



Activity Title and Number: Commercial Pensions in the EU: Role and Development Models (Study Visit); A088-C1

Beneficiary: China Insurance Regulatory Commission (CIRC)

Location and Date: Spain, Czech Republic and Portugal;
27 March – 5 April 2012

Stakeholders: Insurance Association of China (IAC)

Brief Activity Report

Relevance and Impact

As the median age of China's population increases, creating a well-rounded and well-developed pension system will be critical to ensuring the stability and well-being of the populace, public finances and the economy. Conversely, a deficient pension system would force people to save more in preparation for old age, hampering the government's efforts to drive its economic growth more through consumption rather than through exports and investments.

However, China's current pension system remains nascent despite government efforts to grow the industry. Against this background, a study visit was held in Europe for experts from the China Insurance Regulatory Commission (CIRC) to highlight European experience in this area and enable them to draw from this experience as China develops its own pensions industry – a trend that could not only encourage consumption, but offer opportunities for insurers as well.

Activity Description

Mr. Liang Tao, Director General of CIRC's Life Insurance Regulatory Department, led the delegation (totalling 6 people) to Spain, Portugal and the Czech Republic, where they met pensions regulators (DG Insurance and Pension Funds in Madrid, Portuguese Insurance Institute in Lisbon and the Czech National Bank in Prague), insurance/pension industry associations and selected pension funds or insurers.

Discussions centred on the composition of the pensions sector (public pension programmes, enterprise annuities and private retirement savings), how pension funds function, regulatory regimes and supportive policies.

Affirming the relevance of the activity in its mission report, CIRC stated that "the effectiveness and efficiency of the project [were] fully recognized by the delegation."

Results

Key takeaways from the study visit included:

- ✓ Emphasis on the importance of developing private pensions (private retirement savings) and enterprise annuities to reduce the burden public pension programmes pose for government finances, especially as the population ages.
- ✓ Highlighting the need for adequate consumer protection, regulatory policies and strong supervisory capacity to support the development of private pensions (private retirement savings) and enterprise annuities.

In addition, the study visit achieved the following outcomes:

- ✓ Deepened understanding of the pensions industry and its regulatory framework in the EU.
- ✓ Strengthened exchanges with regulatory counterparts in the EU.

For more information on this activity, please contact Huang Danhan, Key Expert: huangdanhan@euctp.org