

Money

Limits to be relaxed soon for insurers

By Hu Yuanyuan (China Daily)
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BEIJING - The China Insurance Regulatory Commission (CIRC) will loosen the limits on investments by insurance companies in stocks and bonds, but may be cautious on permitting property investments, a CIRC official said on Wednesday.

"We are in discussions to allow major insurers to invest 20 percent of their assets into stocks and equity funds, and increase their investments in unsecured bonds to 20 percent from 15 percent," Sun Jianyong, head of the capital management department of CIRC told China Daily.

Currently, insurers are allowed to invest 20 percent of their assets into stocks, equity funds and debt funds.

"Since debt funds usually account for a small proportion of the 20 percent investment basket, the loosening is just a signal. It is hardly expected to boost the stock market and insurers' investment returns," said Wang Xiaogang, a senior analyst with Shanghai-based Orient Securities.

According to CIRC data, the premium income of insurers rose 13.8 percent to 1.1 trillion yuan last year, with total assets touching 4.1 trillion yuan.

Industry insiders said the loosening may bring around 10 billion yuan of capital into China's stock market.

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The Shanghai Composite Index, which tracks the bigger of China's stock exchanges, gained 3.16, or 0.1 percent, to close at 2625.79 on Wednesday.

"We are more keen to see the detailed rules governing investments in property and private equities," said a manager at a leading insurance asset management company.

But according to Sun, the launch of the detailed rules, especially the one on property investment, may still take

some time.

Though the CIRC opened property as a new investment channel after the revised insurance law came into effect from Oct 1 last year, the detailed rules are yet to come out and hence effectively bars insurers from making such investments.

Wu Dingfu, chairman of the CIRC, said early this year that insurers would not be allowed to invest in residential buildings or be involved during the property development stage.

At the same time, the CIRC said insurers would not be allowed to make direct investments in the nation's commercial property sector.