



A Study on the Demand for Commercial Insurance for an Aging Population

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Abstract. Along with the aging of China's population, China's pension insurance system is facing a series of new problems and challenges in the process of development and reform. Up to now, urban workers' pension insurance has been initially established in China, and urban residents' pension insurance and new rural pension insurance together form a social pension insurance system covering the whole population. Based on the theoretical analysis of population aging and the demand for commercial insurance, this paper analyzes the purchasing effect of commercial pension insurance from the perspective of population aging and makes corresponding suggestions in the context of the current development of commercial pension insurance in China.

Keywords: aging population · commercial pension insurance · household needs

1 Introduction

In the accompanying social changes in China, a variety of problems in the society are prominent, especially the aging of the population, and therefore, pension insurance has become a hot issue of concern. In previous years, China's population aging has accelerated and has a tendency to gradually converge with developed countries. Along with a series of fertility policy changes [1], China's aging problem is becoming more and more serious, which has an impact on China's society, economy, and industry, and brings new pressure on the work and life of young people in our society. China's pension insurance has been taken as an important guarantee for the retirement of urban workers [2] and urban and rural residents in China. The demand for old-age insurance is growing, and the existing pension supply capacity cannot meet the increasingly large demand for old-age insurance, so it is imperative to establish a new social security system [3].

Pension insurance can alleviate the problem of aging population to some extent, but the understanding of commercial insurance is still shallow, which is a problem with the publicity of insurance companies, and most families have not yet bought it. This paper discusses the current situation of population aging and the development of commercial

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R. B. B. M. Hussain et al. (Eds.): ICHSSR 2023, ASSEHR 765, pp. 1420–1426, 2023.

https://doi.org/10.2991/978-2-38476-092-3_181

pension insurance, which leads to the conclusion that different services are provided for different customers. This paper plays a positive role in the development of the insurance industry and the improvement of the pension insurance system, thus promoting the systematic change of China's pension insurance with far-reaching guiding significance. Therefore, in the future, the development and promotion of commercial insurance should be increased to promote the continuous improvement of China's social security system.

2 Current Situation and Problems of Population Aging and the Development of Commercial Pension Insurance

2.1 Development History of Commercial Pension Insurance in China

The development of commercial pension insurance [4] in China can be divided into three stages. Around 1980, commercial pension insurance has been in China's insurance market and has occupied an important position in life insurance. After the reform and opening up, China's economy has been developing better and better, and the national government has noticed the development of commercial pension insurance and issued some measures.

Initial Exploration Stage of Commercial Pension Insurance in China (1986–2000). In 1995, the Insurance Law was promulgated, and considering the different levels of development in different places, the state attached more importance to commercial pension insurance and hoped that the lives of retired employees could be improved, so it strengthened the construction of commercial pension insurance and encouraged and promoted it continuously.

Rapid Development Stage of Commercial Pension Insurance (2001–2007). At the beginning of the 21st century, the development of commercial pension insurance in China entered a new phase with rapid development. 2003 the state approved the construction of many enterprises specializing in pension insurance. And in the following year, China's pension insurance was opened up in all aspects and China allowed the establishment of foreign insurance companies [5]. 2007 Ping An Pension Insurance took the lead in establishing many insurance branches in China, which led to the rapid development of the insurance industry.

The Stage of Clarification of China's Commercial Pension Insurance System (2008–Present). In 2008, China's pension insurance industry took a major turn, encouraging the promotion of pension insurance to open simple and convenient pension products for insurance claims, and improving some relevant rules and laws and regulations of pension insurance. 2018 China officially opened a pilot project, and the tax deferral of pension insurance allowed policyholders to get tax benefits, and also promoted the development of insurance companies' pension business.

2.2 The Development Status of Commercial Pension Insurance

Commercial pension insurance is an important part of China's pension security system [2]. For China's current population aging is getting more and more serious, the basic

form of pension is still bad. In fact, relying on basic pension insurance alone, by the time of retirement, it simply cannot reach the general level of life now. For a long time, commercial pension insurance has not been clearly positioned in China's pension insurance system, and there is no policy support or legal protection.

Although China has built a "three-pillar" pension insurance system, in order to make the three pillars develop in a better and balanced way, the proportion of the first pillar should be moderately reduced and increased to the second and third pillars, so as to optimize the basic structure of the three pillars. The advantages of commercial pension insurance in terms of pension protection and fund management will be further amplified. In order to be able to meet the diversification of people's needs for retirement, it is necessary to start solving the problem from the supply side, create more new commercial pension insurance, study the types of commercial pension insurance that meet the multi-level elderly population, make new products available for piloting as soon as possible, and make new commercial pension insurance products available to the market in a timely manner.

2.3 Analysis of the Current Situation of Population Aging in China

Roughly speaking, population aging can be seen from two aspects: firstly, human life expectancy can be said to be getting longer but the fertility rate is decreasing instead of increasing, and the country also has the open three-child policy [6] is because the population fertility rate has been decreasing, and secondly, the demographic structure of the national society is aging.

China has entered an aging society as early as the beginning of the 21st century. However, with the advancement of medical conditions and economic growth, the life expectancy in China has increased greatly. Coupled with the high real estate prices in the previous years, many young people feel too much pressure to have just one child or no child at all, and China is now in the three low stages [7], with low natural growth rate of birth and mortality.

3 Characteristics of China's Aging Population

3.1 Fast Speed and Large Scale

The medical level is also improving and the mortality rate is decreasing, causing the natural growth rate to decrease, so that the proportion of the elderly population becomes higher. From 2000 to 2020, we can see that the mortality rate is still relatively stable, and the birth rate and natural growth rate of the population are decreasing. In fact, the problem of population aging is very prominent in the international arena, and China has become the world's number one in terms of aging growth rate.

It is predicted that by 2025, there will be about 230 million people over 65 years old in China, accounting for about 15% of the total population, and the aging has entered a moderate stage; the top value of China's total population should be revealed in 2030, and China will become the country with the most serious degree of population aging, and the whole society is expected to enter the aging stage by the middle of this century.

3.2 Aging Before Wealth and Preparation

The developed countries in Europe and America have actually entered the aging society very early, but the overall situation is that the development is relatively slow. China's GDP per capita was very low at the beginning of this century, much worse than the world level, while the U.S. reached as much as three times of China's back in 1960 or so, although China's GDP ranked top in the world, but the per capita down is still very low.

China is aging rapidly, and it is expected that by the middle of this century, there will be two out of every eight people who are 65 years old or older than 65 years old, which also leads to our national government not having enough time to build a perfect old-age security system.

3.3 Prominent Senior Population

In the past few years, the proportion of the elderly population has increased rapidly, which is rare in the international arena. 1950, the proportion of the elderly over 80 years old in China was only about 7% of the total elderly population, but with the improvement of medical security and facilities, the elderly population has increased nearly 1 times by the beginning of this century. By 2010, the number of senior citizens had risen by about 5 percentage points. It is also predicted that by the middle of this century, 1/5 of the total elderly population will be senior citizens.

3.4 Rural-Urban Inversion

The aging of China is higher in rural areas than in cities [8], because the reform in 1984 shifted the focus to cities, and the young adults are looking for jobs and moving to the cities in order to get higher income and a better life, the proportion of elderly people has increased. However, agriculture is the primary industry in China, and the population in rural areas is still large, which predestines the aging of rural areas is certainly more serious than urban areas.

4 Recommendations

4.1 Government Perspective

Vigorously Promote the Development of Commercial Pension Insurance and Strive to Improve the Construction of Pension Security System. The government should play its role in formulating relevant policies and regulations that are favorable to the development of commercial pension insurance and vigorously promote the development of commercial pension insurance. The NPC members should also actively contribute to the development of commercial pension insurance in China and continuously improve the pension security system.

In building the pension security system, firstly, the system should be unified to promote everyone to participate in insurance, and secondly, enterprises must have a sense of social responsibility. Finally, we can learn from developed countries and countries with better social welfare like Japan.

Stimulate the Interest of Residents to Participate in Insurance, and Have Some Tax Incentives Strategy for Insurance. China should make some preferential policies to lower the tax burden and stimulate people's consumption level while increasing the disposable income, so that people will be interested in buying insurance and strengthen the supervision of it to make them develop healthily and stably within the regulation.

Vigorously Promote Commercial Pension Insurance and Change the "Stereotype" of the Public About Insurance. The government should play its own role to let people have a correct understanding of insurance. Some seminars and sharing sessions can be held to promote insurance. Secondly, through the new media channels, people can also be aware of the aging situation and consider more for their old age, through these to break the stereotypes of people about insurance.

4.2 Insurance Company Perspective

Develop New Pension Insurance Products that are "Tailor-Made". Insurance companies should use some big data like new media artificial intelligence to provide different products suitable for families and individuals according to several categories such as different income levels in the region. It is also possible to combine insurance and health physical therapy or medical treatment to create a community for the elderly and provide more convenient and comprehensive services for them.

Pay Attention to Insurance Talents and Improve the Service Level. China's insurance industry is still in its infancy, so many aspects are not very perfect. Insurance practitioners should be careful to introduce to customers and to make them have a good experience and help them find the most suitable insurance for the customers themselves. They should be able to solve problems for customers in a timely manner, improve their own professional ability as well as moral cultivation, and establish a good corporate image for the company.

4.3 Personal Perspective

Raising children does not prevent old age, children will also have their own children, and parental illness is a major disaster for families that are still in the family formation period. We ourselves have to go to realize the importance of old age and put down the resistance to insurance.

5 Conclusion

This paper focuses on the study by examining the current development history of some commercial pension insurance and also the knowledge of population aging [9].

First, there is a significant difference in population aging on people going for commercial pension insurance. Looking at urban and rural areas, it can be concluded that urban areas with more severe aging have a higher willingness to buy commercial pension

insurance, while the level of aging has little impact on whether people in rural areas buy commercial pension insurance or not.

Secondly, the aging of the population also has a difference on the purchase of commercial pension insurance by people with high or low salary and income levels. Families where population aging has a positive impact on people going to buy commercial pension insurance, generally the income of this family is more substantial, and vice versa. In addition to this factor, the level of education, family size, and even physical condition and age have a great impact on people in urban areas.

Third, the aging of the population has a driving effect on the need for commercial pension insurance for residents. If there are elderly people in the family and the number of them is relatively large, we will actually know more about life in old age, so we will want to buy commercial pension insurance.

Finally, the aging population has some influence on whether people buy commercial pension insurance or not, and the degree of influence varies from urban to rural areas, and from the level of income. As residents can form families, more families constitute a society, so the level of population aging in a family can be mapped to the whole society, which can also reflect the demand for commercial pension insurance in the society.

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