

CHAPTER 1

OVERVIEW OF THE LEGAL FRAMEWORK REGARDING INSURANCE IN CHINA

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OVERVIEW OF INSURANCE IN CHINA

History

¶1-100 Before the foundation of the PRC (1805–1949)

At the very beginning, insurance was something of an exotic phenomenon in China, a totally new concept for the Chinese, a foreign product brought in by Western society. The Canton Insurance Society, established by two English firms (Davidson-Dent House and Beale-Maginie-Jardine Firm) in Guangzhou in 1805, was the first foreign-invested insurance company, as well as the first insurance company in China. Later, English merchants established more insurance companies, such as Yangtze Insurance Company, Sun Insurance Company, the Insurance Department of Butterfield & Swire Company, and the Insurance Department of Jardine Matheson. However, the first Sino-invested insurance company, Yihe Insurance Company, was established in Shanghai only in 1865, 60 years after the establishment of the first foreign-invested insurance company in China. Thereafter, both foreign and domestic players competed in the market, yet on the whole, foreign-invested insurance companies played a much more important role in the China insurance market before 1949.

¶1-110 After the foundation of the PRC

This may be further divided into three periods:

1949–1978: establishment and destruction

This was a period of dramatic changes. After the foundation of the People's Republic of China, the new government carried out rectification and socialist transformation of the numerous former insurance companies, which resulted in the establishment of Taiping Insurance Company and Xinfeng Insurance Company in 1951 and 1952 respectively. The two companies were later merged into Taiping Insurance Company in 1956, which was permitted to conduct only foreign insurance business. Meanwhile, by the end of 1952, all the foreign insurance companies had exited the China insurance market. The People's Insurance Company of China ("PICC"), the first wholly state-owned insurance company in China, which was established on 20 October 1949, became the sole domestic insurance service provider.

However, PICC soon discovered that it no longer had any domestic insurance business. With the completion of the socialist transformation of industry and commerce

in the city and the foundation of the People's Commune in the rural areas in 1958, the government stopped all domestic insurance business at the end of that year, but foreign insurance and reinsurance business were still permitted. From 1966 to 1976, the only insurance business conducted by PICC was export cargo transportation insurance.

1979–1985: recovery and monopoly

During this period, PICC, the only insurance company in China, was again permitted to conduct various domestic insurance business, including property insurance, personal insurance, foreign insurance, agricultural insurance, and reinsurance.

1986–present: competitive market with multiple entities

After the promulgation of the *Administration of Insurance Enterprises Tentative Regulations* by the State Council in 1985, the first new insurance company, Xinjiang Production and Construction Corps Agriculture and Livestock Farming Insurance Company, was approved for establishment in 1986. Thereafter, more and more domestic insurance companies were established. Meanwhile, American International Assurance (AIA) Company Shanghai Branch, the first foreign insurance company in China after the opening-up of China's insurance market, was established in 1992; Sedgwick Insurance and Risk Management and Consultation (China) Company, the first foreign-invested insurance brokers company, was founded in Beijing in 1993; and Manulife-Sinochem Life Insurance Company, the first Sino-foreign joint venture insurance company, was established in 1996. China's insurance industry entered a period of competitive market with more and more market entities.

Current market overview

¶1-120 Insurance business development

Within the first two decades after China reopened its domestic insurance market, China's insurance industry maintained an annual increase of more than 30%. And there has been a strong tendency for increase into the 21st century. For example, the average annual increase of insurance business income was more than 25% during 2000–2005. In 2005, the national insurance business income reached RMB492.84 billion, the insurance density was RMB379, and the insurance depth was 2.7%, which represented an increase of 2.1 times, two times and 0.9% respectively compared with that of 2000. The worldwide ranking of China's insurance business income improved from 16th place in 2000 to 11th place in 2005. The total assets of insurance companies reached RMB1.52963 trillion in 2005, an increase of 3.6 times of that of 2000.

This fast development of the insurance industry can be expected to continue in the future. In the 11th Five-year Plan (that is, from 2006 to 2010) for the insurance industry, the business development targets are that by 2010, the national insurance business income shall exceed RMB1 trillion, which is double that of 2005; insurance depth shall reach 4%; and insurance density shall be RMB750. The total assets managed by the insurance industry shall exceed RMB5 trillion. With the continuing strong growth in

China's national economy and a vastly improved legal and financial environment, few will dare cast doubts on such targets.

¶1-130 Market entities

As can be seen from the data above, China's insurance industry has entered a period of competition with an increasing number of market entities. The market system has gradually improved. According to the official website of the China Insurance Regulatory Commission (CIRC), at the end of October 2006, there are in total 36 property insurance companies and 46 personal insurance companies, including 13 foreign-invested property insurance companies and 25 foreign-invested personal insurance companies (including branches in China of foreign insurance companies and Sino-foreign joint ventures in China). Therefore, there are in total 82 insurance companies in China, including 38 foreign-invested insurance companies, making up nearly half of the total number. Among such insurance companies, a number of specialised insurance companies, such as agricultural insurance companies, pension insurance companies, health insurance companies, automobile insurance companies, and mutual insurance companies, have been set up.

In addition, there are also six insurance group and holding companies, five reinsurance companies (including branches of three foreign reinsurance companies), and nine insurance asset management companies. The increase in market entities, particularly the flourish of foreign-invested insurance companies, will help to form a competitive and open insurance market.

The number of intermediary organisations has also increased rapidly. According to the CIRC website, there are nearly 2,200 professional insurance intermediary organisations, including 1,671 insurance agency specialised, 315 insurance brokerage organisations, and 254 insurance appraisal organisations. There are also 120,000 part-time agency organisations and 1.52 million insurance salespersons in China. All this will promote the development of China's insurance industry.

¶1-140 Problems in the insurance market

Although China's insurance industry has been developing rapidly for more than two decades, the industry has essentially been built from scratch. Therefore, it is not as strong as its development speed may suggest, especially in comparison with the national economy. Moreover, market competition needs to be further enhanced. While the market shares of PICC Property and Casualty Insurance Co Ltd and China Life Insurance Co Ltd — the successors of the former PICC and the biggest players in the property insurance and the personal insurance market respectively — have continued to decrease in recent years, these two companies still held nearly half of the total market share (46.68% of the property insurance premium income and 47.77% of the personal insurance premium income respectively, according to statistics for the period January to September 2006). This is in sharp contrast with the performance of the foreign-invested insurance companies, which only held 4.03% of the total insurance premium for the period January to September 2006 (1.16% of the property insurance premium income and 5.13% of the personal insurance premium income).

According to the 11th Five-year Plan for the insurance industry, other problems that the regulatory authorities are concerned about include: unsound corporate governance structures and internal control mechanisms; insufficient products to meet diversified and individualised insurance demands; misleading sales activities and difficulties in claim settlements; losses from differences in interest rates and inadequate solvency in some insurance companies; and insufficient insurance personnel, especially high quality management personnel and professional people.

OVERVIEW OF CHINA'S LEGAL SYSTEM

¶1-200 Overview of the legislation system

The modernisation of the ancient Chinese law system originated from the legal reform of the late Qing Dynasty, when the Chinese government of that time employed Japanese legal experts to "transplant" the legal system from Japan, which has its roots in the German civil law system. Thereafter, successive Chinese governments have, on the whole, maintained this civil law system. Therefore, the Chinese legal system is essentially of the tradition of civil law system and statute laws are the only sources of law.

The current Chinese legislation system is unique in its decentralised and hierarchical legislative power under uniform leadership. The legislative power is decentralised in that both the state power organs, including the National People's Congress (NPC) and its standing committee, local people's congresses of provinces, municipalities directly under the State Council, and autonomous regions, and local people's congress of "major cities" (which refer to provincial capital cities, cities with special economic zones, and cities approved by the State Council as "major cities"), and state administrative organs, including the State Council, its departments and commissions, and people's governments at the same level as the above-mentioned local people's congresses are empowered to make legislative enactments. The legislative power is hierarchical because the laws and regulations enacted by different lawmaking authorities have different validity and priority in application. And the uniform leadership refers to the highest and ultimate legislative power vested in the NPC and its standing committee, and no regulations or rules enacted by any other lawmaking authorities shall be in conflict with the Constitution and national laws enacted by the NPC and/or its standing committee.

¶1-210 Sources of law hierarchy

In the hierarchy of laws and regulations, the *Constitution of the PRC* (Constitution) has the highest legal authority, and no national law, administrative regulation, local regulation, autonomous decree and special decree, or departmental or local rule may contravene the Constitution.

Except for the Constitution, legislation may be called a law, a regulation, a rule, a measure, a resolution, a procedure, a circular/notification, or something else. It is not the name of legislation that matters, but the enacting authority. According to the *Legislation Law of the PRC* (Legislation Law), laws and regulations are classified into different categories according to their enacting authorities, as follows:

- a. "National laws" enacted by the NPC and/or its standing committee. The NPC is the highest legislative authority and has the power to enact and revise criminal, civil, and state organic laws and other basic laws (all of which are referred to as "basic laws"). The NPC standing committee has the legislative power to enact and amend laws other than basic laws, making partial amendments and supplements to basic laws while the NPC is not in session provided that such amendments or supplements do not contravene the basic principles of such basic laws, and interpreting the Constitution and national laws. Basic laws and laws are promulgated by way of an order of the PRC President and interpretations of laws are promulgated by way of a communiqué of the NPC standing committee.
- b. "Administrative regulations" enacted by the State Council. Administrative regulations are promulgated by way of a State Council Order signed by the Premier.
- c. "Local regulations, autonomous decrees, and separate decrees" enacted by the local people's congress and its standing committee of provincial level administrative regions (provinces, autonomous regions, and municipalities directly under the State Council) and "major cities". However, approvals from the standing committee of a provincial level people's congress for legislation enacted by the congress of "major cities", from the NPC standing committee for autonomous decrees and separate decrees of an autonomous region, and from the standing committee of a provincial level people's congress for autonomous decrees and separate decrees of an autonomous prefecture or county, must be obtained before such intended legislation can become law. Local regulations enacted by a provincial level people's congress must be promulgated by its presidium by way of a communiqué and other local regulations, autonomous decrees and separate decrees must be promulgated by the standing committees of the corresponding local people's congress by way of a communiqué.
- d. "Rules", including departmental rules enacted by various ministries, commissions, the People's Bank of China, the National Audit Office, and institutions directly under the State Council exercising public administration functions (departments of the State Council), and local rules enacted by the local people's government at the same level of the local people's congress in the preceding paragraph. Departmental rules are promulgated by way of an order signed by the chief officer of the department, while local rules are promulgated by way of an order signed by the provincial governor, the chairman of the autonomous region, or the mayor of the city.

In the hierarchy, generally speaking, national laws are higher than administrative regulations, local regulations and rules; administrative regulations are higher than local regulations and rules; local regulations are higher than local rules enacted by government at the same level or below; and local rules enacted by a provincial government are higher than local rules enacted by "major cities" within its jurisdiction.

Although autonomous decrees and separate decrees are at the same tier in the hierarchy as that of local regulations, they may alter the provisions of national laws and administrative regulations according to the characteristics of the local ethnic groups, as long as such alterations are not in violation of the basic principles of national laws and administrative regulations and make no alteration to the provisions of the Constitution and the *Law on Ethnic Area Autonomy*, as well as the special provisions dedicated to

matters concerning ethnic autonomous areas of other relevant national laws and administrative regulations.

¶1-220 Judicial interpretations

As a country with a civil law system, Chinese courts and judges have no right to enact law. However, the Supreme People's Court and the Supreme People's Procuratorate are authorised to provide judicial interpretations of law regarding the specific application issues of law. Although scholars have different opinions as to whether or not judicial interpretations are regarded as an independent source of law, there are no doubts regarding their validity. Judicial interpretations, particularly those provided by the Supreme People's Court, are of great importance in the application of law. In fact, the Supreme People's Court has enacted numerous interpretations regarding the application of many important laws, such as the *General Provisions of Civil Law*, *Contract Law*, and various litigation procedure laws.

Court system

¶1-230 People's courts

Under the *Organic Law of the People's Courts*, judicial power is exercised by the courts at four levels:

- (1) Basic people's courts: Courts at county or district level. Tribunals may also be set up in accordance with local conditions.
- (2) Intermediate people's courts: Prefecture level courts.
- (3) Higher people's courts: Provincial level courts.
- (4) The Supreme People's Court: The highest court in the judicial system is the Supreme People's Court in Beijing, directly responsible to the NPC and its Standing Committee. It supervises the administration of justice by the people's courts at various levels. As mentioned above, its interpretations of law play an important role in the application of law in China.

Local courts are established according to the jurisdiction area of the governments of the same level. Yet courts at different levels are independent from one another and are independent from the governments at various levels. They are only responsible to the people's congress and its standing committee at the same level. In practice, however, the influence of courts at a higher level and/or governments is sometimes inevitable.

Cases are decided within two instances of trials in the people's courts. This means that from a judgement or order of first instance of a local people's court, a party may bring an appeal only once to the people's court at the next higher level, and the people's procuratorate may protest a court decision to the people's court at the next higher level. Additionally, judgements or orders of first instance of the local people's courts at various levels become legally effective if, within the prescribed period for appeal, no party makes an appeal. Any judgements and orders rendered by the Supreme People's Court as a court of first instance become effective immediately.

CHAPTER 3

INSURANCE BUSINESS CLASSIFICATION
AND REGULATION

Insurance business classification

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INSURANCE BUSINESS CLASSIFICATION

¶3-100 Introduction

Insurance business may be classified into different categories according to different standards. Of all the possible classification methods, the following two methods are most often used in insurance business regulation:

- (1) property insurance and personal insurance; and
- (2) direct insurance and reinsurance.

¶3-110 Property insurance and personal insurance

Insurance business may be divided into property insurance and personal insurance according to the different insured subject matter. While property insurance takes property and interests related to property as its insured subject matter, personal insurance takes the life or body of a natural person as its insured subject matter. Property insurance may be further divided into property loss insurance (including household property insurance, enterprise property insurance, motor vehicle insurance, cargo transportation insurance, etc), liability insurance (including product liability insurance, employer liability insurance, vocational liability insurance, etc), credit insurance, guarantee insurance and others. And personal insurance may be further divided into life insurance (including

fixed-term life insurance, lifetime life insurance, endowment insurance, and annuity insurance), health insurance (including disease insurance, medical treatment insurance, and income protection insurance), accidental injury insurance and others.

¶3-120 Direct insurance and reinsurance

Direct insurance is insurance business between the insurance applicant and the insurer, where the insurer issues an insurance policy to the insurance applicant and directly assumes the insurance liability thereof; whereas reinsurance refers to insurance business between different insurers, where an insurer transfers a portion of its underwritten business to another insurer in the form of a ceded policy. There is no contractual or other legal relationship between the reinsurance assignee and the insurance applicant, the insured or the beneficiary of the original direct insurance business.

REGULATION OF INSURANCE BUSINESS

¶3-200 Introduction

Insurance businesses are mainly regulated from two aspects. On the one hand, the business scope of an insurance company is subject to the approval of CIRC for the conduct of restricted insurance businesses; and on the other hand, different insurance businesses, ie various insurance categories, are all under the supervision and administration of insurance regulatory authorities, although the methods and degrees of supervision and administration may differ.

¶3-210 Regulation of business scope

According to Article 92 of the Insurance Law, the specific business scope of an insurance company is approved by CIRC and insurance companies can only engage in insurance business activities within the approved business scope.

The most obvious restriction to the business scope of insurance companies is the separate conduct of property insurance and personal insurance. According to the Insurance Law, a single insurer shall not simultaneously engage in both property insurance business and personal insurance business. However, a property insurance company may engage in short-term health insurance business and accidental injury insurance business.

The *Administration of Insurance Companies Provisions* (Insurance Company Provisions) promulgated by CIRC on 13 May 2004 further details the business scope of insurance companies, where a property insurance company may engage in all or part of the following insurance businesses after obtaining approval from CIRC: property loss insurance, liability insurance, mandatory liability insurance, credit insurance and guarantee insurance, agricultural insurance, other property insurance business, short-term health insurance and accident insurance, and reinsurance business of the abovementioned insurance businesses.

Conversely, a life insurance company may engage in all or part of the following insurance businesses after obtaining approval from CIRC: accidental injury insurance, health insurance, traditional life insurance, new categories of life insurance products, traditional pension insurance, new categories of pension insurance products, other personal insurance business, and reinsurance business of the abovementioned insurance businesses.

As for the business scope of reinsurance companies, this is limited to the conduct of reinsurance business only according to the *Establishment of Reinsurance Companies Provisions* (Reinsurance Company Provisions) promulgated by CIRC on 17 September 2002. The Reinsurance Company Provisions also provides that, "according to business scope, reinsurance companies shall be classified as life reinsurance companies, non-life reinsurance companies and comprehensive reinsurance companies." This may be interpreted as, that life reinsurance companies can only engage in life reinsurance business, non-life reinsurance companies can only engage in non-life reinsurance business, and comprehensive reinsurance companies can engage in both life and non-life reinsurance business.

Regulation of specific insurance business

¶3-220 Regulation of insurance clauses and premium rates

According to Article 107 of the Insurance Law, clauses and premium rates of insurance products having a bearing on the public interest, compulsory insurance products as prescribed by law, and new types of life insurance products, etc, must be submitted to the insurance regulatory authorities for examination and approval. Clauses and premium rates for insurance products of all other types must be filed with the insurance regulatory authorities for record purposes.

In carrying out the examination and approval or record filing process for insurance clauses and premium rates, CIRC will abide by the principle of protecting public interest and preventing unfair competition.

In any of the following circumstances, CIRC may require the insurance company to amend the insurance clauses and insurance premium rates, or order the insurance company to cease using such clauses and rates:

- (1) The insurance clauses or premium rates are in violation of laws, administrative regulations or the prohibitive stipulations of CIRC;
- (2) The insurance clauses or premium rates are in violation of relevant state financial policies;
- (3) The insurance clauses or premium rates are harmful to the public interest;
- (4) The contents of the insurance clauses or premium rates are manifestly unfair or form a price monopoly, or violate the lawful rights and interests of the insurance applicants, the insured or the beneficiaries;
- (5) The clause design, or the set premium rate or the pre-determined interest rate is inappropriate, which may affect the insurance company's solvency;
- (6) Other issues specified by CIRC according to the principle of prudential regulation.

Regulation of property insurance clauses and premium rates

The most recent legislation in this regard is the *Measures for the Administration of Property Insurance Company Insurance Clauses and Premium Rates* (Property Insurance Clauses and Rates Measures) promulgated by CIRC on 10 November 2005. The Property Insurance Clauses and Rates Measures came into effect as of 1 January 2006, and where prior regulations promulgated by CIRC are inconsistent with the Measures, the Measures shall prevail. Where the Measures do not contain the corresponding provisions, the prior regulations shall continue to be in force.

Requirements for insurance clauses and premium rates

Insurance clauses and premium rates of an insurance company shall meet the following conditions:

- (1) The framework shall be clear, the wording shall be accurate, the meaning shall be precise, and there shall be ease of understandability;
- (2) The basic elements shall be complete, there shall be no inequity, the lawful rights and interests of the insured shall not be infringed, and public interest shall not be damaged;
- (3) There shall be compliance with the law, administrative regulations and the relevant regulations of CIRC;
- (4) The premium rates shall be reasonable and shall not endanger the solvency of the insurance company or hinder fair market competition; and
- (5) Other conditions stipulated by CIRC.

Materials to be submitted for examination and approval or filing

Clauses and premium rates of compulsory insurance products as prescribed by law and other insurance products determined by CIRC as having a bearing on the public interest shall be submitted to CIRC for examination and approval. When submitting insurance clauses and premium rates for examination and approval, the following materials shall be submitted:

- (1) The application document;
- (2) The examination and approval form, in duplicate;
- (3) The policy clause and premium rate document;
- (4) Explanatory materials regarding the policy clauses and premium rates, including the principal characteristics and an analysis of the market risks and business risks of the policy clauses and premium rates;
- (5) The premium rate actuarial report signed by the appointed actuary, including the actuarial assumptions, methods and formulae and calculation process;
- (6) The declaration of the appointed actuary;
- (7) The declaration of the principal legal counsel;
- (8) The electronic version of all the materials submitted; and

- (9) Other materials stipulated by CIRC.

Clauses and premium rates of other property insurance products shall be submitted to CIRC for filing. When filing insurance clauses and premium rates with CIRC, the following materials shall be submitted:

- (1) The filing form, in duplicate;
- (2) The policy clause and premium rate document;
- (3) The declaration of the principal legal counsel;
- (4) The declaration of the appointed actuary;
- (5) The electronic version of all the materials submitted; and
- (6) Other materials stipulated by CIRC.

An insurance company may, in its operations, combine the insurance clauses and premium rates that have already been examined and approved or filed, without the need to further submit such combined insurance clauses and premium rates for examination and approval or filing.

When using the combined insurance clauses and premium rates in its operations, if the insurance company modifies the insurance clauses and premium rates that have already been examined and approved or filed, it shall, in accordance with the provisions of the Measures, submit afresh such policy clauses and premium rates for examination and approval or filing.

In the preceding paragraphs, the terms "principal legal counsel" and "appointed actuary" refer to the persons designated by an insurance company to be respectively responsible for the legal and actuarial affairs of the insurance clauses and premium rates. Their responsibilities are clearly stipulated in the Property Insurance Clauses and Rates Measures. The designation of principal legal counsel or appointed actuary must be approved by CIRC. The Property Insurance Clauses and Rates Measures also provides detailed provisions regarding the conditions that the principal legal counsel of an insurance company must meet and the materials that the insurance company must submit to CIRC when applying for the approval of the principal legal counsel. Further, the Measures authorises CIRC to enact other regulations governing the conditions and examination materials of the appointed actuary.

Examination and approval or filing procedure

The Property Insurance Clauses and Rates Measures does not contain detailed provisions regarding the examination and approval or filing procedure of insurance clauses and premium rates. According to Article 38 of the Measures, CIRC and its delegated authorities will, in accordance with the procedures and time limits stipulated by the *PRC Administrative Licensing Law* and the *Implementing Measures for China Insurance Regulatory Commission Administrative Licensing*, accept, examine and make a decision regarding the administrative licensing application of the insurance clauses and premium rates, the principal legal counsel and the appointed actuary put forward by an insurance company.

Legal liability

For various violations of the Property Insurance Clauses and Rates Measures, the penalties for the insurance company concerned include an order for correction, a fine, a restriction of business scope, an order to cease accepting new business, or a revocation of the permit to conduct insurance business. The penalties for the senior management personnel, the principal legal counsel, the appointed actuary or other directly responsible personnel who bear direct liability for the various violations include a warning, an order for dismissal, or a fine. Where a crime has been committed, the criminal liability of the insurance company and/or the directly responsible personnel will be pursued in accordance with the law.

Regulation of personal insurance products

The most recent legislation in this regard is the *Measures for the Administration of Examination and Approval and Filing of Personal Insurance Products* (Personal Insurance Product Measures) promulgated by CIRC on 30 June 2004. The Personal Insurance Product Measures came into effect as of 1 July 2004, and where prior regulations promulgated by CIRC are inconsistent with the Measures, the Measures shall prevail.

Personal insurance products determined by CIRC as having a bearing on the public interest, compulsory insurance products as prescribed by law, and personal insurance products determined by CIRC as newly developed products, etc, must be submitted to the insurance regulatory authorities for examination and approval. Other personal insurance products must be filed with the insurance regulatory authorities for record purposes.

According to the *Notification Concerning Some Problems Related to the "Measures for the Administration of the Examination and Approval and Filing of Personal Insurance Products"* (CIRC Release [2004] # 76) promulgated by CIRC on 1 July 2004, personal insurance products determined by CIRC as newly developed products include:

- (1) Life insurance products other than traditional, participating, universal and investment link product types;
- (2) Group participating, group universal and group investment link life insurance products that cannot as yet be developed according to the *Notification Concerning the Printing and Distribution of Actuarial Regulations for New Life Insurance Products* (CIRC Release [2003] # 67); and
- (3) Other newly developed life insurance products stipulated by CIRC to require examination and approval.

Materials to be submitted for examination and approval or filing

When applying for examination and approval of personal insurance products, the following materials must be submitted in duplicate to CIRC:

- (1) The Application Form for the Examination and Approval of Personal Insurance Product;

- (2) The Checklist of Materials Submitted for the Examination and Approval of Personal Insurance Product;
- (3) Materials explaining the application for the examination and approval of the product, which shall list in detail the main characteristics of the product and the reasons for the examination and approval application;
- (4) The insurance policy clauses;
- (5) The product rates table;
- (6) For products with cash value, written materials containing the cash value table (sample), and an electronic documentation containing the cash value general table of all ages must be submitted;
- (7) The actuarial report for the product signed by the company's appointed actuary;
- (8) The actuarial statement provided by the company's appointed actuary;
- (9) The legal statement provided by the company's principal legal counsel;
- (10) A feasibility study report of the product;
- (11) The sales management measures, which must include information regarding product sales channels, sales region management measures, and so on;
- (12) The financial management measures;
- (13) The business management measures;
- (14) The information disclosure management system;
- (15) A draft of the product manual;
- (16) A floppy disk or CD containing the electronic documentation of all the materials required to be submitted; and
- (17) Other materials as stipulated by CIRC.

Where the application for examination and approval is for that of participating products, the following materials must also be submitted in duplicate, in addition to the aforementioned materials:

- (1) The bonus calculation and distribution measures; and
- (2) The income and expense distribution principle.

When submitting products for filing, the following materials (Basic Materials) must be submitted in duplicate to CIRC:

- (1) The Checklist of Materials Submitted for the Filing of Personal Insurance Product;
- (2) The insurance policy clauses;
- (3) The product rates table;
- (4) For products with cash value, written materials containing the cash value table (sample), and an electronic documentation containing the cash value general table of all ages must be submitted;
- (5) The actuarial report for the product signed by the company's appointed actuary;
- (6) The actuarial statement provided by the company's appointed actuary;

organisation to compare the data and confirm the facts. Then the appraisal team will, according to the circumstances of the conduct of the appraisal and feedback, fill in the internal control appraisal form and compile the appraisal report.

¶4-680 Grading criteria and use of appraisal conclusions

The internal control appraisal appraises each appraisal item from the three aspects of soundness, reasonableness and effectiveness, and the specific grading principles are as follows:

- (1) Where the processes and risks of the appraisal target have been fully identified, and the relevant control measures are clearly stipulated, 30% of the grades for the particular item may be obtained;
- (2) On the basis of fulfilling the preceding item, where the processes and the control measures over the risks of the item being appraised are reasonable, an additional 30% of the grades for the particular item may be obtained; and
- (3) On the basis of fulfilling the preceding two items, where the stipulations of the item being appraised are effectively implemented, an additional 40% of the grades for the particular item may be obtained.

The internal control appraisal results of a life insurance company will be used by the regulatory authority in the off-site regulation of the life insurance company and to implement classified regulation according to the off-site regulation results.

CHAPTER 5

INSURANCE FUNDS UTILISATION

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¶5-100 Overview of legislation on insurance funds utilisation

It is widely accepted that that insurance business and the utilisation of insurance funds act as the industry's 'two wings' and neither should be neglected. Yet in China, the insurance funds utilisation wing has been much weaker than the insurance business wing, mainly due to the limited investment channels for such funds and the relatively high risks inherent in an immature domestic capital market. For example, the 1995 Insurance Law

stipulates that the utilisation of funds by insurance companies is limited to bank deposits, the trading of government bonds and financial bonds, and other means of funds utilisation specified by the State Council, and flatly forbids the direct investment of insurance funds in enterprises of any nature. With the rapid increase in the total assets of the insurance industry — which amounted to nearly RMB1.88 trillion by the end of November 2006 — it has become increasingly important, even imperative, for insurance funds to find much more diversified and lucrative investment channels.

In response to this increasingly urgent need, and according to the authorisation of the State Council, CIRC and other departments and commissions of the State Council have in recent years been painstakingly identifying lucrative and safe means for the handling of insurance funds. Their efforts gave fruit to the promulgation of a number of rules and measures adding new investment vehicles for insurance funds. For example, the *Tentative Measures for the Administration of Investment in Securities Investment Funds* by *Insurance Companies* (Investment in Securities Investment Funds Measures) promulgated by CIRC on 17 January 2003 (the original regulation was promulgated on 29 October 1999); the *Tentative Measures for the Administration of Overseas Utilisation of Foreign Exchange Insurance Funds* (Overseas Utilisation Measures) jointly promulgated by CIRC and the People's Bank of China on 9 August 2004 and its *Implementing Rules* promulgated on 1 September 2005; the *Tentative Measures for the Administration of Stock Investments by Insurance Institutional Investors* (Stock Investment Measures) jointly promulgated by CIRC and the China Securities Regulatory Commission (CSRC) on 24 October 2004; the *Tentative Measures for the Administration of Bond Investments by Insurance Institutional Investors* (Bond Investment Measures) promulgated by CIRC on 17 August 2005, before the promulgation of which CIRC had issued several circulars regarding the regulation of insurance companies' investments in certain bond varieties; the *Measures for the Administration of Pilot Program for Indirect Investment in Infrastructure Projects with Insurance Funds* (Indirect Investment in Infrastructure Projects Measures) promulgated by CIRC on 14 March 2006; and the *Notification Concerning Investment in Equity Shares of Commercial Banks by Insurance Institutions* (Commercial Bank Equity Share Investment Notification) promulgated by CIRC on 21 September 2006.

While the 1995 Insurance Law flatly forbids the direct investment of insurance funds in enterprises of any nature, as mentioned, the 2002 amended Insurance Law only forbids insurance funds to establish securities business organisations or to establish enterprises beyond the realm of the insurance industry. Thereafter, CIRC promulgated the *Tentative Provisions for the Administration of Insurance Asset Management Companies* (Insurance Asset Management Company Provisions) on 21 April 2004, which permits insurance companies to establish insurance asset management companies for the specialised utilisation of insurance funds. Further, to control risks in insurance funds utilisation, CIRC promulgated the *Risk Control Guidelines for Utilisation of Insurance Funds* (Risk Control Guidelines) on 28 April 2004.

SPECIFIC INVESTMENT VEHICLES FOR INSURANCE FUNDS UTILISATION

¶5-200 Bank deposits

Bank deposits, including fixed deposits and demand deposits, are the safest utilisation method for insurance funds with high liquidity. Therefore, there is no proportional limitation on insurance funds deposited in banks. Yet, as an interest-earning product, bank deposits usually bring relatively low investment returns.

Chinese invested insurance companies may enter into agreement deposits with commercial banks. In agreement deposits, the interest rate level, the deposit term, interest calculation and payment, and the criteria for breach of contracts and penalties, etc, may be negotiated and determined by both parties. The agreement deposit certificates may be used as mortgage for financing in accordance with the relevant rules of the People's Bank of China. However, the deposit amount must not be less than RMB30 million and the deposit term must be over five years (not including five years) for agreement deposits.

Securities investment funds

¶5-210 Introduction

According to the Investment in Securities Investment Funds Measures, securities investment funds refer to securities investment funds promoted and established or otherwise governed pursuant to the *Tentative Measures for the Administration of Securities Investment Funds* and the *Measures for Pilot Program of Open-end Securities Investment Funds*. When investing in securities investment funds, insurance companies must obey the law, regulations, the Investment in Securities Investment Funds Measures, the relevant regulations for securities business and relevant accounting and finance rules and follow the principles of safety and appreciation of value, be prudent in investments, operate independently and be responsible for its own risks.

¶5-220 Qualification requirements

Requirements for insurance companies

Insurance companies engaging in investment in securities investment funds business must meet the requirements for minimum solvency capability set by CIRC, possess sound internal risk management and financial management systems and dedicated investment management personnel, establish a dedicated funds utilisation department, auditing department and investment decision-making department, and possess adequate systems for information management and risk analysis. Insurance companies with a solvency capability adequacy rating of less than 100% must adopt active measures to correct such unsatisfactory solvency capability status, and submit a rectification plan and an investment decision-making and action plan for elevation of solvency capability to CIRC.

Requirements for senior management personnel and principal business personnel

The senior management personnel and principal business personnel for investment business in securities investment funds must meet the following criteria:

- (1) Excellent moral character, honest and upright, possessing excellent professional ethics;
- (2) Have not been penalised for criminal offenses or received serious administrative punishment for offenses involving finance or securities business;
- (3) The senior management personnel must possess adequate financial, securities, legal and other relevant knowledge, and be familiar with securities investment operations, as well as have a university bachelor's degree or above and three or more years of experience working in the field of securities business or five or more years of experience working in the field of finance.

The term "senior management personnel" refers to all personnel at or above the level of the person in charge of the investment management department responsible for the investment business in securities investment funds;

- (4) The principal business personnel must be familiar with the relevant rules of operation and operations procedures, have a university bachelor's degree or above, and two or more years of experience working in the field of securities business or three or more years of experience working in the field of finance business, as well as the qualification certificate for securities operations personnel.

The term "principal business personnel" refers to the competent personnel and key operational personnel for the execution of transactions for investment business in securities investment funds; and

- (5) Other criteria required by CIRC.

¶5-230 Risk control and supervision and administration

Proportional restriction for investments in securities investment funds

An insurance company's investment in securities investment fund must meet the following proportional requirements:

- (1) The balance of the insurance company's investments in securities investment funds calculated at the cost price must not exceed 15% of the company's gross assets as at the end of the preceding month;
- (2) The balance that the insurance company holds in any given single securities investment fund calculated at the cost price must not exceed 3% of the company's gross assets as at the end of the preceding month; and
- (3) The share of investment that the insurance company holds in any single closed-end fund must not exceed 10% of the total amount of said fund.

The insurance company must not exceed the stipulated investment proportional restrictions for any reason whatsoever.

For investment link insurance products, the insurance company may open investment accounts for which the investment proportion in securities investment funds may reach 100%; and for universal life insurance products, up to 80% of such investment accounts may be invested in securities investment funds. The establishment, consolidation, closing out, and alteration of such investment accounts must conform to the relevant CIRC regulations.

For participating insurance or other separately accounted insurance products, the investment proportion in securities investment funds must not exceed 15% of the assets of the product calculated at the end of the preceding month.

Others

The investment business in securities investment funds of an insurance company must be uniformly carried out by the parent company, and branch organisations of the insurance company must not trade in securities investment funds. The transaction, funds transfer, financial accounting and internal auditing positions of investment business in securities investment funds must be separated from one another.

Insurance companies must adhere to the stipulations of the Securities Law and the pertinent rules of the China Securities Regulatory Commission in their utilisation of securities trading accounts. All securities trading accounts and asset accounts must be reported to CIRC within 15 business days after the establishment of such accounts.

Insurance companies engaging in investment in funds business may apply to securities exchange organisations for special seats in accordance with the relevant provisions, or conduct entrusted trading from the seats of securities operational institutions qualified to perform such entrusted trading. Such entrusted securities operational institutions must have registered capital of RMB1 billion or more, be well-accredited within the securities brokerage industry, and adhere to orderly management practices.

The original documentation and relevant paperwork, materials, ledgers, tables and other necessary articles related to the investment business in securities investment funds of insurance companies must be carefully maintained on file for a minimum of 15 years. Insurance companies must submit a table showing the status of investment business in securities investment funds to CIRC on a monthly basis. The monthly table must be submitted within the first three working days of the following month, and the yearly table must be submitted before the end of the first month of the following year. The status table for investment business in securities investment funds must be stamped with the company seal, and the investment and finance and accounting departments must guarantee that the data within the table are true, complete and consistent. At any time that it deems necessary, CIRC may request any individual company to provide any report or material pertaining to its investment in funds.

CIRC is authorised to perform audit inspections into the investment proportion and directions of insurance companies' investment in securities investment funds, and may also carry out special audits at random intervals.

Bonds

¶5-240 Introduction

Government bonds and financial bonds are traditionally accepted investment vehicles for insurance funds in China. With the development of the insurance industry and the capital market, CIRC has promulgated a number of regulations and circulars to include more and more bond varieties in the investment portfolios of insurance funds. For example, the *Tentative Measures for the Administration of Investments in Corporate Bonds by Insurance Companies* promulgated on 30 May 2003; the *Circular Concerning Matters Relevant to Investments in Bank Subordinated Debt with Fixed Term by Insurance Companies* promulgated on 29 March 2004; and the *Circular Concerning the Adjustment to the Proportion of Investments by Insurance Companies in Bank Subordinated Bonds, Bank Subordinated Debt with Fixed Term and Corporate Bonds* promulgated on 25 June 2004.

To date, however, the most important piece of legislation in this regard is the Bond Investment Measures mentioned at the beginning of this chapter. The Bond Investment Measures is more than just a summary of the prior regulations. In addition to the bond products included in the prior regulations, the Bond Investment Measures also provides specific stipulations regarding the investment policy for some new bond products, such as commercial bank financial bonds, international development organisation renminbi bonds, and short term financing bonds.

Further, by authorising CIRC to enact separate regulations regarding insurance institutions' investments in corporate bonds without guarantee, asset-based securities, financial bonds issued by non-bank financial institutions, short term financing bonds issued by financial institutions and other financial products, as well as securities forwards and other derivative products, the Bond Investment Measures leaves enough room for the development of future bond investments of insurance funds. Moreover, the Bond Investment Measures is also characterised by its encouragement of insurance companies' market-oriented, independent and active investments and effective risk control mechanisms.

¶5-250 Investment ratios in different bond varieties

The Bond Investment Measures adopts a more flexible differential investment ratio control method instead of the single ratio for different kinds of bonds method found in the prior regulations. Under this new control method, an insurance institution may independently determine the total ratio and the individual item ratio of its investment in state credit bonds, including government bonds, central bank bills, and policy bank financial bonds and subordinate bonds. The same applies to international development organisation renminbi bonds, while the investment ratios in other bond products are still subject to different maximum investment ratios. However, investment ratios in the same kind of bond, or even in the same bond, may vary if the credit rating or other conditions of the bond, such as its issuing party and/or guarantor, change or vary.

CHAPTER 7

SAMPLE INSURANCE CONTRACTS

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¶7-100 Introduction

As mentioned in Chapter 6, an insurance contract is usually composed of the insurance policy and its attached clauses, declarations, notes and endorsements, as well as the insurance application slip, the validity reinstatement application, the health declaration and other written agreements related to the insurance contract. However, at its most basic, an insurance contract includes an insurance application slip, an insurance policy and the insurance clauses for the insurance line being underwritten. This is because an insurance contract is usually concluded in the following manner:

- (1) The insurance company designs an insurance product and has its insurance clauses examined and approved by or filed with the insurance regulatory authorities;
- (2) The client (the insurance applicant) then fills in an insurance application slip to apply for a certain insurance coverage with an insurance company if he/she finds that the insurance clauses meet his/her needs; and
- (3) Finally, the insurance contract is concluded when the insurance company issues an insurance policy to the client (the insurance applicant) after examining and approving the insurance application.

The following section contains some samples for the relevant parts of insurance contracts, including a sample insurance application slip for personal life insurance, a sample personal life insurance policy, a sample application slip for motor vehicle consumer loan bond insurance, a sample insurance policy for motor vehicle consumer loan bond insurance, and sample insurance clauses for several insurance products.

SAMPLE PERSONAL INSURANCE CONTRACTS

17-200 Sample insurance application slip

Insurance Application Slip for Personal Insurance

(Translated from the Chinese language version)

1. Before you decide to apply for this insurance coverage, please carefully read the insurance clauses, fully understand the insurance liabilities, liability exemptions, cancellation of contract and other stipulations, and find a balance between your insurance requirements and insurance premium payment capability.
2. This insurance application slip is an important part of the insurance contract. Please fill it in accurately and truthfully. The insurance applicant and the insured shall personally sign this insurance application slip. In case of ambiguous issues, please consult the business personnel or the Company.
3. According to the stipulation of the *PRC Insurance Law* (Insurance Law), the Company shall have the right to make inquiries regarding the relevant circumstances of the insurance applicant and the insured, to which you shall give truthful disclosure. If you fail to provide truthful disclosure, the Company shall, in accordance with the stipulations of the Insurance Law, have the right to decide whether or not to cancel the contract, and to decide whether or not the Company bears insurance liability for insurance events that occur prior to the cancellation of the contract.
4. The insurance contract shall come into effect from the day following when the Company agrees to undertake this insurance, collects the first payment of insurance premium and issues the insurance policy. The Company shall bear no insurance liability before such time.
5. All explanations provided by the business personnel and cancellation that are in violation of or make addition to or subtraction from the various contents of this insurance application slip and the insurance clauses shall be null and void. All your notification to the Company shall be made in writing.
6. When submitting the insurance application slip and/or paying the insurance premiums via the business personnel, the insurance applicant shall inspect the business personnel's certificates and ask for the receipts of payment, on which the special seal for collecting premiums of the Company shall be affixed.

Notice to the Client

I Information of the Client								
The Applicant	Name		Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female		Birthday: (yyyy/mm/dd)			
			Age: <input type="checkbox"/> <input type="checkbox"/> (Full Years of Life)					
	Name of ID Certificate: <input type="checkbox"/> ID Card <input type="checkbox"/> Others Certificate Number:							
	Vocation:		Part-time Job:		Vocation Code:			
	Classification of Vocation: Level _____				Work Unit:			
	Postal Address:				Post Code:			
	Tel:		Mobile:		E-mail:			
Whether or not this contact information overrides the contact information provided in prior insurance applications: <input type="checkbox"/> Yes <input type="checkbox"/> No								
Notification method for information of the Company: <input type="checkbox"/> Email <input type="checkbox"/> Mobile SMS <input type="checkbox"/> Telephone call <input type="checkbox"/> Letter								
Client No.:								
The Insured	Name		Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female		Birthday: (yyyy/mm/dd)			
			Age: <input type="checkbox"/> <input type="checkbox"/> (Full Years of Life)					
	Name of ID Certificate: <input type="checkbox"/> ID Card <input type="checkbox"/> Others Certificate Number:							
	Vocation:		Part-time Job:		Vocation Code:			
	Classification of Vocation: Level _____				Work Unit:			
	Postal Address:				Post Code:			
	Tel:		Mobile:		E-mail:			
Whether or not this contact information overrides the contact information provided in prior insurance applications: <input type="checkbox"/> Yes <input type="checkbox"/> No								
Beneficiary (only for the designation of beneficiaries to death insurance proceeds)								
Order	Name	Sex	Birthday	Relationship with the insured	Proportion in proceeds	Name of ID Certificate	Number of ID Certificate:	
II Contents of the Offer (Please fill in the product name of additional insurance under the name of the product name of the main insurance)								
Product Name	Insured Amount	Insurance Period	Premium Payment Period	Standard Insurance Premium	Extra Insurance Premium			

Total insurance premium (Currency)		In Words:		
Payment schedule: <input type="checkbox"/> lump sum <input type="checkbox"/> yearly <input type="checkbox"/> half-yearly <input type="checkbox"/> quarterly <input type="checkbox"/> monthly <input type="checkbox"/> irregular intervals				
First payment by: <input type="checkbox"/> bank transfer <input type="checkbox"/> bank collection <input type="checkbox"/> cash <input type="checkbox"/> check <input type="checkbox"/> other Paid on: yyyy/mm/dd				
Subsequent payment by: <input type="checkbox"/> bank transfer <input type="checkbox"/> bank collection <input type="checkbox"/> cash <input type="checkbox"/> check <input type="checkbox"/> other				
Annuity receivable at: _____ full years of life		Amount of the first annuity:		
Annuity receiving schedule: <input type="checkbox"/> lump sum <input type="checkbox"/> yearly <input type="checkbox"/> monthly <input type="checkbox"/> other <input type="checkbox"/> equal receipt <input type="checkbox"/> ascending receipt at ascending rate: % <input type="checkbox"/> other				
Bonus receipt schedule if participating insurance is applied for: <input type="checkbox"/> cash <input type="checkbox"/> accumulated for interest-incurring <input type="checkbox"/> offset of premium <input type="checkbox"/> purchase of paid-up additions <input type="checkbox"/> other				
Where there is an automatic premium loan provision, whether or not to choose the automatic premium loan: <input type="checkbox"/> Yes <input type="checkbox"/> No				
III Information Disclosure (for insurance products with the "waiver of unearned premium liability" clause, the following information disclosure for both the applicant and the insured shall be filled in)			The Insured	The Applicant
1. Height & Weight	The insured: Height _____ cm, Weight: _____ kg	The applicant	Yes	No
	The applicant: Height _____ cm, Weight: _____ kg			
2. Average yearly income (for the preceding three years)	The insured	The applicant	Yes	No
3. Smoking habit	The insured has smoked for years, at a daily average of cigarettes, and has abandoned smoking for years. The applicant has smoked for years, at a daily average of cigarettes, and has abandoned smoking for years.		Yes	No
4. Life habit	A. whether applicant/ insured is driving a car other than a minibus			
	B. Drinking habit: whether applicant/ insured is drinking 50 grams or more of strong drink at a daily average basis		Yes	No
	C. Whether applicant/ insured is participating in diving, boxing, cliff climbing, flying, car racing, rafting and other dangerous sports or having such a hobby		Yes	No
	D. Whether applicant/ insured is ingesting any addictive medicines or drugs		Yes	No
	E. Whether applicant/ insured is planning to go abroad within two years		Yes	No
5. Disability of the body	A. Whether applicant/ insured is having or had handicaps in hearing, eyesight, speech, mastication and intelligence		Yes	No

B. Whether applicant/ insured is having or had abnormality of the backbone and/or the thoracic cage, and/or mutilation of limbs, hands, feet and/or fingers	<input type="checkbox"/>	<input type="checkbox"/>
6. Symptoms and physical signs: whether applicant/ insured is having or had been informed of having the following symptoms, or having received treatments for the following symptoms: Chronic cough, hemoptysis, chest stuffiness, mental confusion, short breath, edema, hoarseness, dysphagia, hematemesis, melena, bellyache, jaundice, anemia, bump, hematuria, albuminuria, skin stigma, unexplained subcutaneous petechia, progressive emaciation, continuous headache, shock, tic, coma, long-term fever and high myopia	<input type="checkbox"/>	<input type="checkbox"/>
7. Inquiries of medical history: whether applicant/ insured is having or had the following diseases or received treatments for the following diseases	<input type="checkbox"/>	<input type="checkbox"/>
A. Hypertension, congenital heart disease, rheumatic heart disease, endocarditis, coronary heart disease, myocardial infarction, arrhythmia, myocarditis and cerebrovascular accident	<input type="checkbox"/>	<input type="checkbox"/>
B. Parkinson's disease, epilepsy, brain disease, spinal cord disease and mental disease	<input type="checkbox"/>	<input type="checkbox"/>
C. Asthma, tuberculosis, emphysema, bronchodilation, mason's lung, pneumosilicosis, pulmogenic heart disease	<input type="checkbox"/>	<input type="checkbox"/>
D. Digestive ulcer, atrophic gastritis, pancreatitis, cirrhosis of liver, carrier of hepatitis B or C virus, and biliary tract infection or calculus	<input type="checkbox"/>	<input type="checkbox"/>
E. Lithangiuria or urinary tract abnormality, nephritis, nephropathy, renal insufficiency, polycystic kidneys, nephrydrosis and prostate disease	<input type="checkbox"/>	<input type="checkbox"/>
F. Tumor (including malignant tumor as well as polyp, tumor, cyst and excrescence that have not been determined as being benign or malignant)	<input type="checkbox"/>	<input type="checkbox"/>
G. Diabetes, gout, hyperpituitarism or hypopituitarism, hyperparathyroidism or hypoparathyroidism, hyperadrenalism or hyposuprarenalism	<input type="checkbox"/>	<input type="checkbox"/>
H. Systemic lupus erythematosus, rheumatosis or rheumatoid disease, collagenous disease or desmosis, extruded dis, hernia and piles	<input type="checkbox"/>	<input type="checkbox"/>
I. Anemia, thrombocytopenic purpura, anaphylactoid purpura, hemophilia, leukemia, and being suggested not to donate blood	<input type="checkbox"/>	<input type="checkbox"/>
J. Cataract, retinopathy, keratonosus, glaucoma, otitis media, and other diseases of eye, ear, nose, larynx and oral cavity	<input type="checkbox"/>	<input type="checkbox"/>
K. Congenital disease, hereditary disease, endemic disease, occupational disease and drug allergy history	<input type="checkbox"/>	<input type="checkbox"/>

L. Whether applicant/ insured has other diseases that are not listed above	<input type="checkbox"/>	<input type="checkbox"/>
8. Treatment and check history	A. Whether or not having received diagnosis, checkup and treatment of doctors within the preceding three months	
	<input type="checkbox"/>	<input type="checkbox"/>
B. Whether applicant/ insured has had operations or been hospitalised for disease or wound within the preceding five years	<input type="checkbox"/>	<input type="checkbox"/>
C. Whether applicant/ insured has had the following checks other than in ordinary health checkups within the preceding five years: X-ray, cardiogram, B-ultrasonography, CT or nuclear magnetic resonance, electroencephalogram, blood test, inspections by gastroscop, enteroscope or other endoscope, pathologic biopsy and eyeground check	<input type="checkbox"/>	<input type="checkbox"/>
9. Have you or your spouse ever accepted or attempted to accept diagnosis or treatment related to AIDS? Whether or not the following symptoms had lasted for over one consecutive week in the preceding six months: decrease in weight, anorexia, night sweat, diarrhea, lymph node intumescence and skin exulceratio	<input type="checkbox"/>	<input type="checkbox"/>
10. Whether any of your parents, brothers and sisters has had hereditary disease, phthisis, hepatitis, cirrhosis of liver, cancer, diabetes, nephropathy, heart disease, stroke, hypertension, arteriosclerosis, insanity, or has been the carrier of hepatitis B or C virus, or has died before 60 due to disease	<input type="checkbox"/>	<input type="checkbox"/>
11. For women	A. Whether applicant/ insured is pregnant. If yes, week of the pregnancy	
	<input type="checkbox"/>	<input type="checkbox"/>
B. Whether applicant/ insured has hysteromyoma, cervical cancer, oophoritic cyst, ovarian cancer, ectopic pregnancy, mazoplasia, mammary gland cancer, irregular colporrhagia and other diseases	<input type="checkbox"/>	<input type="checkbox"/>
12. Insurance history	A. Whether applicant/ insured has or had contracts cancelled by an insurance company, or had personal insurance applications being postponed, rejected or being undertaken after attaching additional conditions thereto	
	<input type="checkbox"/>	<input type="checkbox"/>
B. Whether applicant/ insured has or had claims against insurance companies in the past	<input type="checkbox"/>	<input type="checkbox"/>
C. Whether applicant/ insured is being under coverage of or being in application for other personal insurance now, if yes, please disclose the underwriting company, insurance product name, insured amount, and effective date of the insurance policy	<input type="checkbox"/>	<input type="checkbox"/>