

HEALTHCARE

## Chinese affluent rank healthcare ahead of finances among top concerns: report

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*Affluent consumer*

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By FORREST CARDAMENIS

Healthcare is the biggest concern of China's growing high-net-worth population, according to a report from Hurun and insurance firm Taikang.

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Social insurance does not provide the value that China's affluent seek, driving 95 percent of them purchase commercial life insurance to supplement the universal policy. With economic growth feeling like a certainty and family fortunes becoming more secure, basic quality of life issues are overtaking monetary concerns in the minds of the affluent.

"Nobody before has focused on the funeral needs of the Chinese HNWI, a key innovation in this year's report," said Rupert Hoogewerf, chairman and chief researcher of [Hurun Report](#). "Social stigmas of retirement planning are also gradually shifting, such that Chinese HNWIs are willing to discuss the topic, especially with the recent health craze."

"Retirement Planning and Healthcare of Chinese HNWIs 2016" studied 1,125 HNWIs across China, complemented with 30 one-on-one interviews in across Beijing, Shanghai, Guangzhou and Shenzhen.

### Health first

Year-on-year, China has seen a 10.7 percent growth in individuals worth at least CNY 10 million (\$1.6 million), bringing the total number to 1.34 million. Approximately 89,000 members of this group are worth 10 times that, 14.1 percent more than last year.



*Chinese yuan*

China's HNW and UHNWs are primarily in Guangdong and Beijing. Beijing has long been the leader in HNW population, but Guangdong's 17.65 percent growth took its total to 240,000, about 2,000 more than Beijing. Shanghai, at 205,000, and Zhejiang, with 160,000, round out the leaders in HNW population.

Among the group, interest in senior living communities skyrocketed, increasing 87 percent. HNWI's under 35 fueled this growth, possibly due to many in this younger demographic seeing grandparents grow older.

While last year's report showed financial investment as the top concern among the affluent, the category has fallen to third. With China's rapid growth solidifying the fortunes of some individuals and less affluent parents and grandparents getting older, healthcare is now the largest concern.

The deficiencies of social insurance for the affluent are pushing them to invest in commercial insurance, which has more comprehensive security and investment returns, as well as personalized design.

Accordingly, more than three-quarters of HNWI's said that commercial insurance is "very important" or "quite important." The share of affluent's indicating they will proactively research commercial life insurance has nearly tripled since last year.



*Picture posted to Weibo*

Private doctors are also becoming more common in China. Although only 8 percent of respondents consult one, that number is a sizable increase from last year's 5 percent.

At-home retirement is still the preferred choice, though the share fell by 26 percent to 57 percent. On the other hand, senior living communities and other forms of community reported retirement also make up a large share.

Greater interest in funeral arrangements, specifically the religious rites of ceremonies, is also becoming evident. More than three-fifths of Chinese consumers with at least CNY 30 million (\$4.8 million) also have religious beliefs. Such beliefs impact attitudes and demands for funeral services.

### **Different mindsets**

Ultra-high-net-worth individuals consistently rank health alongside financial security in importance, regardless of where they are.

According to a study of U.S. UHNW individuals by Bank of America's U.S. Trust released in June 2015, respondents across generations listed health, financial security and family as top items necessary as a foundation to build a fulfilling life upon.

Younger millennials were more apt to rank meaningful work and financial security as high priorities, while the older respondents were more likely to prioritize health and family. In general, 98 percent agree that health is the most important personal asset ([see story](#)).

While healthcare supersedes interest in material goods, the growing affluent class in China is still a marketing opportunity for those in the luxury industry.

China's luxury consumer price index's rate of increase is at a five-year high, according to a report from Hurun.

From June 2015 to June 2016, the luxury consumer price index increased by 5.1 percent, much higher than the standard consumer price index (CPI)'s 1.9 percent increase, per the National Bureau of Statistics of China. As prices increase, China's upper classes are also growing in number and all consumers are maintaining confidence in the country's economy, all good signs for brands ([see story](#)).

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