

IN-DEPTH

# Insurance And Reinsurance Law

CHINA



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# Insurance and Reinsurance Law

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*In-Depth: Insurance and Reinsurance Law* (formerly The Insurance and Reinsurance Law Review) is an insightful overview of the legal and regulatory frameworks governing the insurance and reinsurance industry in key jurisdictions worldwide. With a focus on recent developments, it analyses the most pressing regulatory challenges for insurers and intermediaries; highlights practical considerations when drafting insurance contracts; examines noteworthy claims processing issues; and much more.

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# China

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## Introduction

In 2023, the Chinese insurance industry underwent several developments and changes. First, on 18 May 2023, the National Financial Regulatory Administration (NFRA) was officially listed, and the China Banking and Insurance Regulatory Commission (CBIRC) was delisted, which means that the CBIRC officially withdrew from the historical stage. With the official inauguration of the NFRA, the financial supervision system composing of the People's Bank of China, the NFRA and the China Securities Regulatory Commission was formally established. Second, the insurance industry must fully align the filed commission with actually executed commission, requiring insurance companies not to directly or indirectly pay any fees other than commissions to bank channels in the name of billing fees and information fees. Third, in 2023, the unilateral recognition policy for cross-boundary motor insurance was implemented, which facilitates northbound travel for Hong Kong vehicles and Macau vehicles, and boosts the connectivity among insurance companies of Guangdong, Hong Kong and Macau. Fourth, on 15 December 2023, the NFRA issued the Interim Measures for the Supervision and Administration of Pension Insurance Companies. It makes up for the shortcomings of lacking special regulatory provisions for pension insurance companies.

Based on data released by the NFRA on its official website, in 2023 the aggregate original insurance premium income reached 5.1247 trillion yuan; insurance indemnities reached 1.883 trillion yuan; the total assets of the insurance industry reached 29.9573 trillion yuan; the net assets of the insurance industry reached 2.7348 trillion yuan; and the overall amount of insurance funds reached 27.6738 trillion yuan.

## Year in review

In 2024, China's insurance industry experienced profound transformations, marked by a strong emphasis on regulatory refinement, risk prevention and high-quality development. A landmark policy shift came with the release of the new 'Ten Guidelines' for the insurance industry, underscoring the transition from rapid expansion to sustainable growth under the Big Insurance Perspective initiative. This year also witnessed a broader push for financial stability, enhanced market oversight and improved governance, reflecting China's commitment to fostering a resilient, balanced and internationally competitive insurance industry. As structural reforms deepened and economic policies adapted to evolving global and domestic dynamics, the year set the stage for a more robust insurance ecosystem, poised to support long-term economic and social development.

## Regulation

In 2023, several new regulations were issued by the NFRA and other government authorities to press ahead with the reform and development of the insurance industry.

## Interim Measures for the Supervision and Management of Pension Insurance Companies

On 25 November 2023, the NFRA issued the Interim Measures for the Supervision and Management of Pension Insurance Companies (Jin Gui [2023] No. 13). Compared with the regulatory provisions issued for other insurance companies, the main subject of the Measures is the pension insurance company. As of the date of the promulgation of the Measures, there are 10 insurance companies in China with the word 'pension insurance' in their names. The Measures make it clear that pension insurance companies should mainly focus on the development of the pension business, mainly engage in pension-related businesses, and shall not be entrusted with the management of insurance funds and the development of insurance asset management products. At the same time, the Measures have made some special provisions in terms of institutional management, assessment mechanism and risk control.

## Matters Concerning Promoting the Development of Exclusive Commercial Endowment Insurance

After more than two years of piloting, exclusive commercial endowment insurance will enter normal operation. On 25 October 2023, the NFRA issued the Notice on Matters Concerning Promoting the Development of Exclusive Commercial Pension Insurance (Jin Gui [2023] No. 7), clarifying the relevant business requirements and further expanding the scope of institutions operating exclusive commercial pension insurance business. For insurance companies that can operate exclusive commercial pension insurance, the regulatory authorities have put forward higher requirements. Unlike the product approval system during the previous pilot period, from 1 November 2023, the NFRA will subject the insurance clauses and rates of exclusive commercial endowment insurance products to unified filing-based administration. At the same time, during the receiving period, the insurance company shall offer multiple methods whereby the pension benefits under exclusive commercial endowment insurance are received on a periodic, lifelong or other basis for a period of not less than ten years. The arrangement for receiving pension benefits may be linked to services such as elderly care and nursing, but a service contract must be signed separately. Commercial pension insurance will continue to be the focus of future development.

## Administrative Measures for Prevention and Control of the Risks of Being Involved in Criminal Cases Faced by Banking and Insurance Institutions

On 2 November 2023, the NFRA promulgated the Measures (Jin Gui [2023] No. 10). The promulgation and implementation of the Measures is related to the increasing number of employees in the banking and insurance industries who are involved in criminal acts such as abuse of power, insider trading, and bribery. Originally, the Measures were only applicable for banking institutions, but were later expanded to, inter alia, insurance institutions, auto finance companies and consumer finance companies. Compared with the original provisions, the Measures place more emphasis on comprehensively strengthening internal control and employee behaviour management and pay more attention to the integrity and coordination of risk prevention and control at all levels, departments, branches and personnel. The responsibility system of the chair of the board

of directors, the chair of the board of supervisors and the president was adjusted to the responsibility system of the board of directors, the board of supervisors and the senior management, and the responsibilities of the leading department, internal departments, branches and internal audit departments were further clarified.

## Insurance and reinsurance law

### Sources of law

As China is a civil law country, the sources of law are found in statutory codes. The sources of insurance law in China consist mainly of:

1. the Insurance Law;
2. judicial explanations issued by the Supreme People's Court;
3. other relevant laws promulgated by the National People's Congress; and
4. regulations and guidelines issued by the NFRA and other relevant government institutions.

### Making the contract

The Insurance Law (the Law) does not define a reinsurance contract. In practice, a reinsurance contract is deemed to be a special type of insurance contract concluded between the ceding insurer and the reinsurer.

Pursuant to the Law, an insurance contract is defined as an agreement in which an applicant and an insurer set out their respective rights and obligations under the insurance policy. The term 'applicant' refers to the party that concludes the insurance contract with the insurer, and who must pay the premium in accordance with the contract. The term 'insurer' refers to the insurance company that concludes the insurance contract with the applicant and that is liable for paying insurance indemnities in accordance with the contract.

The Law classifies insurance contracts into two classes, namely personal insurance contracts and property insurance contracts. A personal insurance applicant has an insurable interest in the insured at the time when the insurance contract is formed, while an insured in property insurance has an insurable interest in the subject insured at the time when an incident covered by the insurance occurs.

An insurance contract is formed when an insurance applicant applies for insurance and the insurer accepts the application. The insurer then issues to the insurance applicant an insurance policy or any other insurance certificate in a timely manner.

Pursuant to Article 18 of the Law, an insurance contract shall contain the following:

- 1.

- the name and address of the insurer, the names and addresses of the insurance applicant and the insured, and the name and address of the beneficiary when applying for personal insurance;
2. the subject insured;
  3. insurance liability and liability exemptions;
  4. the period of insurance and the commencement date of insurance liability;
  5. the amount insured;
  6. the premium and payment method;
  7. the method for paying indemnity or insurance benefits;
  8. liabilities for breaches of contract and resolution of disputes; and
  9. the day, month and year of the conclusion of the contract.

The insurance applicant and the insurer may agree upon other particulars related to insurance in the insurance contract.

In concluding an insurance contract, the applicant has a duty of honest disclosure when the insurer enquires about the subject insured or relevant circumstances concerning the insured. The insurer shall have the right to rescind the insurance contract if the applicant intentionally or with gross negligence fails to perform his or her duty of honest disclosure, to the extent that said failure materially affects the insurer's decision on whether to provide the insurance or whether to increase the premium rate. Invoking the right of rescission reverses any insurance liability that was assumed for insured incidents that occurred prior to the rescission of the contract, entitling the insurer to those benefits that had already been paid out. However, there is one minor distinction to be made between failing to disclose material facts as a result of gross negligence versus intentionally failing to disclose. If an applicant fails in their duty to disclose out of gross negligence, and this affects the insurer's pricing or provision of the policy, the insurer shall, with respect to the incidents occurring prior to the rescission of the contract, bear no insurance liability, but shall return the paid premiums. When an applicant intentionally fails to disclose a fact, however, they are not entitled to a refund of their policy premium in the event of its rescission. However, if an insurer enters into an insurance contract with an applicant knowing that the applicant has failed to disclose a material fact, the insurer is not entitled to rescind the contract, and if an insured incident occurs, the insurer shall bear the insurance liability.

For those clauses in the insurance contract that exempt the insurer from liability, the insurer must give sufficient warning to the applicant of those clauses in the insurance application form, the insurance policy or any other insurance certificate, and expressly explain the contents of those clauses to the applicant in writing or orally; if the insurer fails to give a warning or explicit explanation thereof, those exemption clauses shall be of no effect. The PRC Civil Code, which came into effect on 1 January 2021, brings about some changes with regard to the validity of standard clauses. Article 496 of the PRC Civil Code provides that besides standard terms that exempt or reduce the insurer's liability, other standard terms that the insurer provided to the applicant but failed to conclude in line with its duty of utmost good faith, and that carry a significant interest for the other party, will also be of no effect.

## Interpreting the contract

The provisions of the insurance contract become ambiguous when the insurer and the insurance applicant, the insured or the beneficiary, have different interpretations of the policy. If a provision is found to be ambiguous, it should be interpreted in accordance with the following interpretative methods.

### Semantic interpretation

Semantic interpretation means interpreting the policy with common knowledge in accordance with the common sense of ordinary people. The interpretation cannot deviate from the wording of the policies, and other methods of interpretation can be applied only when the outcome of a semantic interpretation is still unclear. The semantic interpretation method is also the fundamental method.

### Systemic interpretation

Systemic interpretation refers to interpreting the provisions based on the entire contents of the contract and taking into consideration the connection of each provision with the other provisions in the contract.

### Contract aim-based interpretation

Contract aim-based interpretation means interpreting the policy in accordance with the real intention of the parties to the insurance contract.

### Good faith interpretation

Good faith interpretation is based on the utmost good faith principle, whereby the insurance contract is interpreted by applying the waiver and estoppel rules. The good faith principle is an essential principle in the civil law system and is similar to the utmost good faith doctrine in the common law system.

### Special interpretation

Under a special interpretation, the contents of the schedule outweigh the policy clauses; the handwritten clauses outweigh the printed clauses; and a special exception is that the contents of the application form outweigh the insurance policy and schedule even if the application form is formed earlier than the latter two parts of the insurance contract.

### Unfavourable interpretation

Where the insurer and applicant, insured or beneficiary have a dispute over a clause in an insurance contract concluded by using the standard clauses provided by the insurer, the clause shall be interpreted as commonly understood. If there are two or more possible

interpretations of the clause, a court or arbitration institution shall interpret the clause in favour of the insured and beneficiary.

## Intermediaries and the role of the broker

Insurance intermediaries include insurance brokerage companies, insurance agencies and insurance assessment institutions. China has adopted the Regulatory Provisions on Insurance Brokerages, Rules on Insurance Agents and the Regulatory Provisions on Insurance Adjusters to regulate insurance brokerage companies, insurance agencies and insurance adjusters.

Insurance brokerage companies and insurance agencies have to be in the form of either a limited liability company or a joint-stock limited company. Brokers provide intermediary services to insurance applicants and insurance companies to execute insurance contracts based on the interests of insurance applicants, while insurance agencies are, based on authorisations by insurance companies, authorised to handle insurance business on their behalf. The two regulations on insurance brokerage companies and insurance agencies, respectively, provide the requirements on market access, operation rules, market exit, supervision and inspection, and legal liabilities. Further details are also provided regarding the business establishment, qualifications of personnel, scope of business and prohibited acts.

For instance, an insurance brokerage company must meet the following conditions to be established:

1. shareholders, promoters and sponsors must have a good reputation, and must have no record of major irregularities in the immediately preceding five years;
2. the registered capital must reach a minimum requirement. The minimum registered capital of an insurance brokerage company must be 50 million yuan if it operates beyond a province, autonomous region, centrally administered municipality or the municipality with unilateral planning at the place of its industry and commerce registration. The minimum registered capital of an insurance brokerage company must be 10 million yuan if it operates within a province, autonomous region, centrally administered municipality or the municipality with unilateral planning at the place of its industry and commerce registration. The registered capital of an insurance brokerage company must be paid in cash;
3. the articles of association must comply with the relevant provisions;
4. the chair of the board of directors, the executive director and senior management must comply with the qualifications specified in the Regulatory Provisions mentioned above;
5. it must have a sound organisational structure and management system;
6. it must have a fixed domicile commensurate with the scale of its business;
7. it must have business, financial and other computer hardware and software facilities commensurate with its business; and
8. it must meet other conditions specified in laws, administrative regulations and provisions of the NFRA.

Similar conditions apply for a professional insurance agency. Only a few differences exist after the coming into effect of the NFRA's Rules on Agents on 1 January 2021. This includes registered capital, whereby the registered capital of a professional insurance agency must be 20 million yuan, whereas it must only prove 10 million yuan if it operates in one province or another provincial region.

An insurance brokerage company may engage in the following business:

1. drafting insurance application proposals, selecting insurance companies and handling the insurance application formalities for insurance applicants;
2. assisting the insured or beneficiaries in claiming compensation;
3. reinsurance brokerage business;
4. providing clients with disaster, loss prevention, risk assessment or management consulting services; and
5. other business approved by the NFRA.

To engage in insurance brokerage business, an insurance brokerage must enter into a written brokerage contract with a client agreeing to the rights and obligations of both parties and other relevant matters. A brokerage contract may not violate any laws or administrative regulations, or the provisions issued by the NFRA.

In conducting business, an insurance brokerage company must prepare a standard client notification letter. This letter must, at minimum, include basic information about the company, such as its name, business premises, scope of business and any contact methods. If there is any affiliation between the company or its director or senior executive and an insurance company or insurance intermediary institution related to its brokerage business, this must be explained in the client notification letter.

An insurance brokerage practitioner must present the client notification and, at the request of the client, explain the manner of collection and the rate of commissions. The practitioner must also inform the clients of the insurer of an insurance product, make a full and fair analysis of any similar products recommended and clearly alert an insurance applicant to the clauses in the insurance contract regarding, inter alia, liability exemptions or exceptions, surrender, deduction of other expenses, cash value and the cooling-off period.

A professional insurance agency may engage in the following insurance agency business:

1. selling insurance products as an agent;
2. collecting insurance premiums as an agent;
3. conducting damage surveys and claim settlements for the relevant insurance business as an agent; and
4. other business approved by the NFRA.

To engage in insurance agency business, a professional insurance agency must enter into a written agency contract with an insurance company, agreeing on the rights and obligations of both parties and other relevant matters. An agency contract may not violate any laws or administrative regulations, or the provisions issued by the NFRA.

A professional insurance agency must prepare a standard client notification letter and present it to the client while conducting business. The client notification letter must, at a minimum, include basic information about the full-time insurance agency and the represented insurance company, such as their names, business premises, scope of business and contact methods. If there is any affiliation between the professional insurance agency or its director or senior executive and the represented insurance company or the relevant insurance intermediary company, this must be explained in the client notification letter. Furthermore, the client notification letter must include an avenue for submitting complaints and alert the client to the dispute resolution clause as well. A professional insurance agency must also clearly alert an insurance applicant of the clauses in the insurance contract regarding, inter alia, liability exemptions or exceptions, surrender, deduction of other expenses, cash value and the cooling-off period.

## Claims

Under the Law, the applicant, insured or beneficiary shall, in a timely manner, notify the insurer after becoming aware of the occurrence of an incident covered by the insurance. Where an applicant, insured or beneficiary fails to notify the insurer in a timely manner either intentionally or out of gross negligence, making it difficult to ascertain the nature, cause and extent of the loss of the incident covered by the insurance, the insurer will not be liable for indemnification or payment of the insurance benefits for the indeterminable part, unless the insurer has known or should have known about the incident in a timely manner through other channels. An applicant also has a duty to cooperate with the insurer who is defending a claim on its behalf. The applicant must keep the insurer informed of all major case developments, respond to the insurer's reasonable enquiries and notify the insurer.

After receiving an insured's or beneficiary's claim for indemnity payment, the insurer must assess the claim in a timely manner. If the circumstances are complex, the insurer must complete the assessment within 30 days, unless otherwise agreed upon in the insurance contract. The insurer must notify the insured or beneficiary of the assessment result. For a claim that falls within the insurance coverage, the insurer must perform the obligation of paying the indemnity within 10 days of reaching an agreement on the payment of indemnity with the insured or beneficiary. If the insurance contract provides otherwise for the time limit for indemnity payment, the insurer must perform the obligation of paying the indemnity as agreed upon therein. If the insurer fails to perform the obligation as prescribed, it shall, in addition to paying the insurance indemnity, pay compensation for the insured's or beneficiary's loss suffered.

In cases where an insurer cannot determine the amount of indemnity to be paid within 60 days of receiving a claim for indemnity and the relevant certificates and materials, it must first pay the amount that can be determined according to the current certificates or materials, and after it finally determines the amount of indemnity to be paid, it shall pay the difference.

## Dispute resolution

Jurisdiction, choice of law and arbitration clauses

## Jurisdiction

China's court hierarchy consists of four levels. The primary courts, intermediate courts, high courts and Supreme Court all have jurisdiction as courts of first instance over civil cases, including insurance litigation, in accordance with the amount of a dispute and the influence of the case.

Generally speaking, the primary courts act as the first instance courts in most insurance cases. On 30 April 2015, the Supreme People's Court issued the Notice of the Supreme People's Court on Adjusting the Standards for the Jurisdiction of the Higher People's Courts and Intermediate People's Courts over Civil and Commercial Cases of the First Instance, and this can be referred to for the hierarchical jurisdiction of insurance disputes. On 30 April 2020, the Supreme People's Court further issued the Notice of the Supreme People's Court on Adjustments to the Criteria for First Instance Civil Cases under the Jurisdiction of Higher People's Courts and Intermediate People's Courts. This notice sets the minimum amount at issue for trial before a high court to 5 billion yuan. First instance civil cases with an amount at issue below 5 billion yuan will only be heard by a high court when the matter carries significant influence in the court's jurisdiction. On 17 September 2021, the Circular of the Supreme People's Court on Adjusting the Criteria for the Jurisdiction of Intermediate People's Courts over Civil Cases of First Instance was released. According to this circular, in civil cases with 500 million yuan or more in dispute, and where the domiciles of all parties are within the same provincial-level jurisdiction or none of the parties are within the same provincial-level jurisdiction where the accepting court is located, the intermediate people's court will have first instance jurisdiction. In civil cases with 100 million yuan or more in dispute, and where the domicile of one of the parties is not within the provincial-level jurisdiction where the accepting court is located, the intermediate people's court will have first instance jurisdiction.

In terms of territorial jurisdiction, a lawsuit brought on an insurance contract dispute will usually be under the jurisdiction of the court where the domicile of the defendant or the insured object is located. Further, pursuant to Article 21 of the Interpretation of the Supreme People's Court on the Application of the Civil Procedure Law, which was issued on 30 January 2015, for an action instituted for a dispute arising from a property insurance contract, if the subject matter insured is a transport vehicle or goods that were in transit, the case may be under the jurisdiction of the people's court at the place where the transport vehicle is registered, the place of destination or the place where the insurance accident occurs. A case of dispute over a personal insurance contract may be under the jurisdiction of the people's court of the place of the domicile of the insured.

For litigation involving marine insurance, the court of first instance is the professional marine court, and the Marine Special Procedure Law is applied.

## Choice of law

As a general rule, the parties to a contract can choose the governing law in a contract. However, pursuant to Article 12 of the PRC Civil Code, Chinese law shall apply to civil activities within China, except as otherwise stipulated by law. According to Article 3 of the

Insurance Law, this law shall also govern insurance activities conducted within the territory of China.

For an insurance contract concluded within the territory of mainland China, and where both the insurance applicant and insurer are Chinese entities or Chinese citizens, Chinese laws will usually be applied compulsorily.

#### Arbitration clauses

More and more insurance companies are choosing arbitration as their dispute resolution method, and the most popular arbitration institution in China is the China International Economic and Trade Arbitration Commission.

However, in the insurance contracts of some foreign-invested insurance companies, a dispute resolution clause gives the parties the right to select the method of dispute resolution, either by arbitration or litigation.

Article 7 of the Interpretation of the Supreme People's Court on Certain Issues Concerning the Application of the Arbitration Law states that an arbitration agreement will be invalid if the parties thereto agree that disputes may be resolved either through submission to an arbitration institution for arbitration or by filing an action with a people's court, unless one of the parties applies to an arbitration institution for arbitration and the other party fails to raise an objection within the time limit specified in Article 20, Paragraph 2 of the Arbitration Law.

Consequently, a dispute resolution clause will usually be deemed invalid if it stipulates litigation and arbitration simultaneously. In that case, if either the insured or the insurer submits a dispute in connection with an insurance policy for arbitration, the other party may argue for the invalidity of the clause and refuse arbitration, which means that the dispute will ultimately be resolved by litigation.

#### Litigation

Pursuant to Article 26 of the Insurance Law, the statute of limitations for an insured or beneficiary to claim the insurance indemnity against the insurer in any insurance other than life insurance is two years, counted from the day when the insured or beneficiary knew or should have known of the occurrence of the insured accident. However, Article 188 of the PRC Civil Code now provides that applicants now have the right to apply for protection of their civil rights for up to three years. Courts, confronted by these two limitation periods, will usually apply the three-year period in cases concerning claims for insurance indemnity.

The statute of limitation for an insured or beneficiary in life insurance to claim indemnity against the insurer is five years, counted from the day when the insured or beneficiary knew or should have known of the occurrence of the insured accident.

The litigation procedure for insurance disputes is no different from that of other kinds of civil disputes, and the Civil Procedure Law and Interpretation of the Supreme People's Court on the Application of the Civil Procedure Law will be applied. The court must complete trials of first instance cases within six months. It must complete trials of appeal cases against a judgment within three months of the appeal being docketed, but for an appeal

case against a ruling, the court shall issue a final ruling within 30 days of the appeal being docketed.

If any party is unsatisfied with the judgment or verdict of the first instance court, the party can appeal to the appellate court at the higher level. The judgment or verdict of the appellate court is binding. The remedy for a binding judgment and verdict is legal review, but this procedure is rarely initiated.

During the civil procedure, each party submits evidence to prove the facts upon which its own litigation requests are based or upon which its refutation of the counterparty's litigation requests is based. However, in insurance disputes, the insurer bears the burden of proof under several conditions based on the Interpretations of the Supreme People's Court on Several Issues Concerning the Application of the Insurance Law (II). For instance, if the parties concerned have any dispute over the scope and content of the inquiry at the time of concluding the insurance contracts, the insurer then bears the burden of proof.

## Arbitration

There is no difference between the arbitration procedure of an insurance dispute and that of other kinds of commercial disputes. The parties shall refer to the arbitration institution's arbitration rules and evidence guidelines in an arbitration procedure. The costs for an arbitration procedure are decided by the arbitration rules of each arbitration institution.

## Mediation

On 18 December 2012, the former CIRC and the Supreme People's Court jointly issued the Notice of the Supreme People's Court and the China Insurance Regulatory Commission on Carrying out Pilot Work of Establishing the Mechanism for Linking Insurance Dispute Litigation with Mediation in Some Regions of China to establish a mediation system for insurance litigation in some cities. The local courts and insurance associations oversee this system.

Pursuant to the Notice, the courts in the pilot regions can, in accordance with the spirit of the Overall Plan of the Supreme People's Court on Expanding the Pilot Reform of the Mechanism for Settling Disputes by the Linkup of Litigation and Non-Litigation,<sup>[1]</sup> establish registers of mediation organisations and mediators that are specially invited. Where conditions permit, the courts can also provide mediation organisations and invited mediators with mediation rooms that are specifically provided to carry out the work required for settling insurance disputes.

The courts in pilot regions must, under the precondition of respecting the parties' will and in accordance with the relevant provisions of the Several Opinions of the Supreme People's Court on Establishing a Sound Mechanism for Settling Disputes by the Linkup of Litigation and Non-Litigation,<sup>[2]</sup> guide parties in effectively settling disputes with low costs through the mechanism for linking insurance dispute litigation with mediation by means of appointed mediation before a case is docketed, and by means of authorised mediation after a case is docketed.

In 2016, the Supreme People's Court and the former China Insurance Regulatory Commission jointly issued the Opinions on Comprehensively Advancing the Building

of the Mechanism Linking Litigation with Mediation for Insurance Disputes. With the exception of regions carrying out the pilot programme at the earlier stage, the Opinions will actively expand the scope of the regions carrying out the pilot programme to include all municipalities directly under controlled by the central government and all provincial capitals (capitals of autonomous regions).

After receiving the bill of complaint and before registering a case, a people's court shall guide the parties to resolve insurance disputes via mediation. If the parties agree to this, they must complete relevant mediation forms or sign a letter of consent; if the parties do not agree, the people's court will register the case. After the case is registered, the people's court can still appoint mediation organisations to mediate the dispute with the consent of the parties based on the development of the case. The mediation organisations must finish mediating the dispute within 20 working days of being assigned the case. The mediation period can be extended by seven working days in special circumstances, with the consent of the parties. The mediation organisations can consult with the people's court when dealing with complicated cases.

If a contract is civil in nature, the mediation agreement concluded by the parties to insurance disputes will take place under the mediation of a mediation organisation or mediators. With the signatures and seals of the organisation or mediators, the parties may apply to the court with jurisdiction to confirm the validity of the mediation agreement. A mediation agreement that is confirmed to be valid by the court will have enforceability.

## Outlook and conclusions

In 2025, the NFRA is anticipated to introduce further refinements to risk-based capital regulations, solvency stress testing and governance requirements. Insurers must proactively adapt to regulatory shifts. In addition, technology-driven innovation will remain a focal point, with insurers leveraging AI, big data and blockchain to enhance underwriting, claims management and fraud detection. Regulatory oversight on digital insurance platforms is likely to tighten. While challenges such as financial risks and global uncertainties persist, the sector also presents immense potential for innovation, expanded coverage and deeper integration with national development goals. With a growing emphasis on high quality, sustainable growth, China's insurance industry remains a market to watch – one that holds significant promise for both domestic and international players in the years to come.

## Endnotes

- 1 No. 116 [2012] of the Supreme People's Court. [^ Back to section](#)
- 2 No. 45 [2009] of the Supreme People's Court. [^ Back to section](#)

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