

China - Cash Before Cover



Frequently Asked Questions & Lessons Learned



This factsheet summarizes the National Financial Regulation Authority (NFRA1) FAQ published on December 31, 2025, along with insights gathered from the 1/1 Renewal season, to support brokers placing insurance business in China under the “Cash Before Cover” regulatory framework.

It is intended as a quick reference to help brokers structure placements correctly, set clear expectations with clients, and avoid delays or non-compliance when binding and servicing policies.

The summary below highlights the key regulatory requirements and operational implications.

Cash before Cover Requirements

- **Premium Payment Before Coverage:** Insurance coverage will only begin once the premium has been received by the insurance company.
- **Issuance of Documents:** Policies, cover notes, and endorsements are all subject to “Cash Before Cover” requirements. If the premium is paid before the policy’s inception date, a Cover Note providing up to 3 months of temporary coverage may be issued before the formal policy is released.
- **Debit Note vs Tax Invoice (Fapiao²):**
 - Debit Note: Issued by the insurer to request and collect premium payments from clients.
 - Tax Invoice (Fapiao²): Only provided after the insurer has received the premium payment. Previous market practices that allowed issuance of the Fapiao² before payment are no longer permitted.
- **Certificate of Insurance (COI):** A COI can only be issued after the policy has been created – which is only possible once the premium has been received by the insurer.

Installments: Only for premiums greater than CNY 200,000 (~USD 28,000)

- The insurer and policyholder may agree beforehand on the amount for each installment.
- For policies up to 1 year: maximum 4 installments.

- The first installment must be at least 25% of the total premium.
- Later installments must stay the same or decrease.
- The last installment cannot be higher than the average installment and must be paid at least 30 days before the policy ends.

Premium collection by an intermediary

If an intermediary collects the premium, it does not meet the “cash before cover” requirement. The insurance company must receive the premium before coverage can begin.

Please note: For PICC and PingAn, premiums are always paid directly to the partner, even if a local broker is involved. For Zurich China, by default some brokers may help collect premiums.

Premium paid in foreign currency or offshore CNY business

If the premium is paid in a foreign currency or in CNY from a location outside of China, the policy and invoice can be issued once the policyholder provides a bank transfer confirmation or another clear proof of payment.

Local Co-insurance

Once the lead insurer receives the premium, the “cash before cover” rule is fulfilled, and the lead insurer will issue the policy and invoices.

For Marine Cargo Insurance

For Marine Cargo Insurance, the payment terms are subject to the agreement shown on the policy contract. These terms do not necessarily require premium payment before the inception date; payment timing will follow what is agreed within the contract.

Contact us:

Reach out to a Zurich team member.

¹ NFRA: National Financial Regulation Authority is the competent regulator overseeing the insurance sector in mainland China, and therefore applies to the regulatory framework that introduced “Cash Before Cover.”

² Fapiao: Refers to an official invoice or receipt issued by the Chinese tax authorities. Fapiao serves as proof of payment and compliance with tax regulations.