



THE INSURANCE LAW  
OF THE PEOPLE'S REPUBLIC OF  
CHINA

中华人民共和国保险法

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# **THE INSURANCE LAW OF THE PEOPLE'S REPUBLIC OF CHINA**

*(Adopted at the 14th Meeting of the Standing Committee of the Eighth National People's Congress on June 30, 1995, promulgated by Order No. 51 of the President of the People's Republic of China on June 30, 1995, and effective as of October 1, 1995)*

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## ***CHAPTER I***

### **GENERAL PROVISIONS**

**Article 1** This Law is formulated to standardize insurance transactions, protect the legitimate rights and interests of parties to insurance, strengthen the management and supervision of the insurance industry and promote the sound development of the insurance profession.

**Article 2** The term “insurance” mentioned in this Law refers to commercial insurance activities that propose to pay premiums to insurers in accordance with the stipulations of the contract, who shall undertake the liability of indemnifying the insured for the losses of property due to the occurrence of accidents which are stipulated in the contract, or of paying compensation when the insured is dead, disabled, ill or reaches the age or time limit stipulated in the contract.

**Article 3** All insurance activities in the territory of the People's Republic of China shall be governed by this Law.

**Article 4** Insurance activities must abide by laws and administrative regulations and comply with the principles of voluntarism, honesty and good faith.

**Article 5** Those who operate commercial insurance

businesses must be insurance companies established in accordance with this Law. No other unit or individual is permitted to operate commercial insurance business.

**Article 6** Legal persons and other organizations within the territory of the People's Republic of China who need domestic insurance shall apply for insurance to the insurance companies within the territory of the People's Republic of China.

**Article 7** When developing their business, insurance companies shall comply with the principles of fair competition and are prohibited from engaging in unfair competition.

**Article 8** The financial supervision and administration departments of the State Council (hereinafter known as the financial supervision and administration departments) shall be responsible for supervision and management of the insurance industry in accordance with this Law.

## ***CHAPTER II***

### **INSURANCE CONTRACTS**

#### **SECTION 1 GENERAL PRESCRIPTIONS**

**Article 9** An insurance contract is an agreement signed by the proposer and insurer to stipulate the rights and obligations of the insurance.

A proposer refers to the person who signs the insurance contract with the insurer and bears the obligation of paying premiums in accordance with the insurance contract.

An insurer refers to the insurance company which signs insurance contracts with proposers and undertakes the liability of indemnifying or paying insurance moneys.

**Article 10** When a proposer signs a contract with an insurer, they shall comply with the principles of equality, mutual benefit, reaching unanimity through consultation, and voluntarism, without damaging the public interest.

Except for compulsory insurance prescribed by laws and administrative regulations, insurance companies and other units are prohibited from forcing others to conclude any insurance contract.

**Article 11** Proposers shall possess insurable interest in the subject insured.

Where proposers possess no insurable interest in the subject insured, the insurance contract shall be null and void.

Insurable interest means the interest which is admitted by laws and possessed by proposers in the subject insured.

Subject insured covers property and relevant interests or human life and body as the object of insurance.

**Article 12** With the demand for insurance made by proposers, the consent of insurers to underwriting made and agreement reached regarding the clauses of the contract, the insurance contract shall be established. The insurers shall



issue in a timely fashion insurance policies or other insurance certificates to the proposers, and clearly state the contractual contents stipulated by both parties in the insurance policy or other insurance certificates.

Upon agreement reached through consultation between the proposers and insurers, insurance contracts may be concluded in written forms other than those stipulated in the previous paragraph.

**Article 13** After the establishment of the insurance contract, the proposer shall pay premiums in accordance with the stipulations, and the insurer shall start to undertake the insurance liabilities in accordance with the stipulated time.

**Article 14** Except as otherwise prescribed in this Law or stipulated by the insurance contract, a proposer may dissolve the insurance contract after establishment.

**Article 15** Except as otherwise prescribed in this Law or stipulated by the insurance contract, an insurer shall not dissolve the insurance contract after establishment.

**Article 16** When concluding an insurance contract, the insurer shall explain the contents of the clauses of the contract to the proposer and may raise inquiries with regard to the subject insured or the relevant circumstances of the insured, and the proposer shall give a truthful account of the same.

Where a proposer does not perform the obligation of

giving a truthful account by purposely concealing facts or due to faults which are enough to cause the insurer to doubt whether to underwrite or not, or raise the insurance premium rate, the insurer shall have the right to dissolve the insurance contract.

Where a proposer purposely refuses to perform the obligation of giving a truthful account, the insurer shall neither undertake the liability of indemnifying and paying insurance moneys nor return the premiums with regard to insurance accidents which happen before the contract is dissolved.

Where a proposer does not perform the obligation of giving a truthful account due to faults which greatly affect the occurrence of insurance accidents, the insurer shall not undertake the liability of indemnifying or paying insurance moneys but may return the premiums with regard to the insurance accidents which happen before the contracts are dissolved.

Insurance accidents refer to accidents which fall within the scope of the insurance liability stipulated in insurance contracts.

**Article 17** Where an insurance contract contains clauses on the exclusive liability of the insurer, the insurer shall make clear explanations to the proposer when concluding the insurance contract; where there is no clear explanation, the clauses shall be void.

**Article 18** The following items shall be included in an insurance contract:

- (1) Name and domicile of the insurer;
- (2) Name and domicile of the proposer and the insured, and the name and domicile of the beneficiary of life insurance;
- (3) Subject insured;
- (4) Insurance liability and exclusive liability;
- (5) Insurance term and the time when the insurance liability begins;
- (6) Insurance value;
- (7) Insurance amount;
- (8) Premium and payment;
- (9) Measures of indemnifying or paying insurance money;
- (10) Liability for breach and settlement of disputes; and
- (11) Year, month and day when the contract is concluded.

**Article 19** A proposer and an insurer may stipulate other issues relating to the insurance except the items stipulated in the previous article.

**Article 20** Within the effective term of the insurance contract, the proposer and the insurer may alter the relevant contents of the contract upon the reaching of agreement through consultation.

Where the insurance contract is altered, the insurer shall note or attach an endorsement to the insurance policy or other insurance certificate, or a written agreement on the alteration shall be concluded by the proposer and insurer.

**Article 21** After learning of the occurrence of an insurance accident, the proposer, the insured or the beneficiary shall notify the insurer promptly.

The insured refers to the person whose property or life is protected by the insurance contract and enjoys the right of claiming indemnity. A proposer may be the insured.

The beneficiary refers to the person who enjoys the right to claim indemnity with the designation of the insured or proposer. A proposer or an insured may be a beneficiary.

**Article 22** After the occurrence of an insurance accident and when requesting the insurer to indemnify or give insurance money in accordance with the insurance contract, the proposer, the insured or the beneficiary shall provide the insurer with all the evidences and materials that they can provide and which can confirm the insurance accident concerning its nature, cause, degree of damage, etc.

Where the insurer considers that the presented evidence and materials are not complete compared to the stipulations in the insurance contract, they shall notify the proposer, the insured or the beneficiary and request that they provide the relevant supplementary evidence or materials.

**Article 23** After receiving a request for indemnifying or paying insurance money, the insurer shall conduct a prompt check. In cases in which insurance liabilities are applicable, the insurer shall, within ten days after reaching an agreement on indemnifying or paying insurance money with the insured or beneficiary, perform the obligations of indemnifying or

paying insurance money. Where there are stipulations on the insurance money or indemnity or the time limit for indemnity in the insurance contract, the insurer shall perform the obligations of indemnifying or paying insurance money in accordance with the stipulations of the insurance contract.

Where the insurer fails in time to perform the obligations prescribed by the foregoing paragraph, he shall compensate for the losses that the insured or beneficiary suffered in addition to paying the insurance money.

No unit or individual shall commit the offense of interfering with an insurer's performance of his obligation to indemnify or pay insurance money, nor restrict the right of the insured or beneficiary to acquire the indemnity.

Insurance amount refers to the maximum limit that the insurer undertakes in liability to indemnify or pay compensation.

**Article 24** After receiving a request to indemnify or pay compensation, the insurer shall, with regard to cases not subject to insurance liability, issue notifications refusing indemnity or payment of insurance money to the insured or beneficiary.

**Article 25** Within 60 days after receiving a request to indemnify or pay insurance money and the relevant evidence and materials, where the amount of the indemnity or payment cannot be confirmed, the insurer shall make the payment of the minimum amount in accordance with the

current evidence and materials. After finally confirming the amount of the indemnity or payment, the insurer shall pay the corresponding deficit.

**Article 26** The right of the insured or beneficiary of insurance other than life insurance to request the insurer to indemnify or pay insurance money, if not performed within two years after learning of the occurrence of an insurance accident, shall be void.

The rights of the insured or beneficiary of life insurance to request the insurer to indemnify or pay insurance money, if not performed within five years after learning of the occurrence of an insurance accident, shall be void.

**Article 27** Under the circumstances that no insurance accident happens, if the insured or beneficiary claims that an insurance accident has happened and requests for indemnity or payment of insurance money to the insurer, the insurer shall have the right to dissolve the insurance contract without returning the premium paid.

Where a proposer, insured or beneficiary purposely creates an insurance accident, the insurer shall have the right to dissolve the insurance contract without undertaking the liability of indemnifying or paying insurance money, and need not return the premium paid except as otherwise prescribed by Paragraph 1, Article 64 of this Law.

After an insurance accident happens, where the proposer, insured or beneficiary works out false accident causes or exaggerates the damage degree through forged or

counterfeited certificates, materials or other evidence, the insurer shall not undertake the liability of indemnifying or paying insurance money covered by the falsity.

Where a proposer, insured or beneficiary has committed one or more activities listed in the previous three paragraphs and the insurer has paid an indemnity, the insurer shall be reimbursed.

**Article 28** When an insurer partially transfers the insurance business which he undertakes to another insurer in the form of underwriting, this is known as reinsurance.

At the request of the acceptor of reinsurance, the ceding party of reinsurance shall inform the acceptor of its own liability and the relevant circumstances of the original insurance.

**Article 29** An acceptor of reinsurance shall not require the proposer of the original insurance to pay premiums.

The insured or beneficiary of the original insurance shall not request the acceptor of reinsurance to indemnify or pay insurance money.

The ceding party of reinsurance shall neither refuse to perform nor delay the performance of its insurance liability on the excuse that the acceptor fails to perform his reinsurance liability.

**Article 30** When an insurer has disputes regarding the content of an insurance contract with a proposer, insured or beneficiary, the people's court or arbitration institution shall

make explanations advantageous to the insured and beneficiary.

**Article 31** An insurer or acceptor of reinsurance shall bear the obligation of keeping the secrets of the business and property of a proposer, insured or ceding party of reinsurance which they have learned in the course of handling insurance business.

## **SECTION 2 PROPERTY INSURANCE CONTRACTS**

**Article 32** A property insurance contract is an insurance contract which takes property and the relevant interests as the subject insured.

The term “property insurance contract” mentioned in this Section is, except in cases specially pointed out, abbreviated to “the contract.”

**Article 33** The insurer shall be informed of the transfer of the subject insured, and, with the consent of the insurer to underwrite, the contract shall be altered in accordance with the law. However, goods transportation contracts and contracts with other stipulations shall be excluded.

**Article 34** For goods transportation insurance contracts and vehicle journey insurance contracts, parties to the contracts shall not dissolve the contracts after insurance liability commences.



**Article 35** An insured shall observe the provisions of the State on fire protection, safety, production operations, labor protection, etc. and safeguard the subject insured.

In accordance with the stipulations in the contract, an insurer may check and examine the safety situation of the subject insured and offer written suggestions about eliminating danger factors and hidden perils to both proposer and insured.

Where a proposer or insured fails to perform the liability for the safety of the subject insured which they should undertake in accordance with the stipulations, an insurer shall have the right to require an increase in premium or dissolution of the contract.

The insurer may take preventive measures for safety to protect the subject insured with the consent of the insured.

**Article 36** Within the effective term of the contract, when the degree of danger to the subject insured increases, the insured shall notify the insurer in time and the insurer shall have the right to increase the premium or dissolve the contract.

Where an insured fails to perform the obligation of notification stipulated in the previous paragraph, the insurer shall not undertake the liability of indemnity for insurance accidents which occur due to the increase of the degree of danger.

**Article 37** Under one of the following circumstances, except as otherwise stipulated in the contract, an insurer