

Regulations on Administration of Insurance Salespersons

保险营销员管理规定

(The CIRC Ordinance No. 3 【2006】)

Reviewed and adopted at the Chairman Meeting of the China Insurance Regulatory Commission on March 13, 2006, *Regulations on Administration of Insurance Salespersons*, is hereby promulgated and shall enter into force as of July 1, 2006.

Chairman: WU Dingfu
April 6, 2006

Regulations on Administration of Insurance Salespersons

Chapter 1 General Provisions

Article 1 These Regulations are formulated with a view to regulating sales activities of insurance salespersons, safeguarding the order of insurance market, protecting legitimate rights and interests of insurance applicants and the insured, and promoting healthy development of insurance.

Article 2 “Insurance salespersons” used in these Regulations refer to individuals who, having obtained qualification certificates issued by the China Insurance Regulatory Commission (hereinafter as the CIRC), sell insurance products for insurance companies, provide relevant services, and collect fees or commissions accordingly.

Article 3 “Insurance sales activities” used in these Regulations refer to insurance salespersons’ acts of selling insurance products and providing relevant services upon authorization of insurance companies.

Article 4 “Insurance companies” used in these Regulations refers to commercial insurance companies and their branches established upon approval of insurance regulatory authority and registered according to law.

Article 5 In accordance with authorization of the State Council, the CIRC shall perform the duty of supervising and regulating insurance salespersons.

Local offices of the CIRC shall exercise functions and powers within the scope of authorization of the CIRC.

Chapter 2 Administration of Qualification

Article 6 A person shall pass the qualification test for insurance agency practitioners organized by the CIRC (hereinafter as qualification test), and obtain *Qualification Certificate of Insurance Agency Practitioners* (hereinafter as *Qualification Certificate*) in order to conduct insurance sales activities.

Article 7 *Qualification Certificate* is the CIRC’s recognition of an individual’s qualification for conducting insurance sales activities.

The *Qualification Certificate* shall be printed uniformly by the CIRC.

Article 8 Education level of junior high school or above is required for a person to enter for the qualification test.

Article 9 A person who enters for the qualification test shall submit the following materials:

- (1) *Registration Form for Qualification Test of Insurance Agency Practitioners*;
- (2) Copy of identity certificate;
- (3) Copy of education certificate;
- (4) 3 small-size 2-inch bareheaded, full-face color photos taken within the latest 3 months;
- (5) A personally signed declaration of no circumstances specified in Article 11 herein.

In case of collective enrollment through an insurance company, the insurance company shall review the materials submitted.

Article 10 Within 20 days from the day when results of the test are publicized, the CIRC shall issue *Qualification Certificates* to the examinees whose qualification test results meet requirement and who satisfy the following conditions and are not in any of the circumstances specified in Article 11 herein:

- (1) Full civil capacity;
- (2) Good morality.

Article 11 *Qualification Certificate* shall not be issued to an examinee in any of the following circumstances:

- (1) Having received a sentence for intentional crime and it has been less than 5 years since the completion of the sentence;
- (2) Having received an administrative penalty for dishonest activities such as fraud and it has been less than 3 years since the imposition of penalty,
- (3) Prohibited by a financial regulatory authority from entering the industry in a certain period of time and such period has not expired.

Article 12 The valid period of *Qualification Certificate* is 3 years, starting from the date of issuance. The holder shall apply for renewal 30 days prior to the expiration of valid period of *Qualification Certificate*.

Article 13 In case of renewal, the holder of *Qualification Certificate* shall fulfill the following requirements:

- (1) Having received at least 36 hours of follow-up education every year, including legal knowledge training and professional ethics and credibility education of no less than 12 hours accumulatively;
- (2) The holder did not receive criminal or administrative penalties for fraud or serious violation of finance and insurance laws or regulations in the past 3 years;
- (3) No intentional default on individual debt of a large amount.

Article 14 In case of renewal, the holder shall return the old *Qualification Certificate* and submit the following materials:

- (1) Application Form for Renewal of Qualification Certificate of Insurance Agency Practitioners;
- (2) Certification of follow-up education every year for the past 3 years;
- (3) 2 small-size 2-inch bareheaded, full-face color photos taken within the latest 3 months;
- (4) A personally signed declaration on no circumstances specified in item 2 and item 3 of Article 13 herein.

Article 15 The CIRC shall make a decision as to whether or not to approve renewal of *Qualification Certificate* within 20 days from the date of acceptance of the application for renewal. If renewal is approved, a new *Qualification Certificate* shall be issued; if renewal is denied, reasons shall be provided in writing.

Article 16 In case of modification of registered items on *Qualification Certificate*, the holder shall go through relevant modification formalities with the CIRC with certification materials of changed items and the original *Qualification Certificate*.

Where the usage of *Qualification Certificate* is affected because of damage to the certificate, the holder may apply to the CIRC for replacement. Where the holder applies to the CIRC for replacement, the original damaged *Qualification Certificate* shall be submitted.

Where *Qualification Certificate* is lost, the holder shall proclaim the loss on media and websites designated by the CIRC. When the holder applies to the CIRC for re-issuance, a personally signed declaration on the loss and certification materials proving proclamation on the media or website shall be submitted.

The CIRC shall modify, replace or re-issue *Qualification Certificate* within 20 days after acceptance of the aforementioned applications.

Article 17 *Qualification Certificate* shall be kept by the holder. No insurance company or other organization or individuals shall retain *Qualification Certificate* for any excuse.

Article 18 In any of the following circumstances, the CIRC will cancel *Qualification Certificate*:

- (1) Replacement of the *Qualification Certificate* is denied pursuant to law;
- (2) The *Qualification Certificate* is revoked pursuant to law.

Chapter 3 Administration of Practice Registration

Article 19 The holder of *Qualification Certificate* shall obtain *Insurance Salespersons Practice Certificate* (hereinafter as *Practice Certificate*) issued by the insurance company where he/she belongs in order to conduct insurance sales activities.

“Insurance company” in the preceding paragraph refers to an insurance company that signs agency agreements with insurance salespersons and authorizes such persons to conduct insurance sales activities on its behalf.

Article 20 *Practice Certificate* is a certificate to prove that its holder has the authorization of an insurance company to conduct insurance sales activities on its behalf.

Practice Certificate shall not be granted to those who have obtained *Practice Certificate of Insurance Agency Practitioners*, *Practice Certificate of Insurance Brokerage Practitioners* or *Practice Certificate of Insurance Loss-adjustment Practitioners*.

Article 21 *Practice Certificate* is printed under the supervision of the CIRC.

Before issuing *Practice Certificate* to a holder of *Qualification Certificate*, an insurance company shall register *Practice Certificate* of such holder with local insurance industry association.

Administrative regulations and annual review procedures for *Practice Certificate* shall be separately formulated by the CIRC.

Article 22 An insurance company is only allowed to issue *Practice Certificate* to the persons who have obtained *Qualification Certificate* and have been registered with insurance industry association.

Article 23 To apply for *Practice Certificate*, insurance salespersons shall submit the following materials to the insurance company where they belong:

- (1) Application Form for *Practice Certificate* of Insurance Salespersons;
- (2) Copy of identity certification document;
- (3) Copy of *Qualification Certificate*;
- (4) Copy of Training Certificate for Insurance Salespersons;

(5) 1 small-size 2-inch bareheaded, full-face color photo taken within the latest 3 months.

The aforesaid insurance company shall examine the materials submitted.

Article 24 A *Practice Certificate* shall contain the following information:

- (1) Name, gender, number and type of identity certificate of the holder;
- (2) Number of the holder's Qualification Certificate;
- (3) Number of the Practice Certificate;
- (4) Business scope and sales area of the holder;
- (5) Name of the insurance company;
- (6) Number of the insurance salespersons;
- (7) Complaint lines of the insurance company and insurance industry association;
- (8) Date of issuance and valid period.

Business scope and sales area specified on *Practice Certificate* shall not exceed the business scope and operational zone set forth on the license of the insurance company where the holder of the *Practice Certificate* belongs.

Article 25 In the event of modification of registered items on *Practice Certificate*, the insurance company where the salespersons belong shall go through registration modification formalities with insurance industry association in time.

Article 26 Where *Practice Certificate* is lost or damaged, and normal use is affected, the insurance company where the salespersons belong shall re-issue or replace the certificate.

Article 27 In any of the following circumstances, insurance salespersons shall return *Practice Certificate* to the insurance company where they belong and the insurance company shall cancel the registration of *Practice Certificate* of such insurance salespersons in time with insurance industry association:

- (1) The insurance salespersons terminate agency agreements with the insurance company;
- (2) Practice Certificate fails annual review;
- (3) Qualification Certificate is cancelled.

Chapter 4 Administration of Sales Activities

Article 28 Insurance salespersons shall abide by laws, administrative regulations and relevant provisions of the CIRC in conducting insurance sales activities.

Article 29 Insurance salespersons shall conduct insurance sales activities within the scope of their insurance company's authorization, conscientiously accept administration of their insurance company, and perform the obligations specified in agency agreements.

Article 30 Insurance salespersons shall show the clients *Practice Certificates* in insurance sales activities.

Article 31 Insurance salespersons shall disclose all information concerning insurance products and services to the clients in an objective and accurate way, and shall explain important concepts in the insurance contract clearly such as exclusions, hesitation period, waiting period for health insurance products and policy surrender etc. to the clients.

Article 32 Insurance salespersons selling new products such as participating insurance, unit-linked insurance and universal insurance shall clearly notify clients of fees to be deducted for such products and remind the clients of investment risks arising from purchasing such products.

Article 33 Insurance salespersons shall deliver important documents including insurance policies to the insurance applicant or the insured for signature and confirmation.

Article 34 Insurance salespersons shall not have insurance business relationship with an institution or individual illegally engaging in insurance business or insurance intermediary business.

Article 35 Insurance salespersons shall not accept the authorization of two or more insurance companies at the same time.

Article 36 While conducting insurance sales activities, insurance salespersons shall not carry out any of the following activities:

- (1) To make false or misleading explanations or publicity;
- (2) To print, distribute and spread brochures of insurance products without authorization;
- (3) To make unfair or partial comparison of different insurance products;
- (4) To conceal important information pertaining to insurance contracts;
- (5) To make commitments on dividends, distribution of surplus or future uncertain returns of insurance products in a way that exceeds what is guaranteed in insurance contracts;
- (6) To make false or misleading statement on financial status and solvency of an insurance company;
- (7) To take advantage of administrative penalties imposed on an insurance company, an insurance intermediary institution or an individual or to fabricate and spread false information to vilify reputation of the insurance company, the intermediary institution or the individual;
- (8) To force or induce insurance applicants to enter into insurance contracts or lay out restrictions for insurance applicants to enter into insurance contracts by taking advantage of administrative powers, advantageous market position, or occupational convenience and by other unrighteous means;
- (9) To give or promise to give interests beyond those specified in insurance contracts to insurance applicants, the insured or the beneficiaries;
- (10) To charge insurance applicants, the insured or the beneficiaries any fees other than the premiums;
- (11) To obstruct the insurance applicants from performing the obligation of making true representations or induce them not to perform the obligation of making true representations;
- (12) To alter insurance clauses and premium rates without consent or authorization of an insurance company;
- (13) To fill out or change insurance contract and the contents of others documents without consent or authorization of the party concerned of the insurance contract;
- (14) To substitute or abet others to substitute the insurance applicants or the insured to sign insurance policies and relevant important documents without consent of insurance applicants or the insured;
- (15) To induce or abet insurance applicants to terminate or waive insurance contracts in force and purchase new insurance products, which impairs the interests of insurance applicants;
- (16) To disclose trade secrets of insurance companies or privacy of insurance applicants, the insured or the beneficiaries;
- (17) To engage in insurance sales activities beyond the business scope and sales area indicated on Practice Certificate;
- (18) To embezzle, retain or misappropriate premiums, insurance indemnities or benefits;
- (19) To obtain insurance benefits or insurance indemnities by cheating in collusion with the insurance applicant, the insured or the beneficiaries;
- (20) To forge, alter or transfer Qualification Certificate or Practice Certificate;
- (21) To secretly print, forge, alter, buy and sell, hide or destroy insurance policies and documents;

(22) Other acts that disturb insurance market orders as specified by the CIRC.

Article 37 The CIRC discloses information of *Qualification Certificates* and *Practice Certificates* and credibility record of insurance salespersons on designated media and websites.

Chapter 5 Pre-service Training and Follow-up Education

Article 38 Insurance salespersons shall satisfy requirements specified by the CIRC concerning pre-service training and follow-up education to apply for issuance, annual review and replacement of *Practice Certificate*.

Pre-service training means professional training that insurance salespersons receive from training institutions recognized by the CIRC before their first insurance sales activity.

Follow-up education means professional training that insurance salespersons receive every year from training institutions recognized by the CIRC in the course of engaging in insurance sales activities.

Article 39 Before engaging in insurance sales activity for the first time, insurance salespersons shall accept pre-service training of no less than 80 hours accumulatively, including insurance legal knowledge training and professional ethics and credibility education of no less than 12 hours accumulatively.

Article 40 Insurance salespersons engaging in insurance sales activities shall accept follow-up education of no less than 36 hours every year, including insurance legal knowledge training and professional ethics and credibility education of no less than 12 hours.

Article 41 An insurance company shall submit report on annual training to the CIRC by January 31 of each year, which shall contain contents, forms and time of pre-service training and follow-up education for the previous year and training plan for the current year.

Article 42 Insurance salespersons shall have *Training Certificate of Insurance Salespersons* printed under the supervision of the CIRC.

Chapter 6 Management Responsibilities of Insurance Companies

Article 43 An insurance company shall not authorize anyone without *Qualification Certificate* to engage in insurance sales activities.

An insurance company shall sign written agency agreements with insurance salespersons to authorize them to engage in insurance sales activities, and the authorization of such agency agreements shall not exceed the business scope and operational zone of the insurance company.

Article 44 An insurance company shall be liable for the insurance sales activities carried out by insurance salespersons in accordance with the authorization of the insurance company.

Where an insurance salesperson conducts any insurance sales activities beyond the authorized scope, the insurance contract is signed and the insurance applicant is justified to believe that the salesperson is authorized, the insurance company shall bear the insurance liabilities; the insurance company may claim damages against the insurance agent ultra vires pursuant to law.

Article 45 An insurance company shall strengthen training and management and enhance professional ethics and abilities of insurance salespersons, and shall not abet or mislead insurance salespersons into conducting any activities against the obligations of honesty and credibility.

An insurance company shall not publicize its commissions or fees to advertise for insurance salespersons and shall not make the act of purchasing insurance products as a qualification requirement for insurance salespersons.

Article 46 An insurance company shall organize insurance salespersons to participate in pre-service training and follow-up education and training.

An insurance company shall offer special training to insurance salespersons authorized to sell new products of life insurance.

Article 47 An insurance company shall establish and improve management system and administrative files of insurance salespersons, and record the basic facts, training and education experience, business facts, awards and penalties etc. of insurance salespersons on a timely, accurate and complete basis.

An insurance company shall be liable for the legality and authenticity of the contents of training for insurance salespersons.

Article 48 Where insurance salespersons receives sentences due to intentional commitment of crime, or administrative penalty or sanctions are imposed on them by an industry self-discipline organization for their economic activities in violation of laws or regulations, the insurance company where such insurance salespersons belong shall report to the CIRC within 5 days starting from the date of knowing such fact.

Article 49 Where an insurance company imposes disciplinary sanctions on its own insurance salespersons for their violation of laws or regulations in insurance sales activities, the insurance company shall report to local insurance industry association within 5 days.

Chapter 7 Legal Liabilities

Article 50 Application for enrollment in qualification test from a person who submits false information shall not be accepted, the test result shall be announced invalid, and the applicant is forbidden to enter for qualification test for insurance salespersons within 1 year.

Article 51 A person who violates test disciplines by cheating or disturbing the order in a qualification test etc. shall stop doing the test, the test result shall be announced invalid, and the applicant shall not enter for qualification test for insurance salespersons within 3 years; those who constitute a crime shall be subject to criminal proceedings in accordance with laws.

Article 52 Any *Qualification Certificate* holder who takes qualification test for others, assists or organizes others to cheat in the test, or participates in others' cheating activities shall be subject to a warning and a fine of not more than RMB 10,000 from the CIRC.

Article 53 Application for *Qualification Certificate* from a person who conceals relevant information or provides false materials for the application shall not be accepted by the CIRC, no *Qualification Certificate* shall be granted, a warning shall be given to such applicant; and the applicant shall not apply for the *Qualification Certificate* to the CIRC within 1 year.

Article 54 A *Qualification Certificate* holder who obtains his/her certificate by illegal means such as bribing or deceiving shall be subject to a warning, the *Qualification Certificate* shall be revoked by the CIRC pursuant to law; and the holder shall not apply for *Qualification Certificate* to the CIRC within 3 years.

Article 55 Insurance salespersons that violate the provisions of Article 29 to 36 of these Regulations shall be subject to a warning and a fine of not more than RMB 10,000 by the CIRC.

Article 56 The CIRC may issue warnings to, or impose a fine of not more than RMB 30,000 on an insurance company which organizes or assists cheating in qualification tests for insurance salespersons or participates in such activities; the CIRC may impose a fine of not more than RMB 10,000 on and order a replacement of senior management personnel of the insurance company who are directly responsible for the cheating activity and staff members concerned. Those who constitute a crime shall be subject to criminal proceedings pursuant to law.

Article 57 Any insurance company that authorizes persons failing to obtain *Qualification Certificates* or *Practice Certificates* to engage in insurance business and pays them fees or commissions shall be ordered to rectify its actions, be given a warning and a fine of not more than RMB30,000 by the CIRC; senior management personnel of the insurance company who are directly responsible for the aforesaid activities and staff members concerned shall be given a warning and a fine of not more than RMB 10,000. Where the case is severe, the CIRC may order a replacement of the senior management personnel of the insurance company who are directly responsible for the aforesaid activities and the staff member concerned, and may refuse to grant permission of branch establishment to the insurance company.

Article 58 Any insurance company that violates the provisions of Article 9, 17, 22, 23, 25, 27, 43, 45 and 49 of these Regulations shall be ordered to rectify its actions, be given a warning and a fine of not more than RMB 30,000 by the CIRC; and the senior management personnel of the company who are directly responsible for the violations and other staff members involved in the violations shall be given a warning and a fine of not more than RMB 10,000 by the CIRC.

Chapter 8 Supplementary Provisions

Article 59 The *Qualification Certificate* and the *Practice Certificate* for insurance salespersons in rural areas, if otherwise stipulated by the CIRC, shall follow such stipulations.

Direct granting of the *Qualification Certificate*, if otherwise stipulated by the CIRC, shall follow such stipulations.

Article 60 *Temporary Measures on Follow-up Education for Insurance Intermediary Practitioners* shall, mutatis mutandis, apply to the administration of training institutions of pre-service training and follow-up education.

Article 61 Chinese version of materials required to be submitted shall prevail.

Article 62 The CIRC is responsible for the explanation and modification of these Regulations.

Article 63 The time limits in the Regulations, except those being represented by “year” or “month”, shall be calculated in terms of working days, excluding legal holidays.

Article 64 These Regulations shall come into effect on July 1, 2006.

End.