

Insurance Services (8)

1. How to calculate the assets held by groups formed by Hong Kong insurance companies?

According to the 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.

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, the Office of Commission of Insurance 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 to CEPA apply to both insurance agents and brokers?

The "insurance qualifications" refer to the respective qualifications

for insurance agents, insurance brokers and loss adjusters in the Mainland.

5. Can Hong Kong insurance brokerage companies gain access to the Mainland market if they comply with local Mainland 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\$200 million; operational experience of at least 30 years and the establishment of a representative office in the Mainland for over 2 consecutive years.

6. Where can a person obtain detailed information on application for sitting in the Mainland's Qualifying Examinations for Insurance Intermediaries?

The CIRC has appointed the Vocational Training Council (VTC) to administer the Hong Kong examination centre for the Mainland Qualifying Examinations for Insurance Intermediaries. Hong Kong residents can enrol for the examinations held in Hong Kong with effect from 31.3.2008. For enquiries on the examination details, please contact the VTC at 2919 1467 or visit its website at <http://www.vtc.edu.hk/cpdc>.

7. Supplement IV to CEPA allows Hong Kong insurance agency companies to set up wholly-owned companies in the Mainland to provide insurance agency services for the Mainland insurance companies. What are the criteria for Hong Kong insurance agency companies to apply for the setting up of wholly-owned agency companies in the Mainland?

Under Supplement IV to CEPA, Hong Kong insurance agency companies are insurance agencies which have been registered by the Insurance Agents Registration Board of Hong Kong and meet the criteria set out in the *Notice on the Establishment of Wholly-owned Insurance Agency Firms in the Mainland by Hong Kong and Macao Insurance Agency Firms (Notice)* issued by the CIRC on 27.12.2007. The criteria include:

- The applicant should be a professional insurance agency in Hong Kong or Macao;
- Operating in insurance agency business for over 10 years;
- The average annual business revenues for the past 3 years

before application should not be less than HK\$500,000 and the total assets as at the end of the year before application should not be less than HK\$500,000;

- Within 3 years before application, there is no serious misconduct and record of disciplinary action.

The *Notice* is available in the CIRC's website (in Chinese only):
(<http://www.circ.gov.cn/web/site0/tab200/i61056.htm>).

8. Is an insurance agency company set up in the Mainland permitted to sell insurance policies there for Hong Kong insurers?

The insurance agency company set up in the Mainland is not permitted to sell insurance policies there on behalf of Hong Kong insurers. The insurance agency company should only provide insurance agency services for the Mainland insurers.