Sell Life Insurances to Chinese Customers?

Description

Insurances are big and important things in our lives. For family lawyers and lawyers who do estate planning, insurances, in particular health insurances and life insurances are powerful and indispensable instruments, though I admit that I have not given enough attention to insurances laws in the past.



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With more Chinese people getting affluent, many families are getting more concerned with health, retirement, and estate planning. Insurance products, in particular, health and life insurances have been recognized for their use and functions in addressing those concerns.

The rise of insurance demand in mainland China has intrigued insurance companies outside China and their agents or brokers. Before the covid-19 pandemic, insurance agents from Hong Kong are flooding in mainland China, esp the first-tiered metropolis cities like Shanghai, Shenzhen, Beijing and Guangzhou.

However, China insurance regulatory authority is not happy about this. Indeed, as early as in 2004, China insurance industry watchdog the then China Insurance Regulatory Commission issued an order requesting China insurance companies prohibiting their agents and brokers from introducing, promoting or otherwise facilitating the sale of offshore policies.

Apparently, the 2004 restriction order has not been effective in containing the expansion of offshore insurance policies in mainland China. As a lawyer practicing cross-border family laws, I havepersonally received quite a number of inquiries from offshore insurance folks asking me to help to selltheir insurance products (mainly life insurances), and I have also personally met a few insurancebrokers from Hong Kong and Singapore.

So the rampant growth of sale of foreign policies has led to China Insurance Regulatory Commission to issue another order aiming to clamp down sale of foreign and offshore insurance products, explicitly prohibiting any form of marketing (seminar, advertisements, conference) or sale by any organization or individuals, in particular, those wealth management firms, consulting firms, and insurance brokers.

Such regulatory proscriptions have not accomplished its intended goals at all. The huge benefits offered by foreign and offshore policies continue luring rich Chinese people to buy those expensive life insurances until the outbreak of the covid-19 pandemic that have largely stopped people from travelling across borders.

Not only has the pandemic changed the tide, China foreign exchange rules have also tightened in the past years making it more difficult for mainland Chinese to purchase offshore policies in Hong Kong and other jurisdictions.

Despite the current regulatory restrictions and prohibitions, it is a sure thing that Chinese people will continue purchasing offshore or foreign insurance products once the pandemic is over and China opens its border.

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However, please note that Chinese citizens who have fund outside China are free to purchase those offshore insurance policies, and on the other hand, foreigners in China are also free to use RMB fund to purchase China domestic insurance products.

We will write more on China insurance regulatory landscape in the future.

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