
HSBC enters China's life insurance market

SHANGHAI, Aug. 27 (Xinhua) -- HSBC Life Insurance Company Limited, a joint venture set up by HSBC and the Beijing-based National Trust, opened for business in Shanghai Thursday, marking the global financial giant's entrance into one of the world's fastest-growing life insurance markets.

The joint venture, headquartered in Shanghai, has registered capital of 500 million yuan (73.2 million U.S. dollars). HSBC and the National Trust each hold a 50 percent stake.

The company will focus on the sector of China's population that has rapidly-growing discretionary income and will offer life, pension and medical insurance products.

"China is the focus of HSBC's strategy in emerging markets," said Zheng Haiquan, chairman of HSBC Asia Pacific. "If HSBC has no insurance business in China, we could not be called one of the world's largest insurance companies and China's largest foreign bank."

China's total life insurance premiums amounted to 733.8 billion yuan in 2008, up 48 percent from the previous year, the second in scale in Asia after Japan. But its insurance penetration, or premiums as a percentage of the economy, was low at 3.3 percent, said David Fried, board chairman of the joint venture and chief executive officer of HSBC Insurance for Asia Pacific.

China's large population, low insurance penetration and ongoing economic reforms make for confidence in the important role the Chinese market would play for HSBC insurance's global expansion, he said.

HSBC also holds 16.78 percent of Ping An Insurance (Group) Co. of China, the country's second largest life insurer.