

Press Release
**LCQ10: Insurance industry exploring the Mainland
insurance market**

Wednesday, December 17, 2008

Following is a question by the Hon Chan Kin-por and a written reply by the Secretary for Financial Services and the Treasury, Professor K C Chan, in the Legislative Council today (December 17):

Question:

Quite a number of members of the insurance industry have relayed to me that as the economic and trade relationship between Guangdong and Hong Kong is getting closer, the industry wishes to provide insurance services to Hong Kong businessmen operating in the Mainland and also have further exchange with the insurance industry of the Mainland. In this connection, will the Government inform this Council:

(a) whether it will explore specific measures to assist the insurance industry of Hong Kong in developing insurance and its related services in the Mainland, so as to strengthen the cooperation between Guangdong and Hong Kong on insurance businesses; if it will, of the details of such measures; if not, the reasons for that; and

(b) given Supplement IV to the Mainland and Hong Kong Closer Economic Partnership Arrangement has made a specific commitment that Hong Kong insurance agency companies are allowed to set up wholly-owned enterprises in the Mainland to provide insurance agency services to mainland insurance companies, whether the Government will implement follow-up measures to facilitate Hong Kong insurance agency companies to commence the relevant businesses; if it will, of the details of such measures; if not, the reasons for that?

Reply:

President,

(a) The Special Administrative Region Government has all along endeavoured to assist the insurance industry in exploring the Mainland insurance market, and has relayed their views and requests to the relevant Mainland authorities with a view to promoting financial cooperation between the two sides. Measures have been put in

place under the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA) to facilitate the Hong Kong insurance sector to develop and operate their business in the Mainland. We will continue to discuss with the Mainland authorities to explore other viable measures to benefit the Hong Kong insurance industry under CEPA.

Besides, the Office of the Commissioner of Insurance (OCI) has been working closely with the China Insurance Regulatory Commission (CIRC) and they have regular exchanges on the development and latest situation of the respective insurance markets to enhance mutual understanding and cooperation. In November this year, the Commissioner of Insurance led a delegation of industry representatives to Beijing to conduct exchanges with the CIRC and the Mainland insurance practitioners on the development of micro-insurance in rural areas of the Mainland.

We believe that closer financial cooperation between Guangdong and Hong Kong can bring mutual benefits and achieve a win-win situation. In this regard, in October this year, I have led a Hong Kong delegation to participate in the "Hong Kong-Guangdong Financial Cooperation Seminar". We will continue to strengthen financial cooperation with the Guangdong Province, and explore with the relevant Mainland authorities suitable financial services projects (including insurance) to be launched as pilot programs in Guangdong which may provide a testing ground for nation-wide implementation in future.

(b) To facilitate interested insurance agency companies to submit applications to the CIRC, the OCI and the Trade and Industry Department have uploaded on their websites detailed information and provisions relating to the establishment of wholly-owned insurance agency companies in the Mainland by Hong Kong insurance agency companies under Supplement IV to CEPA. The information includes "Notice on the Establishment of Wholly-owned Insurance Agency Firms in the Mainland by Hong Kong and Macao Insurance Agency Firms" issued by the CIRC, "Easy Guide to Investment in CEPA Service Sectors" (including insurance sector) prepared by the Trade and Industry Department, relevant Mainland rules and regulations, and frequently asked questions.

In addition, the OCI plans to hold a seminar in collaboration with relevant Mainland organisations to enhance the understanding of Hong Kong insurance agency companies on relevant application procedures and Mainland regulations.

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