

Registration Requirement for Insurance Agents in the Mainland

English translation

1. Any person who wishes to work as an insurance agent in the Mainland must:
 - i) pass the qualifying examination;
 - ii) attain a “Qualifying Certificate” from the China Insurance Regulatory Commission (CIRC); and
 - iii) obtain a “Business Certificate” by signing an agency agreement with an authorized insurer in the Mainland.

2. Qualifying examination in the Mainland
 - i) Candidate must:
 - be a Chinese National, including citizen of the Hong Kong and Macau Special Administrative Regions;
 - be aged 18 or above;
 - complete an educational level to Form 5.
 - ii) Frequency
 - once a month;
 - the IAC is planning to introduce electronic examinations, which will be held twice a day. Candidates who pass the examination will be issued a Qualifying Certificate on the spot.
 - iii) Study Notes
 - Published by the CIRC and available for purchase at the examination enrolment offices.
 - iv) Certificates
 - Candidate, who has passed the qualifying examination, will be issued a Qualifying Certificate by the IAC branch office.
 - The Business Certificate is centrally printed by the CIRC and issued by authorized insurers upon the signing of the agency agreement. *The note-worthy point is that the agency agreement will require an individual insurance agent to name a guarantor.*

3. Commission

The commission payable to an insurance agent differs from insurers to insurers and products to products. For life insurance, the first commission is normally between 30 and 40%.

4. Tax

- i) Insurance agents in the Mainland must pay both personal salaries tax and profits tax except in Shenzhen. Tax scales vary from province to province. The following formulas are most commonly used:

Profits tax = monthly commission income × tax rate

Personal salaries tax = (monthly commission - allowance) × applied rate

Tax will be automatically deducted from the commission on a monthly basis by the principal, who will then pay to the Government on behalf of the insurance agent.

- ii) In Shenzhen, though, insurance agents are not required to pay profits tax. As for personal salaries tax, the following formulas are applied:

Taxable income = (monthly commission - allowance of RMB1,600) × (1 - 40%)

Actual tax payable = taxable income × applied rate (progressive rates in eight bands)

5. Registration

The IAC is responsible for the registration of insurance agents. It is currently free-of-charge.

6. Deregistration

The deregistration of insurance agents is the jurisdiction of the CIRC. In 1997, the CIRC promulgated the Administration of Insurance Agents, among which there are 11 clauses delineating misconduct and the respective disciplinary actions, which include censure, warning, termination of agency agreements, etc.