Region-Educational Research and Reviews, 2025,Volume 7, Issue 8
DOI:10.32629/rerr.v7i8.4507
ISSN Online:2661-4634
ISSN Print:2661-4626

Research on Updating Teaching Resources of Insurance under the Background of Hierarchical Supervision——Case Library Development and Teaching

Tianshu Zhang[1], Rui Zhang[2], Kun Xu[1]

1 Nanjing Audit University Jinshen College, Jiangsu, Nanjing, 210023, China

2 North Minzu University, Ningxia, 750021, China

Abstract: Guided by the central government's' five major articles 'financial strategy, financial risk prevention and high-quality development have become core policy concerns. Regulatory authorities have implemented a tiered and categorized supervision system for life insurance, significantly impacting the market and creating new demands for insurance education. To address the contradiction between the rapid iteration of tiered supervision policies and the outdated nature of traditional teaching cases, a dynamic and adaptable insurance case library and teaching model has been developed to support regulatory reform. This dynamic case library, through a three-step approach of' policy anchoring, scenario reconstruction, and capability advancement,' effectively bridges the gap between teaching and regulatory practices, providing a replicable technical framework for the reform of insurance professional teaching resources.

Keywords: hierarchical supervision, life insurance, dynamic adaptation, teaching resources

1. Foreword

Effective government regulatory actions will help promote the implementation of comprehensive risk management in the insurance industry, thereby ensuring the effective allocation of resources and fostering the healthy and sustainable development of China's insurance sector. As the insurance industry rapidly expands, many companies have expanded blindly, increasing industry risks and even impacting the overall health of the sector. With the growing uncertainty in the global economy, the risks faced by insurance companies have become increasingly complex, encompassing strategic, governance, investment, and operational risks. In 2025, the National Financial Regulatory Administration released the' Insurance Company Supervision Rating Measures '(hereinafter referred to as the' Rating Measures') [1], which has a profound impact on the management and operations of life insurance companies. The demand for talent in the industry has also changed, and to meet these evolving needs, the teaching of insurance studies should dynamically adapt. This article delves into the research on updating teaching resources.

2. The status quo of insurance regulation

Since the reform and opening up in 1978, China has seen rapid development in its economy, society, and daily life. The insurance industry has experienced an average annual growth rate of 30%, which is three times the national income growth rate and far exceeds the national income growth rate of 9.5%.[2] The rapid growth of China's insurance sector has led to a steady increase in premium scale and a continuous expansion of market entities. However, the risks faced by Chinese insurance companies have become increasingly prominent, with regulatory methods primarily relying on reports from individual units and on-site inspections. Risks such as product pricing, investment, solvency, and compliance must be taken seriously. According to data analysis by the National Financial Supervision Administration, from 2020 to 2024, the work direction of the insurance regulatory authorities has undergone significant changes, focusing on the' five major articles.'

Table 1 Main directions of work of insurance regulatory authorities in recent five years

year	Main direction	Industry average
2020	The lack of epidemic response capacity leads to the risk exposure of small and medium-sized insurance companies; risks in the health insurance sector The control model needs to be improved.	76 to 78 minutes
2021	The second phase of the solvency II implementation promotes the optimization of the risk management process; liquidity risk management becomes a deduction item.	78 to 80 minutes
2022	The digital transformation is accelerating, and the technology investment of leading insurance enterprises has achieved remarkable results; data governance is still a weakness of small and medium-sized insurance enterprises.	80 to 82 minutes
2023	Climate risk was included in the assessment, and some companies did not establish quantitative models; investment side risk management was strengthened under the pressure of interest rate loss.	82 to 84 minutes
2024	The application of regulatory technology has been popularized, and the penetration management capability has been improved; ESG risk management has been incorporated into the scoring system.	84 to 86 points

The 10th National Policy 3.0 in 2024 will focus more on the "quality" of the insurance industry, with the aim of strengthening supervision and preventing risks, adhering to strict supervision, achieving full coverage and no exception of supervision, firmly guarding against systemic risks, and promoting high-quality development at the same time.

3. The impact of insurance classification supervision on the life insurance market

The new requirements of insurance classification supervision are bound to have a huge impact on the competition pattern, product strategy and technology investment in the life insurance market.

3.1 The market competition pattern is more inclined to CR5 concentration but enhanced differentiation competition

The life insurance market is a typical example of a highly competitive and concentrated market. The top 10 companies hold over 70% of the entire market, and they are leading in the adoption of new technologies. [3] Tiered regulation may further concentrate the top five players in the life insurance market. However, the application of new

technologies has also led to the emergence of many new insurance intermediaries, enhancing the market expansion capabilities of smaller and medium-sized insurers. According to industry data from the past decade, the market share of the top five life insurance companies (CR5) has been declining slightly (see Table 2).

Table 2 Market competition pattern and the proportion of popular insurance types in China's insurance industry from 2013 to 2023

metric	2013year	2018 year	2020year	2022year	2023year	Trend characteristics
CR5 market share	70.3%	68.5%	65.2%	62.1%	60.5%	Concentration continues to decline, small and medium-sized insurance companies rise
Foreign ownership ratio superior limit	≤25%	≤51%	overall come into bloom	overall come into bloom	overall come into bloom	AIA, AXA and other foreign investors accelerated their layout
Health insurance/pension insurance proportion	10%/3%	18%/4%	24%/5%	28%/6%	32%/8%	Driven by policy, it has become a new growth pole

Source: Insurance Yearbook

With the implementation of hierarchical and classified supervision, the inevitable results of differentiated supervision are as follows:

Promote resource optimization. High-rated institutions will implement simplified regulatory procedures for low-risk institutions, and high-rated institutions can shorten the product filing cycle to improve their innovation efficiency, while strengthening the review of high-risk institutions may force them to adjust their business structure.

The market concentration is likely to rise again. Small and medium-sized insurance companies may face greater pressure due to inadequate data governance capabilities or increased compliance costs, leading to a concentration of market share among leading institutions with strong technical capabilities and robust risk control measures. Large insurers can leverage their data advantages to swiftly meet regulatory requirements, while smaller firms are left in a passive position.

Enhance differentiated competition. The market segments of life insurance are more specialized, and the hierarchical supervision allows small and medium-sized insurance companies to focus on health insurance, inclusive insurance and other fields, so as to avoid direct competition with leading insurance companies, form a pattern of "displaced competition" and achieve differentiation.

Graded regulation may accelerate industry consolidation, form a market pattern of "head concentration + small and medium-sized specialization", and improve the efficiency of resource allocation.

3.2 Product strategy reconstruction, from scale orientation to value orientation

Graded supervision incorporates the '13-month policy continuation rate' and the 'proportion of protection products' into the scoring system, compelling companies to reduce short-term savings insurance and focus on long-term products such as critical illness insurance and whole life insurance, primarily through an increase in the weight of protection products. In 2023, the proportion of protection products in listed insurance companies reached 35% to 45%, while for small and medium-sized companies, this figure was only 15% to 25%. Long-term protection products are gaining prominence. In 2023, the premium scale of critical illness insurance reached 1.2 trillion yuan, accounting for 55% of total life insurance premiums, but due to weak consumer spending, the growth rate slowed from an average of 15% to 5%. The

Financial Supervisory Administration of China has strongly promoted the 'third pillar of old-age care,' and in 2023, the premium for specialized commercial old-age insurance surpassed the 10 billion yuan mark.[4]

In 2023, the "reporting and operation as one" policy requires that the expense ratio be consistent with the regulatory filing. The upper limit of handling fees for low-rated companies is reduced by 20% to 30%,[5] and the profit margin of bancassurance channels is zero. Pricing and expense ratio control are tightened, and the risks brought by low prices are restricted for low-rated and high-risk companies in the market.

Graded supervision will accelerate the optimization of the product structure of the whole life insurance market, reduce the risk and payment risk of products, and pay attention to people's livelihood, so that the products are in line with the development stage of the whole society.

3.3 The surge in investment in science and technology makes digitalization a compliance imperative

In the tiered supervision system, companies with lower ratings are required to connect to regulatory big data platforms, such as anti-insurance fraud systems. In 2024, the industry's IT investment is expected to grow by over 25%, and the intelligent risk control systems of various insurance companies will see further improvements. Regarding technology investment costs, there will be a significant disparity: leading companies have an average operating cost of about 80 yuan per unit after amortization, while smaller and medium-sized companies face costs exceeding 200 yuan per unit.[6]

In summary, the regulatory body implements a tiered system to reward excellence and penalize poor performance, ultimately guiding the life insurance industry from a focus on scale to quality, and from compliance driven by regulation to internal risk management. Insurance companies must build systematic advantages in areas such as capital planning, product actuarial science, and technological investment to adapt to the evolving market landscape.

4. The fault line between teaching resources and supervision practice

The content of the 'Insurance Studies' textbook generally lags behind regulatory practices. Textbook analysis of eight mainstream textbooks reveals that the cases involving the tiered supervision of life insurance primarily rely on the policy framework from 2020 to 2023, with less than 15% coverage of core mechanisms such as the Comprehensive Risk Rating (IRR). [7] Classroom cases are severely ineffective, as they do not include scenarios for dynamic adjustments of IRR, which hinders students from grasping the interplay between regulatory ratings and corporate strategies. This disconnect stems from two structural issues: first, the mismatch between the rapid pace of policy updates and the resource update cycle. In 2023, the China Banking and Insurance Regulatory Commission (CBIRC) issued 23 new life insurance regulatory guidelines, a 35% increase year-on-year, but textbook revisions require a lengthy process of compilation, review, and publication, typically taking 2 to 3 years. Second, the conflict between the confidentiality of regulatory data and the authenticity of teaching scenarios. Although insurance companies face practical tasks like regulatory inspections and rectification of risk warning letters, confidential data such as original regulatory letters and solvency stress test drafts cannot be converted into teaching resources. This disconnection leads to classroom teaching being stuck in the dilemma of explaining new regulations using old rules, resulting in a significant time gap between the cases students encounter and the real-world scenarios faced by enterprises, ultimately causing a misalignment between talent development and industry needs.

5. The four-stage case teaching mode cultivates students' four abilities

Case-based teaching is a suitable approach for cultivating applied insurance professionals. Changes in regulatory policies require professionals to possess four key abilities: policy interpretation, risk assessment, strategic response, and systematic thinking. In the design of the teaching phase, an advanced model is designed to align with these four abilities, dividing the teaching process into four stages: cognitive introduction, skill training, decision simulation, and

comprehensive application. For more details, see Table 3

Table 3 Teaching and ability training goal matching table

Stage of teaching	Case type	pedagogical practices	Ability goals
Cognitive introduction	Policy contrast case	Regulatory rule change debate	Policy interpretation power
skill training	Case of risk traceability	Analysis report on the root cause of the rating downgrade	Risk diagnosis power
Decision making simulation	Examples of regulatory response	Design of rectification plan for downgraded companies	Strategic responsiveness
Integrated application	Composite regulatory cases	Full-process regulatory sandbox simulation	Systems thinking

To achieve the goal of enhancing risk diagnosis capabilities, the case study "The 2024 'People's Welfare Insurance' Suspension Crisis and the Regulatory Rating Defense Battle" is selected as a distinctive teaching example. The key points of the lesson focus on the policy anchor point, the "Negative List for Personal Insurance Products," and the responsibility for product design. The lesson highlights the risk transmission path: a surge in insurance product complaints leads to a reduction in the comprehensive risk rating, which in turn results in the freezing of new product filings. Additionally, the lesson emphasizes the need to design corresponding decision-making training, such as a three-dimensional response plan that includes customer reassurance, regulatory communication, and product restructuring.

Conclusion

The tiered supervision of personal insurance, guided by differentiated policies, ultimately aims to upgrade the industry towards 'refinement, specialization, and sustainability.' To meet the evolving regulatory landscape, the industry's talent development requires educational reforms that support professional competence goals. This involves a comprehensive design covering' tiered regulatory policies, dynamic updates to teaching resources, and precise teaching transformation,' providing replicable technical pathways. By aligning talent development with societal needs, the insurance sector can achieve high-quality growth.

References

[1] Zhou Zhongfei and Li Jingwei. Transformation of Financial Regulatory Paradigm under the Background of Fintech [J]. Law Research, 2018,40(05):3-19

[2] Yang Dong. Regulation of Technology: Regulatory Challenges and Dimensional Construction of Fintech [J]. China Social Sciences, 2018, (05):69-91+205-206.

[3] Zhou Chao, Zhang Cong. Analysis of the Differences in Insurance Regulation between Mainland China and Hong Kong [J]. Insurance Theory and Practice, 2023, (09):118-130.

[4] Huang Jingwen, Tao Shigui. Fintech in the Digitalization Stage: Risks and Regulation [J]. Lanzhou Academic Journal, 2023, (06):30-53.

[5] Notice of the National Financial Supervision and Administration Bureau on Issuing the Measures for the Supervisory Rating of Insurance Companies [N].2025.1.17.

[6] Ma Baoguo. Preventing and Resolving Financial Risks from the Source [J]. China Finance, 2025, (01):13-15.

[7] Zhang Tianshu and Zhang Rui. A Brief Discussion on the Application of Scientific and Technological Innovation (Big Data) in Personal Insurance [J]. Shanghai Insurance, 2024, (02):53-57.

Funding:

Funded by Nanjing Audit University Jinshen College, Project JSJYYB2323.