

Insurers to fund infrastructure projects

China's insurance industry regulator Tuesday specified the proportion of insurance fund that insurers were allowed to invest on infrastructure projects in an effort to lessen risks.

Life insurance companies will be allowed to invest as much as 6 percent of their total assets, based on statistics at the end of last quarter, on infrastructure projects, while property insurance companies could invest up to 4 percent of their total assets, the China Insurance Regulatory Commission (CIRC) said in a notice.

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Insurance companies could use as much as 40 percent of the allowed investment quota on one single infrastructure project. The proportion, however, could be adjusted for major projects approved by the State Council, it said.

Late last year, the Chinese government allowed insurance companies to invest, as creditors, in infrastructure projects, such as transportation, telecom and energy facilities, as well as rural infrastructure projects. The measure aimed to increase financing for the country's 4-trillion-yuan (\$585.7 billion) economic stimulus package.

Previously, the country's insurance fund was allowed to invest in bank deposits, government and financial bonds, stocks, securities-oriented funds, and in non-listed companies as shareholders.

According to the latest CIRC statistics, total assets of the country's insurance industry reached 3.42 trillion yuan at the end of February, and 2.21 trillion yuan of the total was used for investment.

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