Provisions on the Administration of Foreign-Invested Insurance Companies of the PRC

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Chapter I — General Provisions

Article 1 — These Provisions are formulated in accordance with the Insurance Law of the People's Republic of China and the Foreign Investment Law of the People's Republic of China for the purpose of further expanding the opening-up of the insurance industry, regulating the administration of foreign-invested insurance companies, and promoting the sound development of the insurance industry.

Article 2 — For the purpose of these Provisions, a "foreign-invested insurance company" refers to an insurance company established within the territory of China upon approval and with the participation of

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foreign investment, including the following forms:

(1) An insurance company with sole foreign investment, in which the foreign investor holds 100% of the equity;

(2) An insurance company in which the foreign investor holds equity jointly with a Chinese company or enterprise;

(3) A branch company of a foreign insurance company established within the territory of China.

Article 3 — These Provisions shall apply to the establishment, modification, and administration of foreign-invested insurance companies. Unless otherwise provided for by laws, regulations, or the financial regulatory authority under the State Council, the establishment, modification, and administration of foreign-invested insurance companies shall be governed by the Insurance Law and other relevant laws, regulations, and rules.

Article 4 — The financial regulatory authority under the State Council shall be responsible for the examination, approval, supervision, and administration of foreign-invested insurance companies in accordance with these Provisions.

Chapter II — Conditions for Establishment

Article 5 — The foreign investor applying for the establishment of a foreign-invested insurance company shall meet the following conditions:

(1) It meets the prudential regulatory requirements of the financial regulatory authority under the State Council and has been in good standing with the financial regulatory authority under the State Council;

(2) It has more than 30 years of continuous experience in insurance business operations in a member state of the World Trade Organization;

(3) It has established a representative office within the territory of China for at least two years;

(4) Its total assets as at the end of the year preceding the application shall not be less than USD 5 billion, unless otherwise provided for by the financial regulatory authority under the State Council;

(5) It is subject to an effective regulatory system in its home country or region and has not been subject to any major penalty by the regulatory authority of its home country or region;

(6) It meets the solvency requirements of its home country or region;

(7) It has obtained the consent of the relevant competent authority of its home country or region;

(8) It meets other conditions for prudential operation as prescribed by the financial regulatory authority under the State Council.

Article 6 — A foreign insurance company applying for the establishment of a branch company within the territory of China shall meet the conditions set forth in Article 5 of these Provisions and shall also meet the following conditions:

(1) It is committed to the development of the insurance market in China and has submitted a feasibility study report and an establishment plan;

(2) The proposed branch company has a sound organizational structure and management system, and its proposed senior management personnel meet the qualifications requirements prescribed by the financial regulatory authority under the State Council.

Article 7 — Where a foreign insurance company applies for the establishment of a branch company within the territory of China, the foreign insurance company's branch companies established within the territory of China shall conduct their business in a sound manner.

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Article 8 — The registered capital of a foreign-invested insurance company shall be a paid-in monetary capital, and the minimum registered capital shall be RMB 200 million or an equivalent amount in a freely convertible currency. The financial regulatory authority under the State Council may adjust the minimum registered capital amount in accordance with the business scope and scale of operation of the foreign-invested insurance company, provided that the adjusted amount shall not be less than the limit specified in the preceding paragraph.

Chapter III — Establishment Procedures

Article 9 — To establish a foreign-invested insurance company, the applicant shall submit an application to the financial regulatory authority under the State Council, together with the relevant application documents and materials, and shall go through the establishment formalities in accordance with the law.

Article 10 — The applicant applying for the establishment of a foreign-invested insurance company shall submit the following documents to the financial regulatory authority under the State Council:

(1) An application form for establishment signed by the legal representative of the applicant, or, if the applicant is not the legal representative, a letter of authorization signed by the legal representative;

(2) A feasibility study report and an establishment plan;

(3) The articles of association of the applicant and a list of its principal responsible persons or a list of members of its board of directors;

(4) The annual reports of the applicant for the preceding three years;

(5) The credit rating of the applicant assessed by an internationally recognized rating agency;

(6) A letter of opinion from the relevant competent authority of the applicant's home country or region on the establishment of the foreign-invested insurance company;

(7) Other documents as required by the financial regulatory authority under the State Council.

Article 11 — After receiving the complete application documents, the financial regulatory authority under the State Council shall make a decision on whether to approve the establishment. If it fails to make a decision within the statutory time limit, the applicant may, in accordance with the law, initiate an administrative reconsideration or an administrative lawsuit.

Article 12 — After the establishment of the foreign-invested insurance company is approved, the applicant shall, within the time limit specified in the approval document, complete the capital contribution and apply for the issuance of a business license in accordance with the law.

Chapter IV — Modification, Dissolution and Liquidation

Article 13 — Where a foreign-invested insurance company undergoes a change in any of the following matters, it shall obtain the approval of the financial regulatory authority under the State Council:

(1) Change of name;

(2) Change of registered capital;

(3) Change of its place of business;

(4) Adjustment of the business scope;

(5) Change of shareholders holding 5% or more of the equity;

(6) Division or merger;

(7) Amendment of its articles of association;

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(8) Other changes prescribed by laws or regulations.

Article 14 — Where a foreign-invested insurance company is dissolved or declares bankruptcy, it shall be dissolved or liquidated in accordance with the relevant provisions of the Insurance Law and other laws, regulations, and rules.

Article 15 — Where a foreign-invested insurance company is dissolved, the establishment approval document and the insurance business license shall be revoked in accordance with the law, and the matter shall be announced to the public.

Chapter V — Supervision and Administration

Article 16 — The financial regulatory authority under the State Council shall supervise and administer the business operations, financial standing, and solvency of foreign-invested insurance companies in accordance with the law.

Article 17 — Foreign-invested insurance companies shall comply with the regulatory requirements on corporate governance, solvency, and risk management prescribed by the financial regulatory authority under the State Council.

Article 18 — Foreign-invested insurance companies shall, in accordance with the relevant provisions, submit business and financial reports, solvency reports, and statistical statements to the financial regulatory authority under the State Council.

Article 19 — The financial regulatory authority under the State Council may conduct on-site inspections of foreign-invested insurance companies in accordance with the law. The foreign-invested insurance companies shall cooperate and provide the relevant documents and materials.

Chapter VI — Legal Liability

Article 20 — Where a foreign-invested insurance company violates the provisions of these Provisions, the financial regulatory authority under the State Council shall order it to make corrections and impose a warning. If the circumstances are serious, the Insurance Law and other relevant laws, regulations, and rules shall be applied to impose administrative penalties in accordance with the law.

Article 21 — Where a foreign insurance company establishes a foreign-invested insurance company without approval, or where operational insurance activities are carried out in the name of a representative office, the financial regulatory authority under the State Council shall order the cessation of such activities and impose penalties in accordance with the law.

Chapter VII — Supplementary Provisions

Article 22 — Where a foreign insurance company has established a branch company within the territory of China before the implementation of these Provisions, it shall rectify any non-compliance with these Provisions within the time limit prescribed by the financial regulatory authority under the State Council.

Article 23 — These Provisions shall apply, mutatis mutandis, to the insurance companies established within the territory of China by insurance institutions from the Hong Kong Special Administrative Region, the Macao Special Administrative Region, and the Taiwan region.

Article 24 — These Provisions shall take effect on July 1, 2019.

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