

**Mainland and Hong Kong
Closer Economic Partnership Arrangement (CEPA)**

Frequently Asked Questions

Insurance Services

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

According to the China Banking and Insurance Regulatory Commission (CBIRC)(now the National Financial Regulatory Administration (NFRA)), 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 a 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 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 recognised 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 Insurance Authority will review from time to time issues relating to the recognition of non-local professional qualifications.

4. Does the insurance qualification mentioned in the Annex to CEPA Agreement on Trade in Services 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?

Under CEPA, Hong Kong insurance brokerage companies enjoy national treatment when setting up wholly-owned insurance brokerage companies in the Mainland. There is no further restrictive measures in addition to the relevant rules and regulations.

CEPA also allows Hong Kong insurance brokerage companies to set up wholly-owned insurance agency companies in the Mainland. The applicant must fulfill the following criteria:

- (1) The applicant should have been operating insurance brokerage businesses in Hong Kong for over 10 years;
- (2) The applicant’s average annual insurance brokerage business revenue 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; and
- (3) Within 3 years before application, there has been no serious violation of regulations and records of disciplinary action.

6. Can Hong Kong insurance agency companies set up wholly-owned insurance agency companies in the Mainland if they comply with local Mainland regulations?

Under CEPA, Hong Kong insurance agency companies can apply to set up wholly-owned insurance agency companies in the Mainland if they meet the below market access conditions:

- (1) The applicant must be a Hong Kong insurance agency enterprise;
- (2) Have been operating insurance agency business for over 3 years.

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

An 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 Mainland insurers.

8. Can Guangdong insurance companies sell Renminbi insurance policies in Hong Kong pursuant to the Agreement between the Mainland and Hong Kong on Achieving Basic Liberalisation of Trade in Services in Guangdong and/or the Agreement on Trade in Services, which were respectively signed on 18 December 2014 and 27 November 2015, without obtaining authorisation from the Hong Kong Insurance Authority (IA)?

At present, insurance companies from any jurisdictions, including those from the Guangdong Province, who intend to carry on insurance business in or from Hong Kong (including those who intend to entrust Hong Kong insurance companies to sell Renminbi insurance policies in Hong Kong) are required to obtain authorisation from the IA. The IA shall process and examine any applications for authorisation in accordance with the established procedures and laws and regulations and make the relevant decisions accordingly.

9. How can Hong Kong reinsurers be eligible for the preferential treatment under the China Risk Oriented Solvency System? How can eligible Hong Kong reinsurers apply for the preferential treatment?

The preferential treatment under the China Risk Oriented Solvency System allows lower capital requirements for Mainland insurers who cede business to qualified Hong Kong professional reinsurers. For details of the preferential treatment, please refer to the Notice published by CBIRC (now the NFRA) (in Chinese only):

<https://www.nfra.gov.cn/cn/view/pages/governmentDetail.html>

[?docId=1027902&itemId=861&generaltype=1.](#)

Eligible Hong Kong professional reinsurers may contact the IA for the application details.