

Measures on Administration of Chinese Representative Institutions of Foreign Insurance Institutions

外国保险机构驻华代表机构管理办法

Chapter I General Provisions

Article 1

These Measures are formulated in accordance with the Insurance Law of the People's Republic of China for the purposes of strengthening the administration of Chinese representative institutions of foreign insurance institutions (hereinafter referred to as "representative institutions"), and meeting the needs of the opening up of China's insurance market to the outside world.

Article 2

"Foreign insurance institutions" in these Measures are insurance companies, reinsurance companies, insurance intermediaries, insurance associations, and other insurance organizations registered outside the territory of the People's Republic of China.

"Representative institutions" in these Measures are both representative offices and general representative offices established by foreign insurance institutions within Chinese territory for the purpose of conducting non-operational activities such as liaison service and market research.

"Chief representative" in these Measures refers to the principal responsible person of a representative office, and "general representative" refers to the principal responsible person of a general representative office.

Article 3

Representative institutions shall abide by Chinese laws and regulations and related Measures made by China Insurance Regulatory Commission (hereinafter referred to as "CIRC").

The legitimate rights and interests of representative institutions are protected by Chinese laws.

Article 4

CIRC is authorized by law and the State Council to perform supervisory responsibilities over representative institutions.

Local branches of CIRC carry out general supervision of representative institutions in their jurisdictions on behalf of CIRC within the authorization scope of CIRC.

Chapter II Application and Establishment

Article 5

Foreign insurance institutions (hereinafter referred to as "the applicant") applying to establish a representative office shall satisfy the following requirements:

- 1) Good business performance;
- 2) More than 20 years of continuing operation of insurance business for foreign insurance institutions with insurance business and more than 20 years of history for foreign insurance institutions without insurance business.
- 3) No record of any major violation of laws or regulations within 3 years prior to the application date;
- 4) Other prudential requirements stipulated by CIRC.

"More than 20 years of continuing operation of insurance business" in the preceding paragraph shall be interpreted as that such foreign insurance institution has been conducting insurance business consecutively for

more than 20 years. For those foreign insurance institutions that acquire and merge into other institutions or merge with other institutions to establish new insurance institutions, the calculation of their year of standing will not be affected.

For a subsidiary company of a foreign insurance institution, its years of standing in operating insurance shall be calculated from the establishment date of the subsidiary company.

For a foreign insurance group, its years of standing in operating insurance shall be calculated from the following dates, whichever is earlier:

- 1) The date when such group starts to conduct insurance business;
- 2) The date when a subsidiary company starts to conduct insurance business within such group;

Article 6

The applicant shall submit the following materials:

- 1) A formal application form;
- 2) A letter of application addressed to the Chairman of CIRC and signed by its Chairman of the Board of Directors or General Manager of the insurance institution concerned;
- 3) A photocopy of the business license or the certificate of authorization for insurance business, or the registry certificate issued by relevant regulatory authorities of its home country or region;
- 4) Articles of association and the name list of the members of the Board of Directors, management personnel or principal partners;
- 5) Annual reports of the last 3 years prior to the application;
- 6) A letter of permit issued by the competent authority of its home country or region allowing it to set up a representative office in China, or a letter of recommendation from the industrial association of which the applicant is a member, and both types of letters shall contain information about the penalty records of the applicant within 3 years prior to the application;
- 7) Research reports of the feasibility and necessity of establishing the representative office;
- 8) A power of attorney signed by the Chairman of the Board or General Manager for the designated chief representative;
- 9) A declaration of the applicant that the designated chief representative has no penalty record resulted from material violation of laws or regulations in the home country or region within 3 years prior to the application;
- 10) The resume of the designated chief representative;
- 11) Other materials required by CIRC.

The photocopy of the business license or the certificate of authorization for insurance business, or the registry certificate shall be subject to notarization certified by the applicant's home country or territory or verification by the resident Embassy or Consulate of the People's Republic of China in the applicant's home country or region.

Article 7

The applicant shall submit its application materials to CIRC. CIRC shall handle all the applications according to the following:

- 1) Where the document contains a mistake (mistakes) that can be corrected on the spot, the applicant shall be allowed to make the correction on the spot;
- 2) Where the document is incomplete or does not comply with statutory format, the applicant shall be informed on the spot or within 5 days of all the required corrections at one time. If the applicant is not informed of such information in this period, then it is assumed that the application is accepted for review on the day it is received by CIRC;
- 3) Where the document is complete and complies with statutory format, or after the applicant, upon request, has submitted additional documents and made necessary corrections, then the application shall be accepted for review.

Whether or not CIRC accepts the application for review, CIRC shall issue a written document with designated stamp and date indicated.

Article 8

CIRC shall review an application in accordance with the prudential principle and to make a decision as to whether or not to grant approval within 20 days from the date of receiving the application letter. If the decision cannot be made in the said 20 days, with the approval of the Chairman of CIRC, the said period can be extended for 10 more days and the applicant shall be informed of reasons for the extension.

If CIRC decides to approve the application, it shall issue an approval document; in case of disapproval, CIRC shall state reasons in a written document.

Article 9

After receiving the official document of approval, a representative office shall register with the administration for industry and commerce in accordance with relevant Measures.

The representative office shall move into its official premises within 3 months from the date on which the approval document is received and provide CIRC with the following information in writing:

- 1) Certificate of registration with the administration for industry and commerce;
- 2) Verification of the right to use the official premises;
- 3) Telephone number, fax number and address of the official premises;
- 4) Mobile phone number and electronic mail address of the chief representative.

In case no written information is submitted to CIRC within 3 months after the approval document is received by the representative office, CIRC will assume that the representative office did not move into the official premises and the approval document shall automatically become invalid.

Chapter III Supervision and Administration

Article 10

The official title of a representative office shall be arranged in the following order: name of the home country or region of the foreign insurance institution + name of the foreign insurance institution + name of the city where the representative office is to be located + representative office; The official title of a general representative office shall be arranged in the following order: name of the home country or region of the foreign insurance institution + name of the foreign insurance institution + general representative office in China.

Article 11

Except the principal responsible person, other major staff members shall be entitled “Representative” or “Deputy Representative”.

Article 12

Employees of representative institution shall abide by Chinese laws and regulations, with integrity and no record of material violation against laws or regulations.

Article 13

A general representative and a chief representative shall have adequate education background, work experience and abilities for work.

A general representative shall have a work experience of more than 8 years and hold a junior college degree or above; a chief representative shall have a work experience of more than 5 years, and hold a junior college degree or above.

Without a junior college degree, a general representative or a chief representative shall have a work experience of more than 10 years in insurance business.

Article 14

A maximum of 3 employees of foreign nationality are allowed in each representative institution.

Article 15

A representative institution and its employees shall not be involved in business activities of any kind by any means.

Article 16

A representative institution shall have official premises, necessary office facilities and full-time staff.

Article 17

A general representative or a chief representative shall neither work in 2 or more representative institutions nor work for any business institution in China.

Article 18

A general representative or a chief representative shall be responsible for the daily operations of their representative institutions and are required to stay in their representative institutions for no less than 240 days every year.

A general representative or a chief representative shall not be away from the office for more than 30 days consecutively. If he or she stays away from the representative institution for more than 14 days consecutively, he or she shall delegate his or her responsibilities as the general representative or chief representative to a person specially appointed, and submit a written report to the local branch of CIRC.

Article 19

A representative institution shall submit two copies of its annual work report of the previous year before the end of each February to the CIRC's local branch, who shall then forward the report to CIRC's head office.

The work report shall follow the format prescribed by CIRC.

Article 20

A representative institution shall submit the annual report of the foreign insurance institution it represents to both CIRC and CIRC's local branch office within 6 months after the end of each accounting year of the foreign insurance institution.

Article 21

If any of the following major event occurs to an insurance institution that has a representative institution in China, the representative institution shall, within 10 days after the occurrence of the event, submit a written report to CIRC and a copy of the report to CIRC's local branch.

- 1) A change in its articles of association, registered capital, and registered business address;
- 2) Division, merger or change of senior management;
- 3) Serious business losses;
- 4) Penalties received for violations of laws or regulations;
- 5) Major supervisory actions taken against it by the supervisory authorities of its home country or region;
- 6) Other matters which may seriously disrupt business operation of the foreign insurance institution.

Article 22

In case of changing a general representative or chief representative, the representative institution shall apply to CIRC, and submit the following materials:

- 1) A letter of application addressed to the Chairman of CIRC, and signed by its Chairman of the Board of Directors or General Manager of the insurance institution concerned;
- 2) Power of attorney of the proposed general representative or chief representative signed by the Chairman of the Board of Directors or General Manager;

- 3) Verification papers of the identity and academic degree and resume of the proposed general representative or chief representative.
- 4) Other materials required by CIRC.

Article 23

A foreign insurance institution needs to apply to CIRC and submit the following materials to change its name:

- 1) Application form for name change;
- 2) A letter of application addressed to the Chairman of CIRC, and signed by its Chairman of the Board of Directors or General Manager of the insurance institution concerned;
- 3) Other materials required by CIRC.

Article 24

A foreign insurance institution that has already established 2 or more representative offices in China is allowed to appoint one of its representative offices as a general representative office. The foreign insurance institution concerned shall apply to CIRC to change the name of the representative office into general representative office in accordance with stipulations in Article 23 of these Measures.

The general representative office shall apply to the administration for industry and commerce for alteration of registration within 1 month after the approval of CIRC.

Article 25

CIRC shall decide whether or not to grant approval to applications submitted in accordance with these Measures for change of chief representative, general representative or change of the name of the representative institution within 20 days after accepting the application materials.

Where CIRC decides to approve an application, it shall issue an approval document; in case of disapproval, CIRC shall state reasons in a written document.

Article 26

A representative institution can only change its office location within the administrative area of the same city it is located in and it shall inform CIRC and CIRC's local branch of the following within 5 days after the change:

- 1) Verification of the right to use the new official premises;
- 2) Telephone number, fax number and address of the new office.

Article 27

Where a foreign insurance institution intends to terminate its representative institution, it shall submit to CIRC the following within 20 days after the termination:

- 1) A letter to explain the termination;
- 2) A photocopy of the decision paper of the foreign insurance institution to terminate the representative institution.

Article 28

In case of changing, adding or reducing representatives, deputy representatives, or foreign employees, the representative institution concerned shall report to CIRC's local branch and submit the verification papers of the identity and academic degree and resumes of the nominated personnel within 5 days from the date of change.

Article 29

Where a general representative office becomes the only representative institution in China after the insurance institution it represents terminates all other representative offices, the general representative office shall apply to CIRC for a name change from general representative office to representative office in accordance with the stipulations of Article 23.

When a general representative office gets the approval of changing into a representative office, it shall apply to the administration of industry and commerce for alteration of registration with 1 month from the date of CIRC's approval.

Article 30

After a representative office is terminated, all the issues left unsettled shall be taken over and handled by its general representative office in China; if there is no such a general representative office, responsibilities on all issues left unsettled shall be taken over and handled by the foreign insurance institution's other representative offices in China; if there is no any other representative office in China, responsibilities on all issues left unsettled shall be borne by the foreign insurance institution itself.

Article 31

CIRC or any of its local branches can have regulatory conversations with the general representative or chief representative of a representative institution, as it deems necessary, to indicate risks and to ask explanations for certain issues.

Article 32

CIRC and its local branch offices can conduct general and annual inspection over representative institutions.

The general and annual inspection including the following:

- (1) The completeness of the procedures for changes;
- (2) The authenticity of the documents and materials submitted to CIRC;
- (3) The completeness of the procedures for the appointments or changes of staff members;
- (4) Whether or not the representative institutions are carrying out business activities;
- (5) Other aspects CIRC and its local branch offices deem necessary for inspection.

Chapter IV Legal Liabilities

Article 33

Any representative institution established without approval, in violation of these Measures, shall be banned by CIRC in accordance with law.

Article 34

Where a representative institution is engaged in insurance business activities in violation of these Measures, it shall be punished by CIRC in accordance with relevant laws and regulations.

Article 35

If a representative office fails to submit relevant reports or materials to CIRC as required by these Measures, it shall be given a warning and be ordered to make correction within a prescribed time limit by CIRC's local branch office. In case of serious violation, a fine of RMB 1000 yuan shall be imposed.

Article 36

Employees of a representative institution directly responsible for engagement in business activities as prohibited by these Measures shall be given a warning by CIRC. In case of serious violation, a fine below RMB 5000 yuan shall be imposed. Employees of a representative institution directly responsible for non-business activities in violation of these Measures shall be given a warning by CIRC. In case of serious violation, a fine below RMB 1000 yuan shall be imposed.

Article 37

CIRC may give a warning to a representative institution that provides false information or conceals important facts.

Article 38

CIRC may order the representative institutions, found in violation of other stipulations of these Measures, to make corrections; those who do not make corrections within a prescribed time limit shall be given a warning.

Article 39

Local branches of CIRC shall submit timely report to CIRC on penalties given to representative institutions in their own jurisdictions.

Where a representative institution of a foreign insurance institution has received administrative penalties for more than 3 times or its illegal proceedings from business activities are of a large amount and have great harm, CIRC can take the penalty record as a prudential consideration in the review of the foreign insurance institution's application for establishment of foreign-invested insurance companies in China.

Chapter V Supplementary Provisions

Article 40

These Measures shall, mutatis mutandis, apply to the representative institutions established in the mainland by insurance institutions from Hong Kong, Macao and Taiwan.

Article 41

These Measures shall, mutatis mutandis, apply to the liaison offices of foreign insurance institutions established in China with approval from CIRC.

Article 42

Formal application forms for establishment of representative institutions by foreign insurance institutions and formal application forms for name change of representative institutions shall be provided by CIRC.

Article 43

The terms "above", "below" and "within" used to indicate a threshold number shall include the number itself.

Article 44

Materials to be submitted as required by these Measures shall be in the Chinese language. Where materials provided by the home country or region of the foreign insurance institution are in foreign languages, Chinese translations should be attached. Where there are discrepancies between Chinese texts and foreign texts, Chinese texts shall prevail.

Article 45

The time limits prescribed in these Measures concerning licensing and reporting refer to working days, which exclude weekends and public holidays.

Article 46

CIRC shall be responsible for the explanation of these Measures.

Article 47

These Measures shall be effective as of September 1, 2006, and Measures on Administration of Chinese Representative Offices of Foreign Insurance Institutions promulgated by CIRC on January 15, 2004 shall be repealed simultaneously.

End.