

## Press release

LCQ14: Assisting the insurance industry in developing business in Qianhai  
Wednesday, June 19, 2013

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 (June 19):

Question:

The work for establishing Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen (Qianhai) is in progress, and it is expected that by 2020, Qianhai will become internationalised with a first-rate modern service industry system. According to the Overall Development Plan on Hong Kong/Shenzhen Cooperation on Modern Service Industries in Qianhai Area approved by the State Council, the Central Government has requested Qianhai to actively implement the early and pilot policies under the framework of the Mainland and Hong Kong Closer Economic Partnership Agreement, and it has been learnt that the finance industry in Hong Kong is also determined to pursue development in Qianhai. It has been reported that Shenzhen Bureau of China Insurance Regulatory Commission is formulating favourable policies to support the development of Hong Kong's insurance industry in Qianhai under the early and pilot policies (including developing a pilot scheme of massive disaster insurance, promoting the development of Qianhai into a reinsurance centre, and appropriately lowering the entry threshold for Hong Kong insurance companies to conduct business in Qianhai). In this connection, will the Government inform this Council whether it will assist Hong Kong's insurance industry in developing business in Qianhai; if it will, of the details, including whether it has held any meeting with the relevant authorities of Shenzhen to discuss specific proposals; if it has, of the details; if not, the reasons for that?

Reply:

President,

Since the signing of the "Mainland and Hong Kong Closer Economic Partnership Arrangement" (CEPA) and its various supplementary agreements, the Administration has successfully facilitated the Hong Kong insurance industry in gaining greater access to the Mainland market through this platform. The relevant CEPA liberalisation measures include:

(1) with effect from January 1, 2004, groups formed by Hong Kong insurance companies through re-grouping and strategic mergers are allowed to enter the Mainland insurance market subject to established market access conditions, and the maximum limit of capital participation by a Hong Kong insurance company in a Mainland insurance company is 24.9%;

(2) with effect from January 1, 2008, Hong Kong insurance agency companies are allowed to set up wholly-owned enterprises in the Mainland to provide insurance agency services to the Mainland insurance companies; and

(3) with effect from April 1, 2012, Hong Kong insurance brokerage companies are allowed to set up wholly-owned insurance agency companies in Guangdong Province (including Shenzhen) on a pilot basis. The place of operation should be in Guangdong Province (including Shenzhen).

The Administration will continue to maintain close liaison with relevant Mainland authorities and regulatory bodies to facilitate the development of the insurance industries in Hong Kong and the Mainland, and to pursue greater access to the Mainland market by our insurance sectors under the CEPA framework.

The Administration has been actively pursuing with the relevant Mainland authorities to lower the thresholds for the Hong Kong insurance sector to enter the Guangdong market, including Qianhai, on a pilot basis. On the issue of Hong Kong insurance sector gaining access into Qianhai, the Administration has been in close contact and communication with the Shenzhen Municipal Government, the Shenzhen Bureau of the China Insurance Regulatory Commission and the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen, etc, in an effort to jointly explore opportunities for further cooperation between the insurance sectors of Shenzhen and Hong Kong, and the feasibility of implementing various preferential measures in Qianhai. We will continue to engage insurers and insurance intermediaries to solicit their views on market development (including those on promoting the Hong Kong insurance industry in the Mainland). In future, the Administration will continue to follow up with the relevant Mainland authorities with a view to assisting the Hong Kong insurance industry to further develop their business in the Mainland market.

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