

# Administrative Measures for Pension Insurance Business of Insurance Companies

## 保险公司养老保险业务管理办法

### Chapter 1 General Provisions

#### Article 1

These Measures are formulated in accordance with the *Insurance Law of the People's Republic of China* (hereinafter referred to as the *Insurance Law*) and other laws, administrative regulations and relevant provisions of the state for the purposes of regulating the pension insurance business of insurance companies, protecting the legitimate rights and interests of parties concerned in pension insurance business activities, facilitating the healthy development of the insurance industry and perfecting the multi-layer old-age protection system.

#### Article 2

The China Insurance Regulatory Commission (hereinafter referred to as the CIRC) encourages insurance companies to make use of their professional advantages to provide old-age protection services for individuals, families as well as enterprises and public institutions through individual pension annuity insurance business, group pension annuity insurance business, and enterprise annuity management business.

#### Article 3

The CIRC shall be responsible for the regulation and supervision of pension insurance business conducted by insurance companies in accordance with the law.

#### Article 4

The term “insurance company” mentioned in these Measures refers to any life insurance company and pension insurance company incorporated with the approval of insurance regulatory institution and legally registered.

#### Article 5

The “pension insurance business” mentioned in these Measures includes individual pension annuity insurance business, group pension annuity insurance business and enterprise annuity management business. Individual pension annuity insurance business and group pension annuity insurance business are referred to as pension annuity insurance business.

#### Article 6

The term “individual pension annuity insurance” mentioned in these Measures refers to life insurance products satisfying all of the following criteria:

1. Having the purpose of providing old-age protection;
2. Premiums are paid by individuals to insurance companies;
3. It is stipulated in the contract that the insured may choose installment payment of the living benefits by the insurance company after surviving a certain age.
4. In case of installment payment, the payment interval is one year or shorter.

The scope of individual pension annuity insurance products shall be specified separately by the CIRC.

#### Article 7

The term “group pension annuity insurance” mentioned in these Measures refers to life insurance products satisfying all of the following criteria:

1. Having the purpose of providing old-age protection and the insurance is underwritten in one contract by insurance companies;
2. The insurance is bought by a group established for any purposes other than purchasing insurance, and the insured includes at least five particular members of the group;
3. It is stipulated in the insurance contract that the insured may choose installment payment by the insurance companies when reaching the retirement age specified by the state; and

4. In case of installment payment, the payment interval is one year or shorter.

#### **Article 8**

The “enterprise annuity management business” mentioned in these Measures refers to trustee management business, account management business, investment management business and other related business of enterprise annuity fund operated by insurance companies in accordance with relevant provisions of the state.

**Article 9** These Measures shall apply to the pension insurance business operated by insurance companies.

## **Chapter 2 Business Entities**

#### **Article 10**

Life insurance companies and pension insurance companies may operate pension insurance business with the approval of the CIRC.

When it is required by the law that an enterprise should be qualified by relevant departments to operate enterprise annuity management business, such qualification must be pursued.

#### **Article 11**

A pension insurance company may operate enterprise annuity management business in the whole country.

#### **Article 12**

A pension insurance company shall have sound corporate governance, a complete internal control system, and an efficient risk management system.

#### **Article 13**

A pension insurance company shall have independent directors on its board in accordance with relevant provisions of the CIRC so as to exercise independent and objective supervision over the business operations of the company.

#### **Article 14**

Any aspects concerning regulation of pension insurance companies that are not specified in these Measures shall follow relevant provisions of the CIRC on administration of insurance companies.

## **Chapter 3 Pension Annuity Insurance Business**

### **Section 1 Product Management**

#### **Article 15**

An insurance company shall innovate actively in development of pension insurance products, and develop products according to market conditions to satisfy the needs of different groups and individuals. Insurance companies are encouraged to develop individual pension annuity insurance products with whole life payment method.

#### **Article 16**

Clauses and premium rates of pension annuity insurance shall be approved or filed in accordance with relevant provisions of the CIRC.

#### **Article 17**

A table of cash value shall be provided in the contract of any individual pension annuity insurance product except unit-linked or universal products.

#### **Article 18**

For group pension annuity insurance, in case of shared payment of premium by the insurance applicant and the insured, the ownership of rights and interests of the premium shall be specified in the contract and the insured shall have all of the rights and interests of the part of premium that he pays.

#### **Article 19**

It shall be stipulated in the contract of group pension annuity insurance that the insured, when leaving his job, has the right to apply through the applicant to the insurance company for collecting the whole or part of the rights and interests owned by him.

#### **Article 20**

For a group pension annuity insurance contract with a public account, the rights and interests of the part of premium paid by the insured shall not be taken into the public account.

No insurance company shall use any public account to gain illegal interests.

### **Section 2 Operation Management**

#### **Article 21**

Information disclosure materials of a pension annuity insurance product such as product description, proposals and leaflets shall be consistent with the insurance contract. It is prohibited to mislead applicants by exaggerating the benefits of the product directly or in any disguised form or by promising an interest rate floor higher than what the insurance clauses stipulate.

#### **Article 22**

An insurance company selling a pension annuity insurance product with investment options shall use written materials to clearly warn the applicant of the investment risks and ask the applicant to add his signature to the written material before he chooses an investment option.

#### **Article 23**

For a pension annuity insurance product with investment options, the insurance company is prohibited from recommending any high risk investment portfolios to the applicant within 5 years prior to the day when the insured starts to receive benefits in accordance with the insurance contract.

In case an applicant of individual pension annuity insurance chooses a high risk investment portfolio on his own will, the insurance company shall prepare a separate *Letter of Risk Disclosure on High Risk Investment Portfolio* to clearly warn the applicant of the investment risks. Applicant insisting on choosing the portfolio shall add his signature to the above-mentioned *Letter*.

#### **Article 24**

An insurance company shall carry out necessary financial underwriting procedures to get information about the financial status, payment capacity and other related aspects of an applicant of individual pension annuity insurance with a large insurance amount.

#### **Article 25**

An insurance company selling an individual pension annuity insurance product shall provide the applicant with an illustration of benefits payment showing the amount of pension benefits for each payment method of the product.

#### **Article 26**

An insurance company may provide group pension annuity insurance to members of a group applicant across different provinces, autonomous regions or municipalities directly under the central government.

For a legal person applicant, policies shall be issued by an insurance company of the domicile of the legal person; otherwise policies shall be issued by the insurance company of the domicile of most insureds.

#### **Article 27**

An insurance company selling a group pension annuity insurance product shall conduct prudential review of the application and surrender of group pension annuity insurance.

#### **Article 28**

An insurance company selling a group pension annuity insurance product shall require the applicant to provide the following materials:

1. the name list and photocopies of identity cards of all insureds; and
2. relevant written documents proving the insured has agreed to the application matters of group pension annuity insurance.

#### **Article 29**

An insurance company selling a group pension annuity insurance contract shall issue insurance certificates to each insured.

The insurance certificates shall contain the insurance liabilities stipulated in the group pension annuity insurance contract as well as the insured's rights and interests according to the contract.

#### **Article 30**

In case of policy surrender of group pension annuity insurance, an insurance company shall ask the applicant to provide valid proof showing that the insureds have been notified of the surrender, and the insurance company shall pay the surrender value to the group applicant via bank transfer.

#### **Article 31**

In case of benefits payment upon the expiration of the insurance period, an insurance company operating group pension annuity insurance business shall require the applicant to provide valid proof showing that the insureds have reached the retirement age stipulated by the state. In case of early retirement under special circumstances, the insurance company may recalculate the amount of benefits after the retirement procedures have been completed.

#### **Article 32**

An insurance company selling participating, universal or unit-linked pension annuity insurance products shall send policy status report, performance report and other related materials to the applicant, the insured or the beneficiary in accordance with the requirements of the CIRC.

#### **Article 33**

An insurance company shall strengthen the training and management of its sales and management staff of pension insurance business to improve their professional integrity and competence. Insurance companies are not allowed to abet or mislead the sales and management staff into violating their duty of honesty.

#### **Article 34**

An insurance company operating pension annuity insurance business shall abide by the relevant provisions of the CIRC on the use of insurance funds.

#### **Article 35**

An insurance company operating pension insurance business shall enjoy preferential treatment in taxation in accordance with central and local government policies.

### **Chapter 4 Enterprise Annuity Management Business**

#### **Article 36**

An insurance company acting as the trustee of enterprise annuity fund shall sign a contract with the trustor on the entrusted management of the enterprise annuity fund, and select qualified account managers, custodians and investment managers legally and prudently according to the contract.

An insurance company acting as the account manager or investment manager of enterprise annuity fund shall sign an agreement with the trustee of the enterprise annuity fund on the entrusted management of the enterprise annuity fund account or on the entrusted investment management of the enterprise annuity fund.

The "trustor" mentioned in this article refers to an enterprise which has established enterprise annuity and its employees.

#### **Article 37**

An insurance company entrusting an insurance agency institution to conduct related enterprise annuity management business shall comply with relevant provisions of the state and satisfy the following requirements:

1. It shall sign an *Agency Agreement* with the insurance agency institution;
2. It shall submit a copy of the *Agency Agreement*, a *Feasibility Analysis Report on Agency Service* and *Administrative Measures for Agency Service* to the local office of the CIRC within 5 days upon the signing of the above-mentioned *Agency Agreement*; and
3. Other requirements specified by the CIRC.

#### **Article 38**

An insurance company shall follow the prudent investment principle in its investment management of enterprise annuity fund and shall not violate relevant provisions of the state on investment management of enterprise annuity fund .

#### **Article 39**

For an enterprise annuity with investment options for beneficiaries, the insurance company shall use written materials to warn the beneficiary of the investment risks before he chooses an investment option.

#### **Article 40**

For an enterprise annuity with investment options for beneficiaries, the insurance company is prohibited from recommending any high risk investment portfolios to the beneficiaries within 5 years prior to the day when the beneficiaries reach the retirement age stipulated by the state.

For a beneficiary choosing a high-risk investment portfolio on his own will, the insurance company shall prepare a separate *Letter of Risk Disclosure on High Risk Investment Portfolio* to clearly warn the beneficiary of the investment risks. A beneficiary insisting on choosing the high risk portfolio shall add his signature to the *Letter*.

#### **Article 41**

An insurance company operating enterprise annuity management business shall regularly submit reports on the entrusted management of enterprise annuity fund, reports on the account management and investment management of enterprise annuity fund in accordance with relevant provisions of the state.

#### **Article 42**

An insurance company shall submit to the CIRC reports on the management status of enterprise annuity fund in accordance with relevant provisions of the CIRC.

#### **Article 43**

The statistical and financial accounting activities of an insurance company operating enterprise annuity management business shall comply with state laws, administrative regulations and other relevant provisions on the administration of statistics and financial accounting.

### **Chapter 5 Legal Liability**

#### **Article 44**

In case an insurance company operating pension annuity insurance business violates these Measures, penalties shall be imposed by the CIRC and its local offices on this company in accordance with the law.

#### **Article 45**

An insurance company operating enterprise annuity management business and not reporting relevant matters to the CIRC or its local offices in accordance with these Measures shall be ordered by the CIRC or its local offices to take corrective actions. Insurance companies failing to do so within the time limit shall be given a warning. If the circumstances are serious, a fine in a sum not exceeding RMB 30, 000 yuan shall be imposed.

#### **Article 46**

An insurance company operating pension annuity insurance business and not sending policy status report, performance report or other related materials to the applicant, the insured or the beneficiary in accordance with these Measures shall be ordered by the CIRC or its local offices to take corrective actions and be given a warning. If the circumstances are serious, a fine in a sum not exceeding RMB 20, 000 yuan shall be imposed.

**Article 47**

The directors or senior management personnel of an insurance company directly responsible for business behaviors in the operation of pension insurance that violate these Measures shall be subject to a regulatory conversation with the CIRC or its local offices if such conversation is deemed necessary.

**Article 48**

The directors, senior management personnel or other staff of an insurance company directly responsible for business behaviors in the operation of pension insurance that violate the *Insurance Law*, if not constituting a criminal offence, shall be given a warning by the CIRC or its local offices, ordered to be replaced or receive a fine of RMB 20,000 yuan to RMB 100,000 yuan depending on specific circumstances.

## Chapter 6 Supplementary Provisions

**Article 49**

The CIRC is responsible for the interpretation of these Measures.

**Article 50**

An insurance company operating individual endowment insurance business with the function of old-age protection shall follow the related provisions of these Measures concerning individual pension annuity insurance business.

The scope of the above-mentioned individual endowment insurance products shall be specified by the CIRC separately.

**Article 51**

These Measures shall come into force as of January 1, 2008.

End.