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Insurance Litigation 2026

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China: Trends and Developments

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CHINA

Trends and Developments

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AnJie Broad Law Firm

AnJie Broad Law Firm has an insurance practice team that assists clients in a wide range of service areas, including insurance M&A, establishment and compliance operations of insurance institutions and finance work. It provides accurate policy advice and first-class dispute resolution services across numerous policy types and market sectors. Insurance dispute resolution is a core practice area and a team priority. The team of over 50 lawyers consistently acts on the toughest arbitration cases at the forefront of insurance dispute resolution, as well as property insurance claims disputes, life insurance claims disputes, insurer's subrogation disputes, reinsurance contract disputes, insurance-fund product disputes and insurance institution investment disputes. The firm can offer both local insights and global reach, and has established an extensive co-operative network with first-class law firms in the USA, the UK, Germany, France, Canada, Australia, Japan, South Korea, and other states and regions, which allows AnJie Broad to deliver top-tier global insurance-related legal services.

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Insurance Litigation in China: An Introduction

The insurance industry is an important pillar of financial and social security systems, and China's insurance industry has achieved rapid development in recent years. As of 31 August 2026, there were 345 members of the Insurance Association of China (IAC), 13 of which were insurance group (holding) companies, 89 property insurance companies, 93 life insurance companies, 14 reinsurance companies, 20 insurance asset management companies and 66 insurance intermediaries.

Other than the members of the IAC, there are still more asset management companies and insurance intermediaries acting in the market. According to data released by the National Financial Regulatory Administration, the primary insurance premium income from January to July 2026 totalled CNY4,289 billion.

With the continuous development of the insurance industry, the number of insurance litigation cases is also growing. As of August 2026, there were nearly 1.5 million litigation cases related to insurance disputes from the China Judgments Online Database, mainly involving disputes over property insurance policies and life insurance policies, as well as some subrogation cases and a small number of insurance premium disputes cases. Litigation and arbitration are still the main ways to resolve insurance disputes, but the surge in insurance disputes has created demand for the development of various dispute settlement systems.

Trends and developments

Disputes may arise concerning all aspects of the formation and performance of insurance policies, such as determination of:

- the validity and application of the exclusion clause;
- whether the insurer meets its obligation to provide an explicit explanation of the meaning of the exclusion clause;
- whether the incident is covered by the insurance policy; and
- whether the calculation of the loss is accurate.

Insurance litigation cases regarding new types of insurance policies continue to emerge as well. In addition to disputes arising out of traditional insurance policies, such as motor vehicle liability insurance, work injury insurance, pension insurance and life insurance, cases related to cyber-insurance, D&O liability insurance and green agriculture insurance are also emerging. Insurance litigation regarding these new types of insurance policies may involve multiple legal relationships and complicated facts, which creates difficulties and challenges for law practitioners and adjudicators. Some new types of insurance litigation are set out in detail below.

Increase in securities class actions leading to rapid growth in claims and litigation cases relating to D&O liability insurance policies

With the official implementation of the new Securities Law of the People's Republic of China in March 2020, PRC supervisory departments have continued to make breakthroughs in clarifying the scope of liability and compensation for responsible directors and officers, and have further strengthened the recourse against the actual controller of listed companies.

A prominent example is the enforcement action against Evergrande Real Estate Group. In May 2024, the China Securities Regulatory Commission (CSRC) found that Evergrande Real Estate had engaged in fraudulent bond issuance and information disclosure violations, imposing a fine of CNY4.175 billion on the company and a fine of CNY47 million, together with a lifetime securities market ban, on its then chairperson and actual controller, Hui Ka Yan. In August 2026, the Shenzhen Intermediate People's Court further convicted Evergrande Real Estate, Evergrande Group and Hui Ka Yan of offences including fraudulent issuance of securities and illegal disclosure of material information. The case illustrates the increasingly significant regulatory and personal liability exposure faced by companies, directors, officers and actual controllers in connection with securities violations.

In 2025, a total of 643 A-share listed companies disclosed plans to purchase D&O liability insurance, representing a year-on-year increase of 19%. Among them, 256 companies disclosed such plans for the first time. By the end of 2025, a cumulative total of 1,753 A-share listed companies had disclosed D&O insurance purchase plans, bringing the market penetration rate to 32%, up four percentage points from the previous year and marking the ninth consecutive year of growth. In addition, the new Company Law of the People's Republic of China came into effect as of 1 July 2024, further strengthening the duties and liabilities of directors, supervisors and senior executives, significantly increasing their motivation to purchase D&O insurance.

Under the influence of the stricter regulation, the risk of litigation involving listed companies related to misrepresentation and fraudulent statements has risen, the standards of directors and officers performing their fiduciary duties have been higher and corresponding disputes over D&O liability insurance policies have increased. Compared with other liability insurance litigation, D&O liability insurance litigation has fewer referable precedents, complex legal relationships and difficulties in the application of laws.

Situations will be more complex when foreign litigation procedures are involved. As many Chinese companies choose to be listed in stock markets outside of mainland China, such as the Hong Kong Stock Exchange, the New York Stock Exchange or the NASDAQ, the class actions and investigations brought against insureds in those jurisdictions will make claims under D&O liability insurance policies even more challenging in matters pertaining to:

- whether penalties imposed by foreign regulators are covered under the D&O policy;
- how to apply foreign law to allocate loss when covered and uncovered insureds are both sued; and
- how to determine the reasonableness of the settlement amount entered in the proceedings in another jurisdiction when the D&O policy dispute is heard by a PRC court or arbitration tribunal, etc.

Insurance litigation in the Internet Plus era

With the rapid development of the social economy and internet services, online sales of insurance products are expanding rapidly, creating new opportunities for the development of the insurance industry. According to the Interim Measures for the Supervision of the Cyber Insurance Business issued by the former China

Insurance Regulatory Commission (CIRC), which was abolished in 2018, insurance companies can operate cyber-insurance business in several areas, such as personal accident injury insurance, term-life insurance and whole-life insurance, household property insurance, liability insurance, etc.

In 2016, nearly 80% of Chinese insurance companies had started their cyber-insurance business through different business models, such as constructing their own websites or co-operating with third-party platforms. In 2025, among the channels used by internet insurance consumers to purchase their in-force insurance products, traditional insurers' online channels accounted for 63%, surpassing their offline channels for the first time and becoming the primary channel for insurance purchases. As a result, traditional insurers' online channels became the leading channels for insurance purchases among surveyed internet insurance consumers in 2025, reflecting the continued shift towards online insurance purchasing.

The development of cyber-insurance without a well-established regulatory system has triggered chaos. In 2019, the CBIRC and its branches received 19,900 consumer complaints about cyber-insurance, which represented a year-on-year increase of 88.59% and seven times the complaint volume in 2016. This rapid growth correspondingly resulted in a surge of litigation cases related to cyber-insurance policies. The formation of a cyber-insurance policy is different to that of a traditional policy, so the disputes are usually related to the formation process.

According to Article 3 of the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Insurance Law of the People's Republic of China (II) (amended in 2020), if the policyholder or the policyholder's agent does not sign or seal the insurance policy in person, but the insurer or the insurer's agent signs or seals it on behalf of the policyholder, the policy should not take effect for the policyholder; however, if the policyholder has already paid the insurance premium, it should be regarded as its retroactive recognition of the act of signing or stamping on behalf of the policyholder. Therefore, whether the electronic signature is provided by the policyholder themselves and whether the signature is valid are significant in the formation and inception of cyber-insurance policies. The effectiveness of the cyber-insurance policy also depends on whether the policyholder pays the premium in full and on time through electronic means.

According to Article 17 of the Insurance Law of the People's Republic of China (the "PRC Insurance Law"), an insurer should highlight clauses that exclude the liability of the insurer on the insurance application form, insurance policy document or any other insurance certificate, for the attention of the policyholder in an insurance policy, and should explain the contents of such clauses to the policyholder, in writing or verbally; where there is no highlighting or explicit explanation, such clauses should be considered invalid. Due to the convenience and efficiency of purchasing cyber-insurance, the policyholder frequently asserts that the insurers fail to perform their obligation under Article 17 of the PRC Insurance Law. Therefore, in cyber-insurance litigation, it is up to the insurers to prove that they fulfil the obligation to inform the policyholder of the contents of the insurance policy truthfully through the internet sales platform.

Insurance litigation in the green economy

The demand for green insurance in the green financial market is increasing, and agricultural insurance plays an essential role in the growth of green insurance in China. China is currently one of the major countries in terms of agricultural insurance premium income, which totalled CNY155 billion in 2025. Faced with the direct or indirect risks brought by global environmental pollution, climate change and natural disasters, the corresponding disputes over agricultural insurance policies have increased. The main features are as follows.

- First, agricultural insurance policies litigation usually comes in the form of a series of cases – ie, different plaintiffs in the same area bring separate litigation cases against the same insurer for similar facts and reasons.
- Second, agricultural insurance products are generally policy-oriented, and subsidies from the local government are granted for public interest considerations. The PRC Agricultural Insurance Regulations clearly stipulate that the local financial

department is the administrative agency of agricultural insurance, and the subsidies are determined by the local financial department. Therefore, when they hear the relevant cases, in addition to applying the PRC Insurance Law, the Civil Code of the People's Republic of China (the "Civil Code") and other laws, PRC courts also need to take into account the regulations issued by local financial departments.
- Third, parties to agricultural insurance policies are prone to dispute the validity of the terms of the insurance policy and the manner of determining the loss resulting from incidents. In practice, the two main issues disputed are whether the loss has really occurred and whether there is a fraudulent claim.
- Lastly, because the insureds of agriculture insurance policies generally have low incomes and are in a relatively vulnerable position, the PRC courts tend to protect the interest of the insureds by taking into account the principle of equity.

Litigation property preservation liability insurance

Litigation property preservation refers to the protection measures taken by the court to prevent the party (generally the defendant) from transferring, concealing or selling the property before the judgment is issued, so as to ensure the smooth execution of the judgment after it takes effect in the future.

In accordance with the Civil Procedure Law of the People's Republic of China, when receiving the application for taking preservation measures, the People's Court may require the applicant/plaintiff to provide a guarantee. In recent years, a litigation property preservation liability (LPPL) insurance policy is considered a qualified and legitimate method through which to provide a guarantee.

LPPL insurance generally covers the losses suffered by the defendant as a result of wrongful or improper application for property preservation. If the applicant/plaintiff loses the case, the defendant will sue the applicant/plaintiff and the insurer to reimburse the losses caused by property preservation measures.

With the wide application of LPPL insurance in civil litigation cases, more and more disputes have arisen out of such insurance policies. The following criteria are considered in LPPL disputes:

- whether the applicant has subjective fault;
- whether the preservation measures are adopted in an improper manner;
- whether the defendant has suffered any loss; and
- whether there is a direct causal link between the improper preservation measures and the defendant's loss.

New Laws, Regulations and Trends

Planned amendment of the PRC Insurance Law

On 8 May 2026, the General Office of the State Council issued the "State Council's 2026 Legislative Work Plan", in which the draft amendment to the PRC Insurance Law remains listed as a legislative project to be prepared for submission to the Standing Committee of the National People's Congress for deliberation. The draft amendment had also been included as a preparatory legislative project in the State Council's legislative work plans for 2024 and 2025.

On 4 September 2026, the National Financial Regulatory Administration issued the Draft Amendment to the Insurance Law of the People's Republic of China (Draft for Public Comments) and invited public comments on the draft.

The draft amendment contains 214 articles across eight chapters and proposes significant changes to China's insurance regulatory framework. The key amendments proposed in the draft include:

- strengthened supervision of shareholders and actual controllers, including tighter qualification, disclosure and related-party transaction requirements;
- enhanced prudential regulation, particularly in corporate governance, solvency, risk management and asset-liability management;
- improved risk resolution and market exit mechanisms, including stronger early intervention and takeover arrangements;
- stronger consumer protection, including personal information protection, prohibition of misleading sales practices and statutory recognition of cooling-off periods; and

- higher penalties for violations, with broader liability and increased fines to raise the cost of non-compliance.

Formation of the National Financial Regulatory Administration

On 18 May 2023, the National Financial Regulatory Administration was formed on the basis of the CBIRC and is responsible for the supervision of the financial industry, including the insurance industry. Before this, the CBIRC had been in operation for more than five years. With the formation of the National Financial Regulatory Administration, the CBIRC will no longer exist.

Changes of hierarchical jurisdiction

In China, there are four levels of courts:

- the primary courts;
- the intermediate courts;
- the high courts; and
- the Supreme People's Court.

In accordance with the judicial interpretations published by the Supreme Court on 17 September 2021, the following applies:

- if the amount in dispute for a civil case is less than CNY500 million (not inclusively), the primary court will have first instance jurisdiction;
- if the amount in dispute for a civil case is between CNY500 million (inclusively) and CNY5 billion (not inclusively), an intermediate court will have first instance jurisdiction; and
- if the amount in dispute for a civil case is more than CNY5 billion (inclusively), the high court will have first-instance jurisdiction.

It is rare for the Supreme People's Court to hear a case at the first instance.

Changes of territorial jurisdiction

In accordance with PRC laws, a lawsuit brought in an insurance dispute will fall under the jurisdiction of the People's Court where the domicile of the defendant or the insured object is located.

However, the territorial jurisdiction is subject to some exceptions. China has established some professional courts, such as the financial court, to handle litigations in certain sectors. For instance, since 26 March 2021, the Beijing Financial Court has heard insurance disputes over which the Beijing Intermediate People's Court has first-instance jurisdiction. The Beijing Financial Court will also try the appeals for insurance disputes from the district courts of the first instance.

Impact of the Civil Code

The Civil Code came into force on 1 January 2021, and its provisions have numerous significant impacts on the PRC Insurance Law and its judicial interpretations. In accordance with the Civil Code, insurers have a specific explanation obligation not only with regard to clauses that exempt or diminish the insurer from liability, as prescribed by the PRC Insurance Law, but also for those clauses in which the applicants, beneficiaries or insureds have major interests.

Another noteworthy point concerns the amendment of the statute of limitations. Article 188 of the Civil Code provides that the limitation period for a person to request the People's Court to protect their civil rights is three years, unless otherwise provided by law. However, before the Civil Code officially stipulated this statute of limitations, a two-year statute of limitations had long been implemented in China in accordance with the PRC General Principles of Civil Law, promulgated in 1987.

The PRC courts have been divided as to whether a two- or three-year statute of limitations should apply to disputes involving property insurance policies, because the current PRC Insurance Law still stipulates that the period of limitation for the insured or beneficiary of non-life insurance to claim insurance benefits is two years. Up to now, most of the courts have held that a three-year statute of limitations in accordance with Article 188 of the Civil Code should be applied in property insurance claims, as most courts believe that the two-year statute of limitations prescribed by the PRC Insurance Law was inherited from the abolished PRC General Principles of Civil Law, instead of the special provisions of the PRC Insurance Law.

Diversified dispute resolution mechanisms

Against the background of increasingly complex insurance policy types and an upsurge in disputes, the establishment of diversified dispute resolution mechanisms has become a new trend, in addition to the traditional dispute resolution measures of litigation and arbitration.

In March 2025, the National Financial Regulatory Administration, the People's Bank of China and the CSRC jointly issued the Opinions on Promoting the High-Quality Development of Financial Dispute Mediation (the "Opinions"), a comprehensive policy document comprising 23 articles across seven sections. The Opinions apply across banking, securities and insurance sectors, and aim to enhance the institutional framework, functionality and overall efficiency of financial dispute mediation in China. The initiative seeks to establish a well-structured, efficient and widely trusted mediation system that delivers measurable improvements in public satisfaction and trust in the financial dispute resolution process.

A diversified dispute resolution mechanism involves the resolution of a dispute through mediation in the form of non-litigation by insurance industry associations, arbitration institutions, courts and other third parties, when an insured and an insurer in a dispute cannot reach a settlement by themselves.

According to the different participants, there are three main diversified dispute resolution mechanisms in the insurance industry:

- the first model involves the insurance industry association leading the parties in settling the dispute, with guidance from the National Financial Regulatory Administration;
- the second model involves the administrative organs as the main body leading the two parties settling the disputes; and
- the third model involves the arbitration institution as the main body leading the parties settling the disputes through mediation or settlement, instead of arbitration procedures.

In recent years, valuable experience has accumulated in the establishment of diversified dispute resolution mechanisms. However, there are certain shortcomings, as follows:

- first, the legal and regulatory system has not been well established;
- second, the publicity and popularisation of diversified dispute resolution mechanisms need to be strengthened; and
- third, the various dispute resolution mechanisms require enhanced financial support.

Outlook and conclusions

The landscape of insurance litigation in China is poised for significant evolution. As regulatory oversight intensifies and consumer awareness grows, disputes over policy interpretation, claims denial and disclosure obligations are expected to rise. The increasing complexity of insurance products, particularly in areas such as health, cyber, and ESG-related coverage, will likely give rise to novel legal questions. Courts are gradually developing more sophisticated approaches to insurance disputes, supported by judicial interpretations and pilot programmes aimed at standardising rulings.

Moreover, the integration of technology in dispute resolution, including online litigation platforms, will enhance efficiency. However, challenges remain, including inconsistencies in local judicial practice and the need for greater transparency. Overall, the trend points towards a more litigious yet maturing insurance legal environment, where clarity in policy wording, compliance with regulatory requirements and proactive risk management will be critical for insurers to navigate future disputes effectively.

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