

# China Amends the Regulation on Foreign-Invested Insurance Companies to Implement Opening-up Policies

October 25, 2019

On October 15, 2019, the State Council of China announced the long-awaited amendment to the Administrative Regulations on Foreign-Invested Insurance Companies (the “Amendment”), formally codifying the following measures previously announced by the Chinese government to further open up the Chinese insurance sector to foreign investors:

- **Investment by overseas financial institutions.** The Amendment added a new provision, permitting the overseas financial institutions to invest in foreign-invested insurance companies, with detailed implementation rules to be formulated by the China Banking and Insurance Regulatory Commission (the “CBIRC”). This significantly expands the pool of investors beyond the traditional foreign insurance companies. The definition and scope of “financial institutions,” however, are yet to be clarified in the implementation rules.
- **Relaxation on market access requirements.** The Amendment removed the requirements that a foreign insurance company must have engaged in insurance business for more than 30 years and have maintained a representative office in China for at least two years before it can establish a foreign-invested insurance company in China.
- **Investment by foreign insurance group company.** The Amendment now allows foreign insurance group companies to establish foreign-invested insurance companies in China, with detailed implementation rules to be formulated by CBIRC. Normally a group holding company has more assets and strengths than its subsidiaries, which would make it easier for a foreign insurance group company to meet the various eligibility requirements for establishing an insurance company in China, such as total assets of at least US\$ 5 billion.

The above amendments took effect on October 15, 2019.

It is expected that the CBIRC will amend the Implementation Rules for the Administrative Regulations on Foreign-Invested Insurance Companies accordingly and

---

issue further detailed rules to implement other opening-up commitments announced by the Chinese government in the recent two years including the removal of 51% foreign ownership restriction in the life insurance sector in 2020.

\* \* \*

We will continue to monitor developments in this area. If you have any questions, please do not hesitate to reach out to your regular Debevoise contacts.

*Debevoise & Plimpton LLP, as all other foreign firms in China, is not admitted to practice PRC law. This update is based on our review of the relevant laws and on our general experience dealing with similar matters. We would be pleased to arrange for assistance from licensed Chinese counsel should you require a formal opinion on any of the matters referred to herein.*



**William Y. Chua**  
Partner, Hong Kong  
+852 2160 9813  
wychua@debevoise.com



**Edwin Northover**  
Partner, Hong Kong  
+852 2160 9848  
enorthover@debevoise.com



**Tingting Wu**  
International Counsel, Shanghai  
+86 21 5047 1800 x202  
twu@debevoise.com



**Fengjian Ao**  
Associate, Shanghai  
+86 21 5047 1800 x237  
fao@debevoise.com