

INSURANCE NOTES

KPMG Hong Kong's monthly insurance news summary

February 2004

In the news:

- Beijing State-owned Assets Management
- China Export and Credit Insurance Corporation
- China Life
- China Pacific
- CUNA Mutual
- Fubon
- Heng-An Standard Life
- HSBC Insurance
- Liberty Mutual
- Munich Re
- Ping An
- Sinosafe
- Skandia-BSAM
- Skandia Insurance
- Standard Life
- Taikang Life
- Teda Investment
- Winterthur Life
- Xinhua

- In brief

Winterthur Life has signed a five-year contract with IBM China/Hong Kong outsourcing its data centre operations. Besides infrastructure hosting and management, the new deal includes IBM's purchase of the insurer's various IT systems and integrating these into the IBM Universal Server Farm platform, which delivers all data centre services.

Taikang Life Insurance Co has recently opened a branch in Nanchang and Changchun, making its provincial branches up to 26. The branches in Urumqi, Nanning and Taiyuan will be also scheduled to open business soon.

China Pacific Insurance (Group) has reported a profit of 1.03 billion yuan in 2003, a year-on-year rise of 45 percent. The company has maintained high profit growth for six consecutive years.

Sinosafe Property Insurance will establish a branch in Beijing. It has also obtained the approval from the China Insurance Regulatory Commission ("CIRC") to set up branches in Nanjing, Hangzhou, Dalian and Chengdu.

Liberty Mutual Insurance has opened an office in Chongqing. It becomes the first foreign property casualty insurer to have an office in western China.

Standard Life has started writing new business in China through **Heng-An Standard Life Insurance**, a joint venture with **Teda Investment** and will be offering a variety of products to meet the needs of customers in the

Tianjin region.

Skandia-BSAM Life Insurance, a joint venture between **Skandia Insurance** of Sweden and **Beijing State-owned Assets Management**, has been launched in Beijing. It is the first insurance joint venture in Beijing to be approved by the CIRC.

Fubon Insurance has become the first Taiwanese non-life insurer to apply to the CIRC for a license for business in mainland China.

Ping An Insurance has planned to raise US\$2 billion through a listing on the Hong Kong Stock Exchange in the second quarter. In addition, it has agreed to buy half of the shares of China's Fujian Asia Bank. **Ping An** also signed another agreement with HSBC to provide emergency services to customers of **HSBC Insurance** who meet with accidents while in mainland China beginning from January 2004.

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China Life Insurance has set up China's first life insurance asset management company. The company will manage in excess of RMB 330 billion of assets. **China Life** also announced that it plans to enter the property insurance and insurance intermediary agent business. It also plans to list domestically in 2005.

Xinhua Life Insurance will become the first insurance company in 2004 to list on the China's A-share market. It plans to raise RMB 4 billion through an offering of 400 million shares.

Munich Re is to lead the first reinsurance deal with a Chinese government agency, the **China Export and Credit Insurance Corporation** (Sinasure). The deal is expected to cover business worth more than \$5 billion under a proportional treaty arrangement.

CUNA Mutual has recently signed three agreements with Chinese credit cooperatives to offer insurance protecting borrowers in China against disability or death.

In brief

- ◆ The Hong Kong Federation of Insurers has opposed to a government proposal to establish policyholder compensation funds which pay up to HK\$1 million in claims to individual policyholder should their insurance firm collapse.
- ◆ The CIRC will encourage insurance companies to invest in hospital or establish cooperative relationships to improve risk control systems.
- ◆ According to an unnamed insurance regulatory official, China's insurance sector will cooperate with medical organisations and hospitals to launch trial health insurance reforms in some developed areas.
- ◆ According to CIRC, Shanghai's insurance industry collected premiums of RMB 28.99 billion in 2003, up 22% compared with 2002.
- ◆ Several foreign insurance companies have filed applications with the CIRC for entering Jiangsu as China will lift the geographical limits on foreign insurers in 2004.
- ◆ The CIRC has revised the Administrative Regulations on Foreign-Invested Insurance Institutions to adapt to China's changing insurance market environment. The revised regulations will become effective on 1 March 2004.

Sources: Insurance Day, South China Morning Post, Xinhua Economic News Services, ChinaOnline, Asia Insurance Review and various insurance websites.

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