

Reflections on the investing insurance funds into the real estate for health and pension

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Abstract

The real estate for health and pension is a real estate which possesses the nature of both profitability and social welfare with the aging process. China's development of the real estate for health and pension needs to solve the problem of funds. Insurance companies take advantage of the health and pension insurance funds to enter the real estate, which is an effective solution to the financing problem. Nowadays, existing policies have stimulated health insurance funds into the real estate for health and pension, but there are still many series of thought-provoking questions. This article discusses the three main aspects, which need to think about, of the health and pension insurance funds into the real estate for health and pension.

Keywords

the real estate for health and pension, insurance funds

1. Introduction

As the growth of China's aging trend and the demands for health care services, the real estate for health and pension came into being. The real estate for health refers to one which covers healthy activities, while the real estate for pension refers to the underlying residential real estate in addition to Sports Center, nursing homes, hospitals and other commercial facilities and specialized pension services. Through the Industrial Convergence theory, we can define that the real estate for health and pension is a combination of real estate for health and one for pension. It is also the integration and upgrade of the advantages of both. Of course, it still relies on the real estate, with the basic law of real estate, which generally experiences a cycle, namely: the recovery phase, the boom phase, the recession and the depression phases. Because the real estate for health and pension shoulders certain social welfare, experiences a long payback period, and the operation and maintenance are critical periods, it takes a relatively long time from the recovery phase to the boom phase, which has also become a gap of the developments of the real estate for health and pension and limited the consideration of it. Interrelated policies on the explore and supports of investment channels for insurance funds have broaden the investment channels to the real estate field, supporting that the insurance funds are put into the real estate for health and pension to help solve the problems of security room construction and current serious health and pension issues, which greatly stimulated the enthusiasm of investing insurance funds into the real estate for health and pension.

2. Necessity

There exist related policies: insurance funds can be used to invest into the real estate and immovable property which related to the insurance funds, like business-related medical pension and automotive services, via the debt, equity and the real right way of property. Also, insurance funds put into the real estate don't need to comply with clear property rights, complete warrants, and significant regional advantages and so on. This provides some supports and stimulates for those who pour the insurance funds into the real estate for health and pension. However, the operators of the investments in real estate for health and pension generally are insurance companies. Those insurance companies are lack of some professional technologies and control of the real estate compared with the real estate expertise. To a certain extent, there are some risks, which is why many insurance companies don't have enough courage to go into this filed. What risks do we bear when the insurance funds are invested into the real estate for health and pension? This is a question that we must ponder when we put our insurance

funds into this field, in order to control the risks better and to maximize the interests of all parties. Because there are no fixed and workable models of financing and operation for the real estate for health and pension, there is much room for developments, but also a lot of uncertainties need to be considered.

3. Thinking

Investing risks are the possibility of suffering from a variety of risks and losses in the investment process. There are generally two kinds of investing risks in the real estate industry. One is for all items in the markets, and investors can not predict the impact, such as: policy risk, market supply and demand risk; the other one is produced within the market impact of individual projects and investment which can be controlled, such as: time risk, risk at holding period. The real estate for health and pension has a long period of payback and a stable cash flow, which echo to the characteristics of long-term insurance funds, namely, the safety and profitability of insurance investment. So the insurance funds put into the real estate for health and pension is a trend. Of course, the insurance funds entering into the real estate also has its disadvantages, such as: coordination with all sectors of society, profit model selection, and so on. Aiming at the characteristics that the real estate for health and pension differ from the common real estate and insurance funds' properties, we can summarize and refine the risks of both by the internal and external analysis, and draw reflections on the insurance funds into the real estate for health and pension.

3.1 Land acquisition and supporting policies

The basic guarantee of the real estate for health and pension is the real estate, while the key of it is the access to the land resources. However, China's land resources are mainly under the implementation of governments' regulation system. To get land for construction must be carried out in accordance with the state land management procedures. In recent years, a lot of developments have raised the land prices, and many investors are discouraged with access to land, let alone those with social welfare nature. Related policies have stimulated and supported some enterprise to put the insurance funds into the real estate for health and pension. But there are no benefits and convenience to land resources needed for the real estate for health and pension, so that insurance companies feel it beyond their abilities. In order to enter the real estate for health and pension field, it is necessary to consider how to get effective access to land resources, of course, which also rely on the government policies regulating in this area, etc.

3.2 Customer's demands and market supply and demand

The real estate will eventually face to the consumers, and most consumers of the real estate for health and pension are the elders. According to the analysis of consumer behavior and theory of hierarchy needs, we can know that, in the whole society with the accelerating aging group, the market demands for the real estate for health and pension have become the driving force of the developments of itself. Demographic structure of society is varying with the social developments and time. Two-child policy aims to ease somewhat the aging pressure, but this is a long process of development. Through the long-term vision, the demand and supply of the market must change. It is market-orientation and social function for vast insurance funds to be invested into the real estate for health and pension, which is based on gradual changes of the consumer market and the integration of the market supply and demand. The flow of insurance funds is of great uncertainty in the future. With the changes in market demand and supply currently, how to effectively respond and adapt to that also needs to be considered.

3.3 The allocation of resources and the flows of capital

The core of the real estate for health and pension is health care services, aiming at specific demand groups. The allocation of resources of health care services is very important to this field. Due to the special nature of consumer groups, the resources required have a certain degree of particularity, such as: the extensive elderly population demands the perfect medical and environmental conditions and

community cultural. According to the specific needs of different people, it is a big challenge for investors to think how to optimize the allocation of resources.

Insurance funds come from the insurance enterprise's debts to customers, which are a large amount of funds. It can just be used to deal with the demands of the real estate for health and pension, and to reduce the risks of external financing. However, a huge cash flow is bound to affect the inherent traditional capital chain. Investors must pay more attention to how to regulate well the flow of funds.

4. Conclusion

Our unique family model, known as "421" and the accelerating development of aging society urge the development of China's real estate for health and pension, however, which itself is not mature. There are a lot of problems to be resolved. Putting the insurance funds into the real estate for health and pension, to a certain extent, does relieve and solve parts of problems, but also has its own weakness and uncertainty. This essay is based on the integration of characteristics of the existing real estate for health and pension and insurance funds, and has considered some uncertain aspects. However, it's not all of it. For us investors, we need to ponder more about how to make better investment decisions.

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