

Chinese lawmakers approve insurance law

BEIJING, Feb. 28 (Xinhua) -- The Chinese legislature approved Saturday morning the amended Insurance Law which mandates the state regulatory body to prevent risky business operations of insurance companies.

The amended law says the State Council's insurance regulatory body has the right to order the insurance company's shareholders to stop affiliate company transactions that seriously harm the company's interests and undermine its solvency.

The regulatory body could restrict rights of insurance company shareholders if they carry out risky capital operations, the law says.

The revised law will take effect on Oct. 1, according to a statement issued by the National People's Congress (NPC) Standing Committee's bimonthly session which ended Saturday.

If the companies refuse to stop harmful transactions, the regulatory body will have the right to order them to transfer their shares, but the new law gives no details as to how or to whom the shares would be transferred.

For those insurance companies with inadequate solvency, the new law authorizes the regulatory body to restrict salaries of the company's board members and senior administrators.

The insurance companies will also be restricted to broadcast TV commercials or other kinds of advertisement and banned to start new operations, according to the law.

"The new article was added based on proposals from lawmakers in previous discussions. It is a supervision measure to prevent and correct the misuse of shareholders' power," said Sun Anmin, deputy director of the NPC law committee, during the session of the 11th NPC Standing Committee that opened on Wednesday.

Since the draft amendment was first submitted for discussion last August, it has been the third time for the top legislature to review the revision.

The new insurance law expands the investment channel for insurance companies from government bonds and financial bills to stocks, securities-investment funds and properties.

It also tightens qualifications for setting up an insurance company to provide better protection for insurant's interests.

In addition to a minimum 200 million yuan (29 million U.S. dollars) of net assets for a company's each shareholders, a good credit record and no record of serious illegalities in the past three years are also required.

[Senior legislators lectured on insurance law](#)

BEIJING, Dec. 27 (Xinhua) -- A special lecture was held on Saturday at the Great Hall of the People, in central Beijing, to help members of the Standing Committee of the National People's Congress better understand the legal system for insurance sector.

Wu Bangguo, chairman of the NPC Standing Committee and member of the Standing Committee of the Communist Party of China (CPC) Central Committee Political Bureau, presided over the lecture. Professor Wang Weiguo from the China University of Political Science and Law was the lecturer. [Full story](#)

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