

Insurance Services (5) - General FAQs and FAQs in relation to CEPA and its Supplements (up to 2006 Liberalization Measures)

- 1. Clarification in respect of specific provisions, such as how to calculate the assets held by groups formed by Hong Kong insurance companies?**

Also, where can a person obtain information on details such as how to apply for sitting in the Mainland's qualifying examinations?

According to China Insurance Regulatory Commission ("CIRC"), in calculating the total assets of a group formed by Hong Kong insurance companies, only those assets that are attributable to the group's insurance business are taken into account. These include assets relating to the overseas insurance business of the Hong Kong insurers concerned. The asset figures should be based on those shown in the Hong Kong insurers' consolidated accounts that meet the relevant accounting principles and standards.

As regards the detailed information on the application for sitting in the Mainland qualifying examinations for insurance intermediaries ("examinations"), the CIRC and the Office of the Commissioner of Insurance of Hong Kong signed a cooperation agreement in February 2004 to allow Hong Kong residents to enroll in Hong Kong for taking in Shenzhen the examinations. Besides, the Supplement IV to CEPA also permits the establishing of an examination centre in Hong Kong for conducting the above examinations. The Office of the Commissioner of Insurance is working out the detailed arrangements with the CIRC and will announce the details when available.

- 2. Will CEPA lead to large number of Mainland practitioners coming to Hong Kong and thereby affecting the employment opportunities of the local practitioners?**

The insurance market in Hong Kong has all along been an open market. At present, any foreign companies or practitioners, including those from the Mainland, may operate or practise in Hong Kong, provided that they meet the relevant prudential/professional qualifications (saved for any immigration control measures). The new arrangements would not affect the job opportunities for local practitioners. Instead, it would

become easier for them to practise in the Mainland.

3. Will CEPA lead to the recognition of Mainland insurance qualifications?

Hong Kong is an international financial centre. Individual regulators and professional bodies will take into account the relevant factors in considering whether a professional qualification should be accepted. For example, whether the relevant qualification is widely recognized in other advanced economies. This is in line with the practice of other professions such as the accounting profession. As far as the insurance sector is concerned, OCI together with the professional bodies will review from time to time issues relating to the recognition of non-local professional qualifications.

4. Does the insurance qualification mentioned in Annex 4 apply to both insurance agents and brokers?

The “insurance qualifications” refer to the respective qualifications for insurance agents, insurance brokers and loss adjustors in the Mainland.

5. Can Hong Kong insurance brokerage companies gain access to the PRC market if they comply with local PRC regulations?

Hong Kong insurance brokerage companies can apply for authorization in the Mainland if they meet the market access conditions, which include total assets of over US\$200m; operational experience of at least 30 years and the establishment of a representative office in the Mainland for over 2 consecutive years.