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

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — These Regulations are formulated in accordance with the Insurance Law of the People's Republic of China and the relevant laws and administrative regulations of the State for the purposes of meeting the needs of opening-up and economic development, strengthening and improving the supervision and administration of foreign-invested insurance companies, and promoting the sound development of the insurance industry.

Article 2 — For the purposes of these Regulations, "foreign-invested insurance companies" means the following insurance institutions established within the territory of China with the approval of the insurance regulatory authority under the State Council:

(1) wholly foreign-funded insurance companies established solely by a foreign insurance company;

(2) Sino-foreign joint venture insurance companies established by a foreign insurance company and a Chinese company or enterprise; and

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(3) branches of foreign insurance companies.

Article 3 — The establishment, operation, supervision, and administration of foreign-invested insurance companies shall be governed by these Regulations and by the Insurance Law and other relevant laws and administrative regulations.

Chapter II — Establishment and Registration

Article 4 — To establish a foreign-invested insurance company, the foreign investor shall meet the following conditions:

(1) it shall have been engaged in the insurance business for more than 30 years;

(2) it shall have established a representative office within the territory of China for at least two years;

(3) its total assets at the end of the year preceding the application shall be not less than US$5 billion; and

(4) it shall be subject to effective supervision by the insurance regulatory authority of the country or region where it is located and shall meet the solvency standards of such country or region.

Article 5 — The minimum registered capital of a wholly foreign-funded insurance company or a Sino-foreign joint venture insurance company shall be RMB 200 million or an equivalent amount in a freely convertible currency, and shall be paid-in capital.

Chapter III — Business Scope and Operations

Article 6 — A foreign-invested insurance company may engage in the following types of insurance businesses based on its approved business scope:

(1) property insurance, including property loss insurance, liability insurance, credit insurance, and guarantee insurance;

(2) life insurance, including life insurance, health insurance, and accident injury insurance;

(3) reinsurance of the above-mentioned insurance businesses; and

(4) other businesses approved by the insurance regulatory authority under the State Council.

Article 7 — A foreign-invested insurance company shall not concurrently engage in both property insurance and life insurance businesses, unless otherwise approved by the insurance regulatory authority under the State Council.

Chapter IV — Supervision and Administration

Article 8 — Foreign-invested insurance companies shall comply with the solvency regulatory standards prescribed by the insurance regulatory authority under the State Council.

Article 9 — A foreign-invested insurance company shall set aside various reserves such as unearned premium reserves, outstanding loss reserves, life insurance reserve funds, and catastrophic loss reserves in accordance with the provisions.

Article 10 — The application of funds by a foreign-invested insurance company shall comply with the relevant provisions of the insurance regulatory authority under the State Council.

Article 11 — A foreign-invested insurance company shall submit business reports, financial and accounting reports, solvency reports, and other relevant reports and materials to the insurance regulatory authority in accordance with the relevant provisions.

Chapter V — Legal Liability

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Article 12 — Where a foreign-invested insurance company violates these Regulations by engaging in business operations without approval or beyond the approved business scope, the insurance regulatory authority shall order it to make rectification, confiscate the illegal proceeds, and impose a fine.

Article 13 — Where a foreign-invested insurance company fails to meet the solvency requirements, the insurance regulatory authority may take regulatory measures such as ordering it to increase capital, restricting business scope, or suspending certain businesses.

Chapter VI — Supplementary Provisions

Article 14 — The specific measures for the implementation of these Regulations shall be formulated by the insurance regulatory authority under the State Council.

Article 15 — These Regulations shall become effective as of February 1, 2002. The Regulations of the People's Republic of China on the Administration of Insurance Institutions with Foreign Investment promulgated by the State Council on July 25, 1992 shall be repealed simultaneously.

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