This guide is intended to inform our clients and others of issues and developments within the China insurance market, particularly the factors affecting the design, marketing and placement of local policies.

The guide has been split into the following key sections:

- Country Overview
- Market Overview
- Local Policy Forms

Following the People Republic of China (PRC)'s accession to the World Trade Organisation (WTO), all Chinese Insurance Legislation has been or continues to be reviewed in order to eliminate any non-compliance with WTO requirements. Some new measures have been introduced providing more flexibility in the choice of insurers and the structure of insurance programs.

To the best of our knowledge the information contained in this guide is accurate at the time of distribution, Chinese Insurance Legislation is subject to change. Further, the interpretation of rules and regulations may vary.

For these reasons, rather than relying solely on the information contained in the China Guide, our recommendation is to discuss your specific insurance needs with a member of Willis Pudong Insurance Brokers Co., Ltd.
The Chinese Insurance Law took form on 01 October 1995. Subsequently, the National People's Congress of China (NPC) approved revisions to the Chinese Insurance Law which became effective on 01 January 2003.

The intention of Chinese Insurance Law is to regulate all insurance activities in China and covers:
- Insurance Contracts covering People and Property
- Insurance Companies, and Intermediaries (agents, brokers and loss adjusters)
- Insurance Industry Supervision and Regulations
- Legal Responsibilities

In addition to the Chinese Insurance Law, the insurance industry's regulatory authority, the China Insurance Regulatory Commission (CIRC), has also published rules and regulations governing how insurance companies and intermediaries are to conduct business. CIRC was formally established in November 1998 to assume the role previously undertaken by the People's Bank of China (PBOC).

The following is not intended to be an extensive summary or translation of the local laws, but rather to highlight specifics which are relevant for a company looking to purchase insurance in China.
1. Currency and Foreign Exchange Control

The local currency is Ren Min Bi (RMB¥). It was “unofficially” pegged to the US$ at approximately US$1 = RMB¥8.277 for an 11 year link. The RMB¥ is now pegged with a basket of currencies and the current exchange rate is US$1 = RMB¥8.10. Although foreign currency exchange controls are expected to gradually relax, there remain restrictions governing the remittance of foreign currency from the PRC.

Effective from 01 November 2002, the State Administration Bureau for Foreign Exchange (SAFE) in conjunction with the CIRC issued a new document entitled “Temporary Foreign Exchanges Regulations for Insurance Business”.

The article states all property insurance policies issued in China have to be in RMB¥, except where:

- The interest insured is of a mobilized nature between the territorial boundary of PRC and outside.
- The interest insured is located or appear outside the territorial boundary of PRC.
- Both the insured and beneficiary are a legal entity or person located outside the territorial boundary of PRC.
- The interest insured is located within the territorial boundary of PRC, however, the existence or appearance has been through the process of international leasing, international syndication, loan or other international financing facility.

Personal Accident / Medical Insurance allowed to be insured in foreign currencies when:

- The insured is a legal entity from a foreign country or a foreign government representative to PRC, and the beneficiary is also a person located outside PRC.
- A citizen of PRC is travelling abroad.

Otherwise individual approval from SAFE is required. The regulations also require that only authorized insurance companies can transact business in foreign currencies.
2. Compulsory Insurance

Only locally established or domestic insurers are permitted to write compulsory insurance. Although there may exist differing requirements for certain industry sectors, compulsory insurance is usually limited to the following:

2.1 MOTOR THIRD PARTY LIABILITY INSURANCE

In accordance with Road Traffic Administrative Regulations, Motor Third Party Liability Insurance is compulsory and has to be insured with an authorized domestic insurance company. Foreign insurers are only permitted to underwrite excess coverage.

The law does not specify a minimum limit and insurers are unwilling to provide unlimited liability cover. The majority of local motor policies provide a limit of RMB¥100,000 or less, any one occurrence.

Recent liability cases indicate that courts are prepared to factor in an individual's career, income and dependants when deciding awards. It is therefore recommended that a limit of at least RMB¥500,000 is purchased.

2.2 SOCIAL SECURITY SCHEME

The Social Security Scheme (SSS) is compulsory. The scheme is administered by the state where the employer and employee register with the local Labour Bureau and contribute a specified monthly sum to a fund. This is for the benefit of employees and is intended to cover medical, unemployment, pension, maternity and housing (fund for home purchase).

The level of contributions and entitlements varies by city and province. The benefits are relatively low subject not only to thresholds or ceilings, but retentions on part of the claimant for portions of the benefit payable. Expatriate workers (or anyone who is not a Chinese national), are not eligible for SSS. Unfortunately, there is no medical product in the local market which is deemed appropriate for expatriate workers.

Due to the relatively low limits including amongst other inefficiencies, it has become standard practice to top these benefits up with products available in the commercial insurance market (e.g. employers liability, personal accident, supplementary employee benefits).

IMPORTANT
Reports are occasionally received of local hospitals refusing to provide even basic emergency treatment if an individual cannot submit evidence that the medical bills can be settled. Particularly in the case of foreigners, it is important for evidence of insurance (e.g. medical card) be carried at all times when in China. Where possible, cover should be extended to include emergency evacuation / repatriation.
In terms of who is responsible for SSS contributions:

- Representative offices do not have a legal trading status and are not allowed to employ their own employees. In fact, employees are in fact recruited through and under secondment from a State Employment Agent. As the “legal” employer, the State Employment Agent is responsible for SSS contributions. It is usual for the salary for an employee seconded from a State Employment Agent, to already include the necessary contributions.

- For entities that are not otherwise Representative Offices, they are responsible for SSS contributions. Foreign companies are advised to speak to their local Labour Bureau.

**IMPORTANT**

*A new investor in an existing company is usually made responsible for outstanding contributions / obligations under a historical scheme. Our recommendation that this issue be covered in any due diligence investigations seeking appropriate legal and professional advice where required.*

### 2.3 WORK RELATED INJURY INSURANCE

With effect from 01 January 2004, a new law was passed (Act of Insurance Against Industrial Injury) which made work injury a compulsory class in China:

- Clarifies an employer's responsibility to employees for work related injuries.

- Sets out the requirement for a compulsory fund / scheme for work related injury including guidelines on how it will be administered; the scope of cover; how claims are to be lodged; and the fines and penalties due for non compliance.

The level of contributions will vary depending on the industry and nature of work undertaken. Although a compulsory scheme, it does not take away an employers' legal liability towards employees under civil law. Employers Liability should be effected to obtain comprehensive protection. Regardless, companies need to be aware of this development and seek appropriate legal and professional advice.

### 2.4 CONSTRUCTION WORKER INSURANCE

The Chinese Construction Law requires employers to provide bodily injury insurance for employees engaged in “dangerous” work on a construction site. This could either be in the form of employers liability or personal accident insurance. The law however does not state a specific type of insurance or minimum amount of indemnity.
3. Non-Admitted Insurance

The regulations regarding on non-admitted insurance arise under the following:

- Only locally registered insurance companies can transact business in China - Article 6 of the Chinese Insurance Law states the exclusion of all others, only those insurance companies established in accordance with the Chinese Insurance Law, can provide insurance in the PRC.
- Insurance can only be purchased from an insurance company registered in China - Article 7 of the Chinese Insurance Law requires that all legal entities and organisations within the PRC should only insure with insurance companies registered in the PRC.

The combined affect of Articles 6 and 7 is to prohibit non-admitted insurance (e.g. provision of insurance without the issue of a local policy).

Although non-admitted insurance is prohibited, the following clauses of insurance tend to be insured outside of PRC due to the fact that the risks (significant portions) are transitory and/or not domiciled in China:

- Import / Export Cargo Risks
- Personal Accident / Travel
- Products Liability (overseas sales)

Our recommendation is to approach the issue with a degree of caution. Please consider a local admitted policy where possible.
4. Reinsurance

New Reinsurance Regulations have been introduced effective, 01 December 2005. With immediate effect, at least 50% of all permitted reinsurance, both facultative and treaty, must first be offered to locally licensed reinsurers. There are 6 locally licensed reinsurers in China: China Re, PICC property & Casualty Re, China Life Re, Munich Re, Swiss Re, and General Cologne Re.

Foreign insurers operating in China will not be permitted to reinsure any share to affiliated companies without prior approval by government regulators.

- When arranging reinsurance, at least two locally licensed reinsurers should first be approached.
- Total shares offered to locally licensed reinsurers must not be lower than 50% of the total reinsurance requirement.
- The reinsured amount of any one risk to a single reinsurance company should not exceed 80% of the original sum insured or limit of liability (exceptions, aviation, nuclear, oil, and credit insurance).
- The reinsured amount of any one risk to an affiliated reinsurance company of the original proposer by any one facultative contract should not exceed 20% of the original sum insured or limit of liability (exceptions, aviation, nuclear, oil, and credit insurance).

IMPORTANT
Where reinsurance is required, priority should be given to reinsurance companies registered in China. In practice, most international insurers have working relationships with nominated local partners.

5. Geographical Restrictions

Apart from a few domestic insurers who have nationwide licences, insurers can only insure business within their given trading territories.

5.1 LARGE COMMERCIAL OR INDUSTRIAL RISKS

With effect from 20 February 2002, insurers with restricted trading authority can insure “large commercial or industrial risks” falling outside of their geographical license.

These risks are defined as property damage sum insured in excess of RMB¥150,000,000 and where the total annual premium is more than RMB¥400,000.

5.2 MASTER POLICIES

It is possible to consolidate insurance coverages with a master nationwide program. In order to issue such a policy covering cross-border / multi-interest operations within the PRC, the insurance company must recognize one of the following:

- Licensed in the same territory as where the insured is based / has it's registered office.
- Located in the same territory where at least 50% of the insured's property is based.

Master policies cannot be issued for motor, credit, bond or nuclear risks.
6. Compliance Issues

The PRC Legal System is in an infancy state, rulings are inconsistent, with limited interaction between varying laws. The legal system is predominantly based on written statutes where decided legal cases have minimal precedence. Often times, laws are deemed open for interpretation.

Compliance requirements exist, and are expected to be followed accordingly. Deviation from compliancy, may result in illegal operations. To protect assets, these requirements should be met.

Provided below are two examples for reference.

6.1 STATE FIRE-FIGHTING & SAFETY REGULATIONS

The Chinese Insurance Law, Article 36: State Fire-Fighting & Safety Regulations, states the requirements to comply with local standards regarding fire, safety at work and labour protection. Failure to comply with local standards may result in a claim being declined/invalid coverage.

Article 36 of China Insurance Law

“The insured shall observe the relevant regulations on fire, safety, production operations and Labour protection and protect the objects insured. According to the contract, the insurer may carry out safety checks of the objects insured and timely put forward written proposals to the insurer or the insured to eliminate unsafe factors or hidden dangers.

If the insurer or the insured has failed to perform its due obligations concerning the safety of the objects insured, the insurer has the right to demand additional insurance premiums or terminate the contract. The insurer may, with the consent of the insured, adopt precautionary measures in order to safeguard the objects insured.”

6.2 SAFE PRODUCTION LAW

The Safe Production Law stipulates if a company employs more than 300 employees, the employer has the obligation to either create a safety management department or appoint a qualified safety officer.

7. Product Quality Law

The enactment of the Product Quality Law with effect from 01 September 2000 has helped clarify the duties owed to consumers by manufacturers, suppliers and retailers. Any consumer who has suffered injury/damage now reserves the legal right to seek compensation. By international standards, China is not a litigious society, although ever-changing.

8. Tariff Rating

At present, no line of insurance is subject to tariff rating.

Prior to 2003, premium rates for motor were controlled by the CIRC, restricting every insurance company to offer the same rate. From 01 January 2003, insurers are now allowed to propose their own rates and conditions.
9. Policy Forms

Before 20 April 2004, it was required that all policy wordings had to be pre-approved by the CIRC. It has now become possible for insurers to use their own policy forms without prior approval, so long as the wording is submitted to the CIRC for record within 7 days. Restrictions continue to apply for statutory motor, health, credit and profit sharing insurance.

10. Policy Issuance

Typically, an insurance policy will be issued 30 to 60 days post inception date. Local market practice, premiums will not be paid until the insurance policy has been issued. The insurance policy will be accompanied by a debit note. Upon premium settlement, the respective insurance company will release an official tax receipt.

11. Premium Remittance

The standard practice regarding premium remittance is the insured pays premium direct to insurer. If premium is issued on gross terms, then the intermediary / broker will collect respective remuneration from insurer, upon premium settlement. This practice is enlarge predominant throughout the region. Other methods of premium remittance are utilized, however, handled on a case by case basis.

12. Premium Payment Warranty

Without prior notice, not uncommon for insurers to exercise a Premium Payment Warranty, requesting premium to be paid within 15 or 30 days from attachment. Failure to meet the Premium Payment Warranty condition, potential claims will be subject to prejudice. Imperative to review the insurance policy once received.

13. Policy Issuance Tax

There is a policy issuance tax of 5%, as well as, a minimal local government tax dependant upon the location of the insurance company. The policy issuance tax is typically absorbed by the insurance company as part of the overall premium.

When outward reinsurance is utilized then the policy issuance tax is passed to the respective reinsurer.


Articles 15 and 16 of the Chinese Insurance Law stipulate that in the absence of any legal requirements or written provisions under an insurance contract, an insurance policy once effected, cannot be cancelled by the insurance company. The Insured can cancel an insurance policy at any point during the contract term.

IMPORTANT
Premium is allowed to be paid from an overseas source direct to insurer with appropriate documentation. The most freely accepted foreign currency is US$.
Historically the market has been dominated by the People’s Insurance Company of China (PICC). This domestic monopoly came to an end in 1988. Following China’s accession to the WTO in December 2001, the pace of deregulation accelerated with foreign non-life insurers allowed to set up branches or joint ventures in Shanghai, Guangzhou, Dalian, Shenzhen and Foshan (further deregulation included additional ten cities). With effect from December 2004, geographical restrictions have been lifted.

Business licenses issued to foreign non-life insurers specify the services that can be provided. These limitations will eventually also be lifted and foreign life insurers will be permitted to enter the market to provide group health, pension and annuity products which were previously only provided for by life insurers.

The reported 2004 China insurance market premium income was US$52 billion. Non-life accounted for 25% (13.5 billion). There are 26 non-life and 28 life insurers.

Market capacity for the “best risks” estimated to be as follows:

- Property (including BI) US$1.2 Billion
- CAR / EAR US$1.2 Billion
- Machinery Breakdown US$650 Million
- Marine Cargo US$30 Million
- General Third Party Liability US$50 Million

Pricing remains extremely competitive and scope of cover in many instances is still restricted to basic policy forms. These are discussed in more detail in the section "Local Policy Forms".

**IMPORTANT**
The carriers listed in this guide are provided for information purposes only. We do not guarantee the financial solvency of any insurance carrier. It is important to check the approval status of all carriers, per Willis guidelines.
1. Domestic Insurers

Domestic insurers dominate the non-life market, possessing over 98% (end of 2004). There are currently four nationwide domestic insurers.

CHINA PACIFIC INSURANCE COMPANY
- Established in 1991
- 26,000 staff and 1,785 branches
- Approximate 12% non-life domestic market share

HUATAI INSURANCE COMPANY
- Established 1996
- ACE has 20% stake
- First nationwide joint-stock property insurance company
- Approximate 4% non-life domestic market share

PEOPLE’S INSURANCE COMPANY OF CHINA
- Former State Monopoly, founded in 1949
- 90,000 plus staff and more than 4,000 branches
- Listed on the Hong Kong Stock Exchange (October 2003)
- AIG Group has 20% stake
- Approximate 58% non-life domestic market share

PING AN INSURANCE COMPANY OF CHINA
- Established 1998
- Principal shareholders, China Merchants, Industrial and Commercial Bank of China, China Overseas Shipping Company, Morgan Stanley, Goldman Sachs and HSBC
- Listed on the Hong Kong Stock Exchange (June 2004)
- Approximate 9% non-life domestic market share

OTHER MAJOR DOMESTIC INSURERS

- China Continent Insurance Company
- China Union Insurance Company
- Dazhong Insurance Company
- Sinosafe Insurance Company
- Tian An Insurance Company
- Tai Ping Insurance Company
2. Foreign Insurers

Currently foreign insurers cannot write compulsory insurances (e.g. SSS, motor third party Liability). As geographical and license restrictions are subject to change, insurers should be consulted to confirm their current status, as well as, ability to write risks falling outside of their known underwriting territories.

Meanwhile, CIRC is beginning to allow branch operation of foreign insurance companies in China to be changed to subsidiary operation. The local subsidiaries may therefore have a different security rating to that of the parent company.

The following is an illustration of the main non-life foreign insurers who have underwriting licenses in China:

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<tr>
<th>Foreign Insurers</th>
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<tr>
<td>AIU</td>
<td>Mitsui Sumitomo</td>
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<tr>
<td>Allianz</td>
<td>Munich Re</td>
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<tr>
<td>Bank of China</td>
<td>Royal &amp; Sun Alliance</td>
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<tr>
<td>Chubb</td>
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<tr>
<td>General Cologne Re</td>
<td>Sompo Japan</td>
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<tr>
<td>Liberty Mutual</td>
<td>Swiss Re</td>
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<tr>
<td>Lloyd’s (*)</td>
<td>Tokio Marine &amp; Fire</td>
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<td>Ming An</td>
<td>Winterthur</td>
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(*) Lloyd’s received license from CIRC Q4 2005.

3. Loss Adjusters

There are over 215 (end of Q3 2005) loss adjusting firms in China, with exponential growth expected to continue in this specialization. Vast majority of the firms being domestic, to some degree, lack expertise and fail to adopt international practices. For major risks, it is recommended that international loss adjusting firms are nominated and agreed with insurers prior to policy inception; particularly when it comes to Business Interruption losses.

4. Insurance Brokers

The Chinese Insurance Law facilitates the establishment of insurance brokers with a clear definition of their roles and responsibilities. In November 2001, the CIRC issued regulations governing the administration and operation of insurance brokers. The market had been restricted to local brokers, but beginning in 2002, foreign brokers were allowed to enter the market only as part of a joint-venture partnership. Due to the gradual removal of restrictions, foreign brokers have adopted various approaches to entering the domestic market.

**IMPORTANT**

Only licensed insurance brokers are allowed to transact insurance business. Insurance companies are only allowed to transact insurance business with licensed insurance brokers.
Most policies issued in China are characterised by the following:

- Policies are available in either Chinese or English, including electronic versions.
- Primarily annual policy terms.
- Standard policy wordings dominate the market.
- Majority of policies contain maximum periods for claim notification, 1 to 2 years post date of loss.

1. Construction / Erection

Policy wordings are usually based on the CIRC approved format, PICC standard form. Becoming more common are the Munich Re and Swiss Re standard forms. Extensions can be negotiated and endorsed on commercial basis. Delayed Start-Up / Advance Loss of Profits is available with limited local capacity.

2. Property Covers

Standard fire wordings commonly provide the following perils: fire, thunder, lightning, explosion, bursting of water pipes, storm, hurricane, typhoon, cyclone, flood, hailstorm, rockslide, avalanche, earthquake, volcanic explosion, subsidence of ground, subterranean fire, crashing aircraft and parts / articles falling from aircraft.

Additional coverage such as burglary, civil commotion and sprinkler leakage can be endorsed. All Risk wordings are also available.

2.1 GENERAL CLAUSES / EXTENSIONS

The following clauses are available in the market:

- All Other Contents Clause
- Automatic Cover Clause
- Automatic Reinstatement of Sum Insured Clause
- Capital Additions Clause
- Debris Removal Cost
- Errors & Omissions Clause
- Escalation Clause
- Extra Charges or Expediting Repair Expenses
- Fire Brigade Charges and Extinguishing Expenses Clause
- No Control Clause
- Non-Invalidation Clause
- Payment on Account Clause
- Professional Fees Clause
- Reinstatement Value Clause
- Sue & Labour Clause
- Temporary Protection Clause
- Temporary Removal Clause
- Time Adjustment Clause - 72 hours
2.2 MACHINERY BREAKDOWN

Coverage is usually offered under a separate, stand-alone policy. However, coverage as an extension of existing property policy is possible. Market practice is to apply a similar if not higher rate than the underlying property damage rate.

2.3 TERRORISM

In line with other international markets, terrorism is a standard exclusion. Cover is dependent on values, location and business activity / partnership. Risks are assessed on a case by case basis. PICC and AIU are the two active players.

2.4 EARTHQUAKE

China is prone to severe and frequent earthquake damage. With effect from 01 September 2001, authorized insurers are allowed to grant earthquake cover as an extension without prior approval from the CIRC. Reliance should not be placed solely on the usual “natural hazards” definition that maybe silent on earthquake. An application has to be made to “buy back” the cover.

It has become “market practice” for insurers to try and limit any “buy back” to an 80% limit of indemnity. It is possible to negotiate a higher limit (and sometimes up to a 100% indemnity), but this is greatly dependent on the location and value of the risk, the insurer’s understanding of the exposure in that area, as well as, the availability of reinsurance.

2.5 FLOOD

A number of regions are susceptible to severe flooding caused by over-flowing of rivers and heavy rainfalls, notably the Yangtze River Valley and Delta, the Yellow River Flood Plain and Guangzhou and Hua Nan Plateau.

2.6 TYPHOON

The South and Southeastern coastal zones are exposed to destructive typhoons heading north through the Pacific Ocean and South China Sea. The typhoon season normally lasts from early summer through late autumn. The 2005 typhoon season has been extremely active, recording the strongest wind speeds of the past fifteen years.

2.7 OTHER NATURAL PERILS

Substandard construction, poor river flood prevention and evacuation procedures have all contributed to a substantial loss of life in recent years. Environmental degradation arising from excessive land cultivation, herding and logging also have contributed to the rise of sandstorms affecting Northern China, including Beijing.
3. Business Interruption

Coverage is available if bought with an underlying property or machinery breakdown policy. Coverage is usually offered under a separate, stand-alone policy. Although U.S. and British Loss of Profits forms are available, local forms dominate. Indemnity periods normally range between 6 to 18 months, longer periods difficult to obtain.

4. Public / Products Liability

Basic coverage is available. In most instances policies issued separately from one another. Most forms are written on a claims-made basis. Loss occurring forms are available but can prove difficult to obtain.

Jurisdiction is usually limited to the PRC. Worldwide products coverage is available, subject to limited insurers and capacity. Insurers tend to exclude coverage for exports to North America.

Gross negligence and intentional acts of employees are standard exclusions, which commonly give rise to claim disputes.

For underwriting purposes and in addition to basic product information and literature, it has become increasingly common for insurers to ask for product quality certification.

5. Motor

Policies continue to be issued on an individual vehicle rather than fleet basis. For own damage, local policies will cover loss or damage caused by the traditional perils.

The law does not specify a minimum limit and insurers are unwilling to provide unlimited liability cover. The majority of local motor policies provide a limit of RMB¥100,000 or less, any one occurrence. It is recommended that a limit of at least RMB¥500,000 is purchased.

Whenever possible, foreign investors are advised to arrange difference-in-conditions (DIC) and difference-in-limits (DIL) or contingent coverage.

Policy Exclusions:

- Intentional acts; engagement in illegal act of the driver, the insured, members of family or employees.
- While being driven by an unlicensed driver or by a driver under the influence of drugs or alcohol.
- Driving under the influence of drugs or alcohol.
- Racing, speed testing, towing or teaching.
- War and / or military actions.
6. Workers' Compensation / Employers Liability

The benefits and covers provided by the Work Related Injury Fund remain comparatively low and moderate. The level of contributions will vary depending on the industry and nature of work undertaken. An injured employee can still sue an employer for compensation, hence it is recommended that Employers Liability be effected on top of the Work Related Injury Fund Scheme.

Standard Employers Liability Benefits:
- Death: 36 months salary
- Permanent Disablement: 48 months salary
- Partial Permanent Disablement: 48 months salary x percentage per indemnity scale
- Temporary Disablement: 70 percent of salary, maximum 52 weeks

Standard practice, aggregate benefit limits range between RMB¥1,000,000 to RMB¥5,000,000.

Standard Extensions:
- Commuting (to and from work)
- Business Trip (domestic and overseas)
- Social and Recreational Activities
- 24 Hours Personal Accident

7. Personal Accident

Benefits are similar to those available under an Employers Liability policy.

Policy Exclusions:
- War, strikes, riot, nuclear radiation, etc.
- Illness, infectious disease, childbirth or pregnancy, medical or surgical treatment.
- Suicide, self-inflicted injury, criminal or disorderly conduct.
- Hunting, climbing, racing, skiing, fighting, intoxication, drugs, insanity, etc.

8. Employee Benefits

Additional supplementary employee benefits can be purchased from the commercial insurance market.

- Comprehensive Medical Coverage
- Emergency Assistance
- Group Pension
- Life Insurance
- Personal Accident
9. Professional Indemnity

Basic products are being offered by local insurers, but are intended mainly for lawyers and accountants with relatively low limits of indemnity.

For the remaining industry groups (e.g. medical profession, construction, financial services), current policy forms are likely to be inadequate and consideration will need to be given to reinsuring the risk if deemed appropriate.

10. Marine Cargo

Imports and exports, to and from China, normally insured abroad (due to the transitory nature). Local insurers do have their own marine clauses, which are similar to the ILU Clauses, while foreign insurers have adopted standard ITC Cargo Clauses.

11. Inland Transit

Transports within the boundaries of PRC are required to be insured on an admitted basis.

12. Crime

Standard Burglary, Money and Fidelity Guarantee covers are available.

13. Credit

The demand for Credit Insurance continues to increase as the need to secure protection for non-payment of trade debts become more frequent.

There are currently two providers, China Export & Credit Insurance Company and Euler Hermes Credit Underwriters. It is anticipated that more insurers will enter this line of business.

14. Surety

A specialized company, Chang An Surety, has been formed to offer Market Performance / Bid Bonds, as well as, Financial Guarantee for construction projects.