

AIT/CCNAA CONSULTATIONS, MARCH 26, 1990
SUMMARY OF INSURANCE ISSUES

- I. Regarding actions to liberalize the insurance market of the territory represented by CCNAA, parties noted that:
- changes will be introduced to the guidelines governing establishment of branches of U.S. insurance companies such that the 10-year experience requirement will be reduced;
 - upon the concurrence of the banking authorities represented by CCNAA, timely approval will be given by the authorities represented by CCNAA to applications to increase the working capital of its branches in the territory represented by CCNAA of a U.S. insurance company through inward foreign exchange and the amount of working capital required, after review by the authorities represented by CCNAA of such U.S. company's business plan demonstrating its need for such increase;
 - qualified U.S. insurance companies will be allowed to hold an equity participation of up to 49 percent in existing insurance companies in the territory represented by CCNAA;
 - applications for approval of new insurance products will be processed by the authorities represented by CCNAA in a timely manner, as resources allow; and
 - branches of U.S. insurance companies will be permitted to hold foreclosed mortgage property for up to two years from foreclosure as provided under the Banking Act of 1989 of the territory represented by CCNAA.
- II. Since the nature of the following issues involves various technical issues that may relate to other laws and regulations, as well as the financial environment of the territory represented by CCNAA, the authorities represented by CCNAA will need to carefully evaluate them:
- establishment of foreign insurance companies of joint ventures and subsidiaries in the territory represented by CCNAA;
 - conversion of branch licenses of stock insurance companies to branch licenses of mutual insurance companies;
 - sub-branching in the territory represented by CCNAA by branches of U.S. insurance companies in such territory;

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- elimination of the annual quota of two life and two nonlife branches per year.

III. CCNAA noted that:

- foreign insurance brokerage firms can apply and receive a branch license in the territory represented by CCNAA if they meet prescribed conditions in the guidelines governing insurance agents, brokers and adjusters;
- when the guidelines governing the establishment of branches by foreign mutual insurers are formulated to implement the new insurance law, the authorities represented by CCNAA will permit branches of mutual insurance companies to be licensed; and
- according to the Law of the authorities represented by CCNAA, foreign companies (including foreign insurance branches) are not allowed to invest in real estate but may acquire real estate for business use.

According to the "Standardization Law for Central Statutes," rules and regulations promulgated by the EY should be sent to the LY for its acknowledgement. Should the LY express a different opinion on the administrative rules, the LY has the right to revise the administrative rules.

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