

Equivalence Assessment Framework Agreement on Solvency Regulatory Regime signed by Office of the Commissioner of Insurance and China Insurance Regulatory Commission

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The Office of the Commissioner of Insurance and the China Insurance Regulatory Commission (CIRC) signed the Equivalence Assessment Framework Agreement on Solvency Regulatory Regime today (May 16) in Beijing, to conduct equivalence assessment on the insurance solvency regulatory regimes of the Mainland and Hong Kong.

At present, the Mainland and Hong Kong are developing their own enhanced risk-based solvency regulatory regimes with reference to their own circumstances and international benchmarks. The Agreement stipulates that the objectives of the equivalence assessment are to achieve mutual equivalence recognition of the solvency regulatory regimes in the two places and, on that basis, provide regulatory convenience over supervision of the insurance industry on both sides for avoiding regulatory overlap. The Agreement also stipulates the implementation procedures of the equivalence assessment, as well as the relevant transitional arrangements, to enhance the co-operation between the two regulatory bodies.

The Commissioner of Insurance, Mr John Leung, said, “The insurance industry is an important pillar of the financial services sector in the Mainland and Hong Kong. The mutual equivalence recognition of the solvency regulatory regimes between the two places will promote the development of the insurance industry on both sides and encourage cross-border business. This will bring opportunities for the insurance industry on both sides and serve as a response to the proposal made by the industry. Our goal is to complete the equivalence assessment within four years. Before the completion of assessment, both sides agreed on a transitional regulatory arrangement which recognises the solvency regime of each other as the same or similar to that of another. We will then discuss with the CIRC on the specific measures under the transitional arrangement.”

The Vice-chairman of the CIRC, Mr Chen Wenhui, said, “With the signing of the Agreement, the two places will eventually achieve mutual

equivalence recognition, which will enhance consensus, strengthen co-ordination and safeguard the common interests of the insurance regulators of both sides during the formulation of international solvency regulatory plans, and promote a fair and legitimate environment for the development of the insurance industry, so as to strengthen the co-operation between the two insurance sectors, and enhance the regulatory efficiency and market effectiveness of both places.”

Ends/Tuesday, May 16, 2017

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