

Regulations on Supervision and Administration Responsibilities of Local Offices of the China Insurance Regulatory Commission

中国保险监督管理委员会派出机构监管职责规定

(The CIRC Ordinance No. 2004-7)

Reviewed and adopted at the Chairmen Meeting of the China Insurance Regulatory Commission on June 29, 2004, *Regulations on Supervision and Administration Responsibilities of Local offices of the China Insurance Regulatory Commission* is now promulgated and shall come into effect as of August 1, 2004.

Chairman: Wu Dingfu

June 30, 2004

Regulations on Supervision and Administration Responsibilities of Local Offices of the China Insurance Regulatory Commission

Chapter I General Provisions

Article 1

These Regulations are formulated in accordance with laws and administrative regulations including the *Insurance Law of the People's Republic of China* for the purposes of defining the supervision and administration responsibilities of local offices, improving supervision and administration of the insurance industry and promoting its healthy development.

Article 2

The China Insurance Regulatory Commission (hereinafter referred to as "the CIRC") shall conduct vertical leadership and centralized management of its local offices.

All local offices are directly accountable to the CIRC and exercise their supervision and administration functions and powers within the scope of the CIRC's authorization.

Article 3

When performing supervision and administration responsibilities, a local office shall conduct administration in accordance with law, strictly exercise supervision and strengthen services.

Article 4

A local office mainly performs the following supervision and administration responsibilities:

1. To work on and formulate the development plan of the insurance industry in the area under its jurisdiction and to organize the implementation of the plan; to guide and promote the overall, coordinated and sustainable development of the insurance industry;
2. To implement rules and regulations of the CIRC and formulate relevant detailed implementing rules and specific measures according to the actual conditions in the area under its jurisdiction;
3. To monitor and analyze the operation of the insurance market in the area under its jurisdiction; to give early warning of, prevent and eliminate risks of the insurance industry and timely report relevant material matters to the CIRC;
4. To supervise and exercise administration of the insurance operating activities of branches of insurance companies, insurance intermediaries and insurance practitioners, investigate and punish illegal and

regulation-violating insurance activities and maintain the order of the insurance market in the area under its jurisdiction;

5.To exercise administration of the establishment, alteration, dissolution and other relevant matters of branches of insurance companies and insurance intermediaries in the area under its jurisdiction;

6.To exercise administration of relevant insurance clauses and premium rates;

7.To exercise administration of the qualifications of relevant senior managerial personnel;

8.Other supervision and administration matters authorized or entrusted by the CIRC.

Article 5

“Local office” in these Regulations refers to a supervision and administration bureau dispatched by the CIRC to a province, an autonomous region, a municipality directly under central government or a city specially designated in the State plan.

“Insurance institutions” in these Regulations refer to insurance companies and their branches. “Branches of insurance companies” in these Regulations refer to the branches, central sub-branches, sub-branches, sales centers and sales service centers of insurance companies.

“Insurance intermediaries” in these Regulations refer to insurance brokers, insurance loss-adjusters, insurance agents and branches of the above institutions and part-time insurance agents.

Chapter 2 Administration of Institutions

Article 6

A local office is responsible for carrying out the following work of administration of a Chinese-funded insurance company in the area under its jurisdiction:

1.To examine and permit the operation commencement of an insurance branch company;

2.To examine and approve the establishment and dissolution of a central sub-branch, a sub-branch, a sales center and a sales service center of an insurance company;

3.To examine and approve the change of business premises of a branch of an insurance company;

4.To accept written reports of a branch of an insurance company on merger, change of name and adjustment of business scope.

Article 7

A local office is responsible for carrying out the following work of administration of an insurance intermediary in the area under its jurisdiction:

1.To examine and approve the establishment of a Chinese-funded insurance agent;

2.To examine and approve the establishment of a branch of a Chinese-funded insurance broker, a Chinese-funded insurance agent or a Chinese-funded insurance loss-adjuster in the area under its jurisdiction;

3.To examine and approve the use of guaranty funds by an insurance agent or a part-time insurance agent;

4.To examine and confirm the agency business qualifications of a part-time insurance agent;

5.To manage matters concerning the alteration of an insurance agent, a branch of an insurance agent, a branch of an insurance broker or a branch of an insurance loss-adjuster.

Article 8

A local office is responsible for accepting an application for the establishment of a Chinese-funded insurance broker or a Chinese-funded insurance loss-adjuster in the area under its jurisdiction and serving approval documents and relevant licences according to the entrustment of the CIRC.

Article 9

A local office is responsible for the examination and approval of the establishment and dissolution of a sales service center of a foreign-funded insurance company.

Article 10

A local office is responsible for the examination and approval of the establishment of a branch of a foreign-funded insurance agent.

Article 11

A local office is responsible for the issuance, service, renewing and announcement of relevant licences of the following institutions in the area under its jurisdiction.

- 1.Branches of a Chinese-funded insurance company;
- 2.Chinese-funded insurance agents and their branches;
- 3.Branches of a Chinese-funded insurance broker;
- 4.Branches of a Chinese-funded insurance loss-adjuster;
- 5.Sales service centers of a foreign-funded insurance company;
- 6.Branches of a foreign-funded insurance agent;
- 7.Part-time insurance agents.

Chapter 3 Administration of Qualifications of Insurance Practitioners

Article 12

A local office is responsible for the examination, confirmation and management of the qualifications of senior managerial personnel of a branch of an insurance company in the area under its jurisdiction in accordance with the stipulations of the CIRC.

Article 13

A local office is responsible for the examination and confirmation of the qualifications of senior managerial personnel of the following insurance intermediaries in the area under its jurisdiction:

- 1.Insurance agents and their branches;
- 2.Insurance brokers' and insurance loss-adjusters' branches in the area under its jurisdiction.

Article 14

A local office is responsible for accepting the applications for the qualification of the senior managerial personnel of insurance brokers and insurance loss-adjusters and serve the approval decisions of the CIRC according to the entrustment of the CIRC.

Article 15

A local office is responsible for the following administration work of the qualifications of the insurance practitioners in the area under its jurisdiction in accordance with relevant stipulations of the CIRC:

1. Qualification tests for insurance practitioners;
2. Issuance and management of qualification certificates of insurance practitioners;
3. Supervision of the issuance and management of insurance practice certificates;
4. Other work concerning administration of qualifications of insurance practitioners.

Chapter 4 Administration of Insurance Clauses and Premium Rates

Article 16

A local office is responsible for exercising administration of the sales of insurance products by an insurance company's branches in the area under its jurisdiction in accordance with relevant stipulations of the CIRC.

Article 17

A local office is responsible for supervising and exercising administration of the implementation of insurance clauses and premium rates and product information disclosure by an insurance company's branches in the area under its jurisdiction.

Chapter 5 On-site and Off-site Supervision

Article 18

A local office is responsible for conducting on-site inspection and off-site supervision of the following institutions in the area under its jurisdiction:

1. Branches of an insurance company;
2. Insurance intermediaries;
3. Other institutions subject to the on-site inspection and off-site supervision of a local office according to the authorization or entrustment of the CIRC.

Article 19

Based on the result of on-site inspection and off-site supervision, the local office shall impose administrative penalties on the above-mentioned institutions or take other supervisory measures according to law.

Article 20

A local office is responsible for examining, counting and analyzing all the business data, financial data and relevant materials submitted by the institutions mentioned in Article 18 hereof; it shall work out the data, statements and analysis reports on the insurance industry in the area under its jurisdiction, and submit off-site supervision reports to the CIRC in accordance with relevant stipulations.

Article 21

A local office shall carry out the investigation and research about the operation and development trend of the local insurance market, pay close attention to important situation and major events suggesting tendencies and trends, and timely report to the CIRC.

Chapter 6 Other Responsibilities

Article 22

A local office shall establish a mechanism of work division and cooperation, strengthen communication, exchange information and coordinate policies with other financial supervisory institutions and relevant governmental departments in the area under its jurisdiction and improve the development environment of the insurance industry continuously.

Article 23

A local office is responsible for investigating and punishing the establishment of an insurance institution or an insurance intermediary without permission and illegal engagement in insurance business and insurance intermediary business in the area under its jurisdiction.

Article 24

A local office is responsible for information disclosure of the insurance industry in the area under its jurisdiction; it is responsible for the planning and implementation of informatization of the insurance industry in the area under its jurisdiction according to the authorization of the CIRC.

Article 25

A local office is responsible for exercising administration of and guiding insurance industry associations, insurance societies and other insurance organizations in the area under its jurisdiction.

Article 26

A local office is responsible for accepting insurance-related complaint letters and visits in the area under its jurisdiction.

Article 27

A local office is responsible for managing the data and files related to insurance supervision and administration in the area under its jurisdiction.

Article 28

A local office is responsible for passing applications for administrative reconsideration on to the CIRC and serving relevant legal documents to the applicant according to relevant stipulations or the entrustment of the CIRC.

Chapter 7 Administrative Penalties**Article 29**

A local office is responsible for imposing administrative penalties for the establishment of an insurance institution or an insurance intermediary without permission and for illegal engagement in insurance business or insurance intermediary business in the area under its jurisdiction.

Article 30

A local office shall be responsible for imposing administrative penalties on the following institutions and their insurance practitioners in the area under its jurisdiction for illegal and regulation-violating insurance activities:

- 1.Branches of an insurance company;
- 2.Insurance intermediaries.

Article 31

A local office shall report to the CIRC for approval before imposing the following administrative penalties:

- 1.A fine of more than RMB 200,000 on a branch of an insurance company or more than RMB 50,000 on any of its practitioners;
- 2.A fine of more than RMB 100,000 on an insurance intermediary or more than RMB 30,000 on any of its practitioners;
- 3.Restricting business scope and ordering the stop of accepting new business;
- 4.Revoking relevant licences except the licence for part-time insurance agency business.

The CIRC shall make a written reply within 20 working days after receipt of the documents of a local office.

Article 32

Where a branch of an insurance company, an insurance intermediary or their practitioners commit illegal insurance activities outside their registered locality, the local office of the place where illegal activities occur shall investigate and punish such activities. The local office responsible for investigation and punishment shall send a copy of the report on the facts of the illegal activities and the result of handling to the local office of the registered locality of the lawbreaker.

Article 33

Where a local office undertakes matters entrusted by the CIRC and needs to impose an administrative penalty, the administrative penalty shall be imposed by the CIRC.

Article 34

A local office shall regularly report the implementation of administrative penalties according to the requirement of the CIRC.

Chapter 8 Supplementary Provisions**Article 35**

Where the CIRC enacts rules and regulations to authorize a local office to perform responsibilities of insurance supervision and administration, the local office authorized shall exercise supervision and administration in its own name within the scope of authorization.

Where the CIRC entrusts a local office to perform the responsibilities of insurance supervision and administration, the local office entrusted shall conduct supervision and administration in the name of the CIRC.

Article 36

Where a local office formulates relevant detailed rules for implementation and specific measures on insurance supervision and administration according to the regulations of the CIRC and the actual conditions in the area under its jurisdiction, such rules and measures shall be formulated within the limits of relevant regulations and the local office shall report to the CIRC for approval before promulgation.

The CIRC shall make a written reply within 20 working days after receipt of documents of the local office.

Article 37

The supervision and administration of foreign-funded insurance institutions, foreign-funded insurance intermediaries and representative offices of foreign insurance institutions in China otherwise stipulated by the CIRC shall be governed by the stipulations therein.

Article 38

The CIRC is responsible for the interpretation of these Regulations.

Article 39

These Regulations shall come into effect as of August 1, 2004. *Provisional Regulations on Supervision and Administration Responsibilities of Local offices of the China Insurance Regulatory Commission* promulgated by the CIRC on April 30, 2001 (the CIRC Ordinance No.2001-1) shall be repealed simultaneously.

End.