

## More insurers may test market waters



A pedestrian walks in front of the China Pacific Insurance headquarters in Shanghai. [Bloomberg News]

China's insurance regulator is working out modalities to allow qualified small and medium-sized insurers to invest directly in the stock market, officials from the China Insurance Regulatory Commission (CIRC) said yesterday.

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"We are studying the relevant detailed regulations, and the qualification criteria will be out soon," Su Jianyong, director of the Insurance Fund Investment Supervision Department of the CIRC, told China Daily.

"Risk control would be the top-most item on our agenda," Sun said.

Prior to this, smaller insurers had to piggy-back on fund and asset management firms to invest in the stock market.

Large insurers such as China Life Insurance Co, Ping An Insurance (Group) Co and China Pacific Insurance (Group) Co, can buy stocks directly through their own asset management companies. Insurers' investment in stocks is currently limited to 15 percent of their total assets as of 2008.

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"The new policy would provide us with another option, but that does not mean we would choose to manage the stock investment by ourselves as the regulator has yet to define the qualification parameters," said an investment manager with Skandia-BSAM Life insurance.

But he admitted that the new policy would help in reducing investment costs.

According to Hao Yansu, an insurance professor from the Central University of Finance and Economics, the new policy would be more like an official hint to encourage insurers to become stronger and bigger.

"Only those insurers with a certain scale can apply for more investment channels such as infrastructure and equity investment," said Hao. "In fact, establishing a professional investment team could also be costly, especially for those insurers at the initial stage of development."

He expects the CIRC to also lower the threshold for smaller insurers to apply for a license to set up an asset management company.

"Once the regulator allows qualified small and medium-sized insurers to invest directly in the stock market, they have to perfect other supporting measures," Hao said.

"The policy change will have a limited impact on the stock market in the short term," Hao said.

CIRC's Sun said at a conference held in Shanghai on Saturday that the regulator had hammered out a new policy package to make proper adjustments and seek new growth points to help buoy economic development during the financial crisis.

The new package aims at enriching bond investments, issuing debenture bonds and promoting asset securitization.

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