of the global system of insurance companies

According to the established evaluation index system, we use the statistical software SPSS19.0 for analysis of the 9 insurance companies' competitiveness. However, for the analysis, we should pay more attention to the method for analyzing the competitiveness of insurance companies with international perspective. Because of different countries use different accounting standard and company's annual report is different, which has caused some difficulties for the collection of data. But the overall situation of the data collected shows that the results of this research can reflect the comprehensive competitiveness of the global system of insurance institutions. There are many factors to determine the competitiveness of insurance companies, which is not a single year of financial statements to react accurately. If we want to get more

accurate evaluation of the competitiveness of the 9 systems of insurance companies, we need to pay attention to the future development of various insurance institutions and the international market environment, and continue to adjust the indicators.

(1). Original data processing and transformation

This paper research the 9 system of the importance of insurance agencies and establish of 15 indicators factor (n=9,p=15). Because of the negative value of the original data is not conducive to calculate. We need to translate the net profit growth rate, operating income growth rate, premium income growth rate, total assets growth rate, net assets growth rate into the forward. Then the original data use the Z-score method standardized. This step can be accomplished automatically by SPSS19.0 software.

(2).The analysis of the index was carried out by principal component analysis method

Total Variance Explained (table 2) can directly show the variance and cumulative variance of the competitiveness of the insurance companies by the factors. We can get rotated component matrix (table 3) and component score coefficient matrix(table 4) by principal component analysis.

Table 2: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.128	34.184	34.184	5.128	34.184	34.184	3.588	23.921	23.921
2	3.431	22.876	57.061	3.431	22.876	57.061	3.342	22.281	46.202
3	2.641	17.607	74.668	2.641	17.607	74.668	2.618	17.455	63.657
4	1.814	12.091	86.759	1.814	12.091	86.759	2.58	17.197	80.853
5	1.032	6.877	93.636	1.032	6.877	93.636	1.917	12.783	93.636
6	0.452	3.011	96.647						
7	0.293	1.953	98.601						
8	0.21	1.399	100						
9	0	0	100						
10	0	0	100						
11	0	0	100						
12	0	0	100						
13	0	0	100						
14	0	0	100						

15	0	0	100						

The variance of the initial eigenvalues indicates that the degree of variation of each factor accounts for the proportion of the total index. The higher the proportion, the more important the influencing factors are. SPSS19.0 software shows 5 important factors, and its cumulative variance is 93.636%.In order to better respond to the alternative of the original factor, this research choose only 4 important factor indicators and its cumulative variance is 86.759%. These 4 factors provide enough information for the original data, and the other 11 factors explain only 13.241% of the variance.

Assuming F1, F2, F3, F4 are the 4 main factors. According to the component rotation matrix and the component score coefficient matrix (Table 3 and table 4) can show principal factor F1 in the rate of return on net investment, investment assets to total assets ratio, the growth rate of net assets accounted for the largest. It explains the investment capability factor .Main factor F2 in net asset turnover rate, total assets turnover rate, retention premium ratio, a growing percentage of the original premium income, the growth rate of total for the maximum ratio of component that explains operating and assets factor. The main factor F3 in rate of return on total assets, asset liability ratio, capital utilization ratio, liability management rate is the largest composition that can be interpreted as the capital utilization factor. The main factor F4 in the rate of return on net investment, net profit growth rate, income from continuing operations growth rate is the largest proportion of the ingredients, that can be explain profitability factor.

Table 3: Rotated Component Matrix

	Component			
	1	2	3	4
X1	-0.004	0.263	-0.826	0.388
X2	0.706	0.208	0.071	0.589
X3	0.901	-0.167	0.023	0.119
X4	-0.183	0.184	0.93	-0.037
X5	-0.959	-0.1	0.112	-0.025
X6	0.128	0.108	-0.143	0.925
X7	0.422	-0.072	0.544	0.215
X8	-0.086	0.912	-0.162	0.141
X9	-0.147	0.909	-0.233	0.121
X10	0.553	-0.22	0.709	0.014

X11	0.078	0.005	-0.085	0.984
X12	0.056	0.253	-0.099	0.224
X13	0.42	0.705	0.1	-0.288
X14	0.362	0.783	0.317	0.075
X15	0.692	0.511	0.16	0.145

Table 4: Component Score Coefficient Matrix

	Component			
	1	2	3	4
X1	0.04	0.04	-0.298	0.094
X2	0.162	0.01	0.039	0.217
X3	0.285	-0.112	-0.111	-0.083
X4	-0.145	0.115	0.479	0.184
X5	-0.361	0.019	0.108	0.037
X6	-0.043	-0.01	0.048	0.422
X7	0.02	-0.045	0.149	0.005
X8	-0.085	0.282	-0.021	0.005
X9	-0.094	0.283	-0.045	-0.002
X10	0.108	-0.077	0.225	0.003
X11	-0.064	-0.039	0.088	0.475
X12	-0.087	0.044	-0.134	-0.131
X13	0.156	0.224	0.037	-0.116
X14	0.025	0.236	0.122	-0.024
X15	0.156	0.12	0.002	-0.057

(3). Comprehensive evaluation and ranking of the insurance companies

According to the rotation sums of squared loadings, it can be derived the expression of each principal factor in Table 2. Calculate the score of each factor by the main factor expression, and then get the comprehensive score of the insurance company. Table 5:Comprehensive competitiveness rankings. Table 6: Ranking of individual factors. Comprehensive competitiveness calculation formula:

$F=(23.921*FAC1\_1+22.281*FAC2\_1+17.455*FAC3\_1+17.197*FAC4\_1)/\ 80.853$

Table 5:Comparison of Competitiveness of Global Systemically Important Insurers Comprehensive score and Ranking

company name	Ranking	F1	F2	F3	F4	comprehensive score
AIG	1	-0.4689	-0.98142	-2.29073	-0.22183	-0.95

PingAn	2	0.46393	2.19237	-0.40975	0.31418	*0.72*
Prudential plc	3	2.39204	-0.40663	0.00795	0.24489	0.65
Prudential Financial Lnc.	4	0.07539	-0.21885	0.57413	-2.43373	-0.43
Axa S. A.	5	-1.10397	0.98244	-0.17971	-0.00198	-0.1
Allianz SE	6	-0.06992	0.02066	0.01445	0.17677	0.03
Aviva plc	6	-0.41927	-0.79121	0.90462	0.85067	0.03
Assicurazioni Generali S.p.A	6	-0.60801	-0.16674	1.16557	0.0156	0.03
MetLife Inc.	7	-0.26128	-0.63063	0.21346	1.05543	0.02

Table 6:Ranking of individual factors

Ranking	F1	F2	F3	F4
1	Prudential plc	PingAn	AIG	Prudential Financial Lnc.
2	Axa S. A.	Axa S. A.	Assicurazioni Generali S.p.A	MetLife Inc.
3	Assicurazioni Generali S.p.A	AIG	Aviva plc	Aviva plc
4	AIG	Aviva plc	Prudential Financial Lnc.	PingAn
5	PingAn	MetLife Inc.	PingAn	Prudential plc
6	Aviva plc	Prudential plc	MetLife Inc.	AIG
7	MetLife Inc.	Prudential Financial Lnc.	Axa S. A.	Allianz SE
8	Prudential Financial Lnc.	Assicurazioni Generali S.p.A	Allianz SE	Assicurazioni Generali S.p.A
9	Allianz SE	Allianz SE	Prudential plc	Axa S. A.

(4) Ranking results analysis

The comprehensive competitiveness ranking shows that AIG is ranking first, Ping An performs well ranking second, MetLife Inc is ranking last. Allianz SE、Aviva plc、Assicurazioni Generali S.p.A these three companies get the same score, tied for penultimate. The score shows that AIG get 0.95 and MetLife Inc. get 0.02. Both of their scores are relatively large. This is only the score calculated from these indicators. It can't explain the differences between the two companies in the market. PingAn get 0.72, the score is relatively higher.

In the main factor individual rankings, PingAn ranks first in the main factors for the operation and assets, other main factors hovering in the 4th and 5th place. AIG

ranks first in the main factors for the capital utilization factor, the other ranks 4th, 3th, 6th. Allianz SE in the main factor for investment capacity and capital utilization factor are ranked last. Prudential plc ranks first in the investment capacity, but it ranks final in the capital utilization factor. The main factor for the profitability of the top insurance agency is Prudential Financial Lnc., the final is Axa S. A.

3. Research conclusions and Revelation

Insurance institution of comprehensive competitiveness research is an in-depth analysis of the insurance agency from the perspective of operation data. It objectively reflects the current operating status of the insurance company and compares with other insurance agencies at the same level. 9 insurance companies that selected global systemically important insurance institution can emerge in a large number of insurance companies and their international status can't be ignored. Analyze the operating data of these 9 insurance institutions, and then contact the development of its insurance industry. Analysis the differences among the insurance institutions find out Ping An as a Chinese insurance institution and other national insurance institutions advantages and disadvantages in the development of the company. It has important revelation for the future of Chinese insurance industry to enter the international.

3.1. Concrete analysis of Ping An competitiveness

From the overall perspective, Ping An is ranking top of second that illustrate Chinese insurance agency have a certain competitiveness in other global system of the importance of insurance institutions. Especially in the operation and capital, it has a strong strength. The main factor F2 in the specific indicators is net asset turnover rate, total assets turnover rate, retention premium ratio, a growing percentage of the original premium income, the growth rate of total for the maximum ratio. Most of the factors are related to the assets and the premium income. From macroeconomic point of view, China has relatively large insurance development market. Ping An as a higher market share insurance agency has abundant capital of the assets and operating funds that is the inevitable phenomenon. If peace continues to scale development, I believe that the future be advantage for more prominent. So, in the national country economic environment, Ping An has been twice as many points higher than the ranking second

company in operating and assets factor, that is reflecting the absolute advantage. This is also the important reasons its comprehensive ranking in front of others. Although Ping An has advantages competition in the individual main factor, there are other lack of the problem aspects is worth our attention:

(1). Investment ability need to upgrade. Ping An's investment ability rank 5th.AIG ranking is ahead of Ping An and both of them scores is similar. They have the same competitive strength. From the total assets data of the last 5 years, AIG total assets remain relatively stable in the state and Ping An is increasing. But in the investment income, Ping An and AIG have a lot of difference. This shows that in the case of the same assets, the investment ability of Ping An is relatively weak. It should strengthen the investment ability to improve the investment level of their own companies, thereby balancing the company's financial structure.
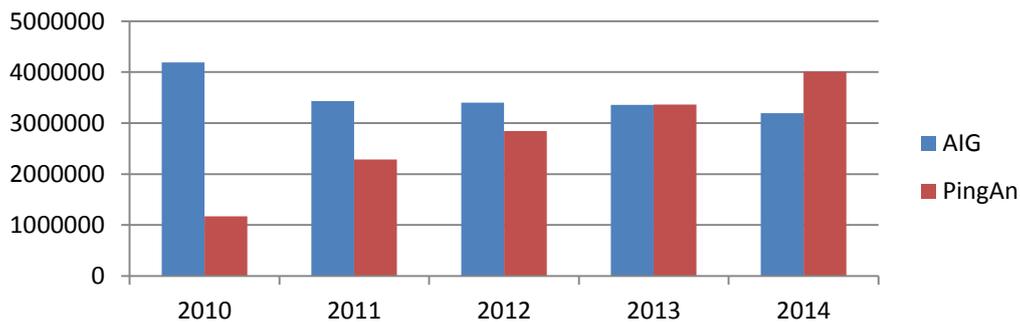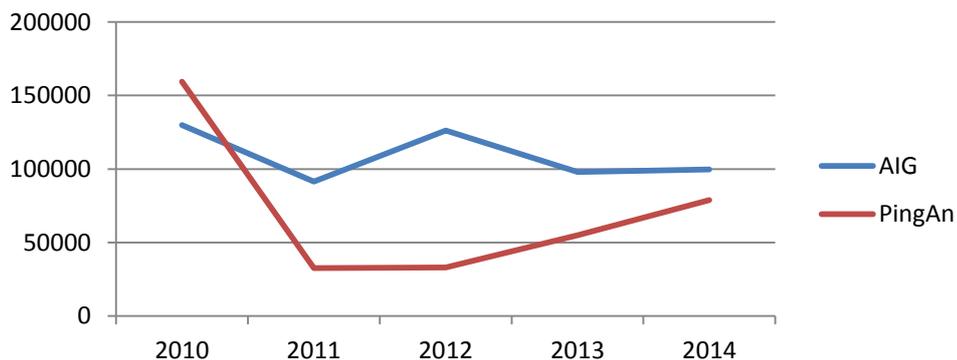
Table 7：AIG and Ping An total assets

Table 8: AIG and Ping An investment income

(2). Capital utilization ability is mediocre. The main factor F3 reaction is capital utilization, the leverage effect is more obvious that the higher the use of assets. Ping An has a decent performance in the operating and assets, but the performance in the capital utilization is medium. Ping An asset and liability ratio compared with

Prudential Financial Lnc. that is not much difference (Table 9). But in the premium income and equity, they appear obvious differences (Table 10). Since 2013 Prudential Financial Lnc. the equity is less than Ping An, but the premium income is higher. This shows that Ping An is in the capital utilization is not enough. Under the premise of the debt repayment security, Ping An should strengthen the capital utilization leverage, in order to better for the institution income and get higher interest returns.
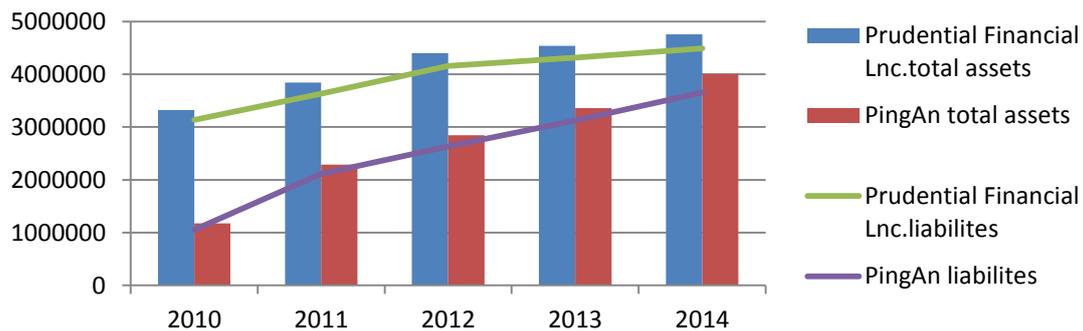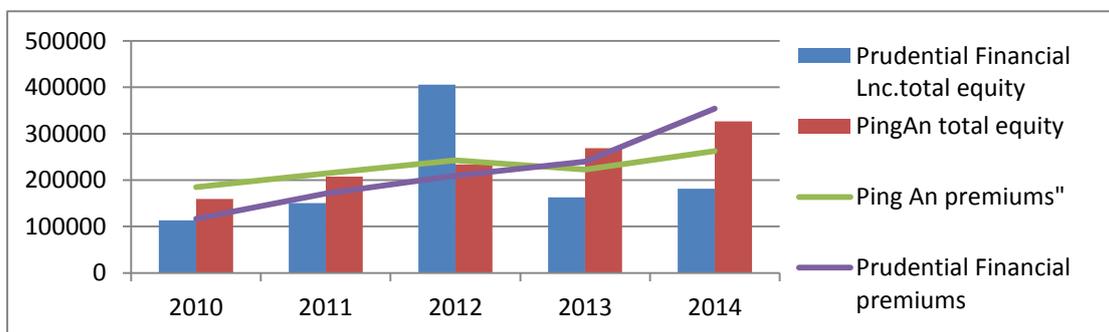
Table 9：Total assets and Liabilities

Table 10: Premiums and Total equity

(3). It is important that sustainable development of companies have a strong profitability. Ping An in the profit ability ranks the fourth, it is a good performance. The level of profit can directly reflect the company's profitability. The insurance company can increase its underwriting profit, reduce the compensation and payment, and control expense to further improve the company's profitability. The purpose is to reduce the disparity with the former company.

3.2. Enlightenment to the development of Chinese insurance companies in the future

Through the importance of the global system of insurance institutions competitiveness ranking analysis, Ping An has a good performance with other

European and American insurance companies. Meanwhile, it also reflects the advantages and disadvantages of the Chinese insurance companies compared with the international level insurance institutions. China is a huge economic entity and has a huge potential for development. Ping An is also ranked in the forefront of the insurance industry in China, so the premium income have a high market share. This also makes it have a high proportion of premium income in the international range. But it is only China has a higher proportion of the world economy, and not Ping An's international business develop well. If Ping An hope to has an important influence in the future world, it should continue to improve various aspects ability, so that we will play a real importance and influence role on the world stage.

For other Chinese insurance companies, the more intense domestic market competes, the faster domestic insurance industry develops. Except for An Ping other global system importance insurance agencies are European and American countries companies (3 American companies and 2 English companies). Europe and the United States economy developed insurance companies are not only intense competition in the national country's insurance market, but also have a very strong international competition. This is sufficient to explain their country in the international insurance market has a strong influence. Chinese insurance industry is not enough that rely on only a company outstanding. We should take advantage of insurance company's superiority, improve the comprehensive competitiveness, and take Chinese insurance agencies as a whole to play an important role in the international.

This paper analyses the competitiveness of the global systemically important insurers. Although due to the different accounting standards and the difficult collecting more data to conduct a comprehensive study, but from the research results we also find Chinese insurance deficiencies compare with foreign companies. To improve the comprehensive competitiveness of other insurance companies in China as the 9 global systemically important insurers, it is important direction that Chinese insurance stand on the international stage in the future.

4. References

[1] IAIS, Global Systemically Important Insurers: Initial Assessment Methodology, www.iaisweb.org, 18 July 2013

[2] IAIS, Global Systemically Important Insurers: Policy Measures, www.iaisweb.org, 18 July 2013

[3] FSB, Global systemically important insurers (G-SIIs) and the policy measures that will apply to them, www.financialstabilityboard.org, 18 July 2013

[4] Cummins, D, S. Tennyson and M. Weiss （1999）："Consolidation and Efficiency in the US Life Insurance Industry", Journal of Banking and Finance, 23:2-4.

[5] Joskow, P. (1990):"Competitiveness Regulation and Competitiveness of Insurance Industry". Journal of Risk and Insurance，10，45-48.

[6] Harrington, S. (2002):"Solvency and Competitiveness".Journal of Insurance Regulation，20，16-18.

[7] Kou Yefu, Xu Wenlu. (2013):"The Robustness Test for the Competitiveness Evaluation of Property and Casualty Insurance Companies". Journal of Insurance Studies, 10, 11-18.