Insurance Law of the People’s Republic of China

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Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purpose of regulating insurance activities, protecting the lawful rights and interests of parties to insurance activities, strengthening the supervision and administration of the insurance industry, maintaining the social and economic order and the public interest, and promoting the healthy development of the insurance industry.

Article 2 — For the purposes of this Law, “insurance” means a commercial insurance under which an insurance applicant, in accordance with the contract, pays insurance premiums to the insurer, and the insurer bears the liability to pay indemnity for property loss or damage caused by the occurrence of a contingency stipulated in the contract, or to pay the insurance benefits when the insured dies, suffers disability, illness, or reaches the age or time period stipulated in the contract.

Article 3 — This Law shall apply to insurance activities conducted within the territory of the People's Republic of China.

Article 4 — Insurance activities must be conducted in compliance with laws and administrative regulations, respect social morality, and must not harm the public interest.

Article 5 — Parties to insurance activities shall follow the principle of utmost good faith in exercising their rights and performing their obligations.

Article 6 — Insurance business shall be operated by insurance companies established in accordance with this Law, as well as other insurance organizations provided for by laws and administrative regulations. No other entity or individual may operate insurance business.

Article 7 — Within the territory of the People's Republic of China, legal persons and other organizations that need to be insured within China shall take out insurance with insurance companies established within the territory of the People's Republic of China.

Article 8 — The insurance industry shall conduct fair competition. Unfair competition is prohibited.

Article 9 — The insurance regulatory authority under the State Council shall be responsible for the supervision and administration of the insurance industry in accordance with this Law. Other relevant departments under the State Council shall perform their respective supervisory and administrative functions within the scope of their duties.

Chapter II — Insurance Contracts

Article 10 — An insurance contract is an agreement between an insurance applicant and an insurer under which the insurance applicant and the insurer agree on their rights and obligations in relation to insurance. An insurance applicant refers to a person who enters into an insurance contract with an insurer and bears the obligation to pay insurance premiums in accordance with the contract. An insurer refers to an insurance company that enters into an insurance contract with an insurance applicant and bears the liability to pay indemnity or insurance benefits in accordance with the contract.

Article 11 — Insurance contracts shall be entered into through consultation on the basis of consensus, following the principles of fairness, and the rights and obligations of each party shall be determined. Unless otherwise provided by laws or administrative regulations for compulsory insurance, an insurance contract shall be entered into voluntarily.

Article 12 — An insurance applicant shall have an insurable interest in the subject matter insured. Where an insurance applicant has no insurable interest in the subject matter insured, the insurance contract shall be null and void. An insurable interest refers to the legally recognized interest that an insurance applicant has in the subject matter insured. The subject matter insured refers to the property and interests relating thereto, or a person's life and body, that is the object of insurance.

Article 13 — An insurance contract is formed when the insurance applicant applies for insurance and the insurer agrees to underwrite the insurance. The insurer shall issue an insurance policy or other insurance certificate to the insurance applicant in a timely manner. An insurance policy or other insurance certificate shall clearly set forth the terms of the contract agreed upon by both parties. The parties may agree to set forth the contents of the contract in other written forms.

Article 14 — After an insurance contract is formed, the insurance applicant shall pay the insurance premiums in accordance with the contract, and the insurer shall commence its liability in accordance with the agreed time.

Article 15 — After an insurance contract is formed, the insurance applicant may rescind the contract, but the insurer may not rescind the contract, except as otherwise provided for by this Law or agreed in the contract.

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Article 16 — At the time of entering into an insurance contract, the insurer shall explain the contents of the contract to the insurance applicant, and may make inquiries about the subject matter insured or the insured. The insurance applicant shall truthfully disclose such information. Where an insurance applicant intentionally conceals facts or fails to truthfully disclose information due to gross negligence, and such concealment or failure is sufficient to influence the insurer's decision on whether to underwrite the insurance or to increase the insurance premiums, the insurer shall be entitled to rescind the contract. The right to rescind the contract as provided for in the preceding paragraph shall be extinguished if not exercised within 30 days from the date the insurer becomes aware of the grounds for rescission. A contract formed more than two years ago may not be rescinded; where an insured event occurs, the insurer shall bear the liability to pay indemnity or insurance benefits.

Article 17 — Where an insurance contract is made using standard clauses provided by the insurer, the insurance policy delivered by the insurer to the insurance applicant shall have the standard clauses attached. When entering into an insurance contract, the insurer shall explain the contract to the insurance applicant using the standard clause form. With respect to clauses in the insurance contract that exempt the insurer from liability, the insurer shall draw the insurance applicant's attention to such clauses on the insurance application form, the insurance policy, or any other insurance certificate by means sufficient to attract the attention of the insurance applicant, and clearly explain the contents of such clauses to the insurance applicant in writing or orally. If the insurer fails to draw attention or clearly explain the clauses, such clauses shall not be effective.

Article 18 — An insurance contract shall contain the following particulars: (1) name and address of the insurer; (2) name and address of the insurance applicant and the insured, and the name and address of the beneficiary in the case of life insurance; (3) subject matter insured; (4) insurance liability and liability exemption; (5) insurance period and commencement date of insurance liability; (6) sum insured; (7) insurance premium and the method of payment; (8) method of payment of indemnity or insurance benefits; (9) liability for breach of contract and dispute resolution; (10) date of conclusion of the contract.

Article 19 — The following clauses in an insurance contract made using standard clauses provided by the insurer shall be null and void: (1) clauses that exempt the insurer from statutory obligations or increase the liability of the insurance applicant or the insured; (2) clauses that exclude the rights of the insurance applicant, the insured, or the beneficiary in accordance with the law.

Article 20 — The insurance applicant and the insurer may modify the insurance contract by agreement. Any modification to an insurance contract shall be made by a notation on the insurance policy or other insurance certificate by the insurer, or by an endorsement attached thereto, or by a written agreement between the insurance applicant and the insurer.

Article 21 — The insurance applicant, the insured, or the beneficiary shall, upon becoming aware of the occurrence of an insured event, promptly notify the insurer. Where the failure to promptly notify the insurer by reason of intent or gross negligence causes the nature, cause, or extent of loss of the insured event to be difficult to determine, the insurer shall not be liable to pay indemnity for the portion that cannot be determined, unless the insurer has already been aware of the insured event in a timely manner through other channels or should have been aware of the occurrence of the insured event.

Article 22 — When claiming indemnity or insurance benefits from the insurer after the occurrence of an insured event, the insurance applicant, the insured, or the beneficiary shall provide to the insurer all proofs and materials in their possession that they can provide to confirm the nature, cause, and extent of loss of the insured event. Where the insurer considers that the relevant proofs and materials are incomplete in accordance with the contract, it shall notify the insurance applicant, the insured, or the beneficiary in a timely manner of all additional materials required.

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Article 23 — Upon receipt of a claim for indemnity or insurance benefits from the insured or the beneficiary, the insurer shall make an assessment and determination in a timely manner. Where the circumstances are complex, the assessment shall be completed within 30 days, unless otherwise agreed in the contract. The insurer shall notify the insured or the beneficiary of the assessment result. Where the insurer determines that the insured event falls within the scope of insurance liability, it shall pay the indemnity or insurance benefits within 10 days after reaching an agreement on payment with the insured or the beneficiary. If the insurance contract stipulates the time limit for payment of indemnity or insurance benefits, the insurer shall make payment in accordance with the stipulation.

Article 24 — Where the insurer determines that the insured event does not fall within the scope of insurance liability after assessment and determination in accordance with Article 23 hereof, it shall issue a notice of refusal to pay indemnity or insurance benefits to the insured or the beneficiary within three days of making such determination, stating the reasons therefor.

Article 25 — Where the insurer cannot determine the amount of indemnity or insurance benefits within 60 days from the date of receipt of the claim and the relevant proofs and materials, it shall first pay the minimum amount that can be determined based on the existing proofs and materials. The insurer shall pay the balance after the final amount of indemnity or insurance benefits is determined.

Article 26 — The limitation period for claims against the insurer for indemnity or insurance benefits in respect of insurance other than life insurance shall be two years, calculated from the date the insured or the beneficiary knew or should have known of the occurrence of the insured event. The limitation period for claims against the insurer for insurance benefits in respect of life insurance shall be five years, calculated from the date the insured or the beneficiary knew or should have known of the occurrence of the insured event.

Article 27 — Where an insured or a beneficiary fabricates a false insured event that has not occurred and claims indemnity or insurance benefits from the insurer, the insurer shall be entitled to rescind the contract and shall not refund the insurance premiums. Where an insurance applicant or an insured intentionally causes an insured event, the insurer shall be entitled to rescind the contract and shall not bear the liability to pay indemnity or insurance benefits, and shall not refund the insurance premiums. Where an insurance applicant, an insured, or a beneficiary fabricates false causes of an insured event or exaggerates the extent of loss after the occurrence of the insured event, the insurer shall not bear the liability to pay indemnity or insurance benefits for the fabricated or exaggerated portion.

Article 28 — An insurer transferring part of its accepted insurance business to another insurer by way of reinsurance shall be deemed as a ceding insurer. The reinsurer shall not claim insurance premiums from the insurance applicant of the original insurance contract. The insured or the beneficiary of the original insurance contract shall not claim indemnity or insurance benefits from the reinsurer. The ceding insurer shall not refuse or delay fulfilling its original insurance liability on the ground that the reinsurer fails to fulfill its reinsurance liability.

Article 29 — Where an insurance contract is made using standard clauses provided by the insurer and there is a dispute over the interpretation of a clause between the insurer and the insurance applicant, the insured, or the beneficiary, the clause shall be interpreted in the usual and common understanding. Where there are two or more possible interpretations of a clause of a standard contract, the interpretation favorable to the insured and the beneficiary shall prevail.

Article 30 — For the purposes of this Law, “reinsurance” means an arrangement whereby an insurer cedes part of its accepted insurance business to another insurer.

Article 31 — An insurance applicant shall have an insurable interest in the subject matter insured at the time of the occurrence of the insured event.

Article 32 — Where the degree of risk to the subject matter insured increases significantly during the term of the insurance contract, the insured shall promptly notify the insurer in accordance with the contract, and the insurer may increase the insurance premiums or rescind the contract in accordance with the contract. Where the insured fails to notify, the insurer shall not bear the liability to pay indemnity for the insured event caused by the significant increase in the degree of risk to the subject matter insured.

Article 33 — Unless otherwise agreed in the contract, in any of the following circumstances, the insurer shall reduce the insurance premiums and refund the corresponding insurance premiums on a pro-rata daily basis: (1) where the circumstances on the basis of which the insurance premium rate was determined change so that the degree of risk to the subject matter insured significantly decreases; (2) where the insured value of the subject matter insured significantly decreases.

Article 34 — Where an insurance applicant requests to rescind the contract before the commencement of the insurance liability, the insurance applicant shall pay to the insurer handling charges in accordance with the contract, and the insurer shall refund the insurance premiums. Where an insurance applicant requests to rescind the contract after the commencement of the insurance liability, the insurer shall refund the insurance premiums for the unexpired portion of the insurance period reduced by the handling charges, on a pro-rata daily basis from the date of commencement of the insurance liability to the date of rescission of the contract.

Article 35 — The insured value of the subject matter insured may be agreed upon by the insurance applicant and the insurer and specified in the contract, or may be determined based on the actual value of the subject matter insured at the time of occurrence of the insured event. The sum insured shall not exceed the insured value. Where the sum insured exceeds the insured value, the portion in excess shall be null and void. The insurer shall refund the insurance premiums corresponding to the portion of the sum insured that exceeds the insured value.

Article 36 — In case of double insurance, the insurance applicants shall notify each insurer of the double insurance particulars. The total amount of indemnity to be paid by all insurers in double insurance shall not exceed the insured value. Unless otherwise agreed in the contract, each insurer shall bear the liability to pay indemnity in the proportion that its sum insured bears to the total sums insured. Where an insurance applicant of double insurance fails to notify each insurer of the double insurance particulars, each insurer shall be entitled to rescind the contract or to pay no indemnity for the insured event, and shall not refund the insurance premiums.

Article 37 — Where an insured event occurs, the expenses paid by the insured to take necessary measures to prevent or mitigate the loss shall be borne by the insurer. The expenses necessary for determining the nature and extent of the insured event shall also be borne by the insurer. The liability of the insurer to pay the expenses as provided for in the preceding paragraph shall be calculated separately from the indemnity for the loss of the subject matter insured, and the maximum amount thereof shall not exceed the sum insured.

Article 38 — Where an insured event is caused by a third party, the insurer may, after paying indemnity, exercise the right of subrogation to claim compensation from the third party within the amount of indemnity paid. After the insurer pays indemnity, the insured shall subrogate to the insurer its right to claim compensation from the third party. After the occurrence of the insured event and before the insurer pays indemnity, where the insured waives its right to claim compensation from the third party, the insurer shall not bear the liability to pay indemnity. After the insurer pays indemnity, where the insured waives its right to claim compensation from the third party without the insurer’s consent, such waiver shall be invalid. Where the insured, due to fault, causes the insurer to be unable to exercise the right of subrogation, the insurer may correspondingly reduce or refuse to pay indemnity.

Article 39 — In exercising the right of subrogation against a third party, the insurer may not affect the insured’s right to claim compensation from the third party for the portion of loss not covered by indemnity.

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Article 40 — The insurer shall not exercise the right of subrogation against a family member or an employee of the insured, unless the family member or employee intentionally caused the insured event.

Article 41 — When the insurer exercises the right of subrogation, the insured shall provide necessary documents and relevant information known to it to the insurer.

Article 42 — Expenses paid by the insurer and the insured to determine the nature and cause of the insured event, and the degree of loss to the subject matter insured shall be borne by the insurer.

Article 43 — Where the insurer rescinds the contract in accordance with the law, the insurer shall notify the insurance applicant. The insurance contract shall be rescinded upon the notice reaching the insurance applicant.

Article 44 — Where the subject matter insured is partially lost, the insurer shall pay indemnity within 30 days from the date of payment, and the insurance applicant may rescind the contract. Unless otherwise agreed in the contract, the insurer may also rescind the contract, provided that the insurer shall notify the insurance applicant 15 days in advance and refund the insurance premiums for the unexpired portion of the insurance period reduced by the handling charges, on a pro-rata daily basis from the date of commencement of the insurance liability to the date of rescission of the contract.

Article 45 — Where the occurrence of an insured event results in total loss of the subject matter insured and the insurer has paid the full sum insured, the rights of the insurer to the subject matter insured shall be determined in accordance with law.

Article 46 — In addition to the provisions of Articles 38 and 39, where the insurer rescinds a contract for reasons other than those stipulated in Articles 15 and 16 of this Law, the insurer shall refund the insurance premiums in accordance with the contract.

Article 47

Article 48 — An insurer shall not institute legal proceedings to claim insurance premiums from an insurance applicant for insurance other than life insurance.

Article 49 — Where the subject matter insured is assigned, the assignee shall succeed to the rights and obligations of the insured. The insured or the assignee shall promptly notify the insurer, except in the case of cargo transportation insurance contracts or those otherwise agreed in the contract. Where an assignment of the subject matter insured causes a significant increase in the degree of risk, the insurer may, within 30 days of receiving the notice provided for in the preceding paragraph, increase the insurance premiums or rescind the contract in accordance with the contract. Where the insurer rescinds the contract, it shall refund the insurance premiums for the portion of the contract not yet expired, on a pro-rata daily basis from the date of commencement of the insurance liability to the date of rescission of the contract. Where the insured or the assignee fails to fulfill the obligation of notice as stipulated, the insurer shall not bear the liability to pay indemnity for any insured event caused by the assignment resulting in a significant increase in the degree of risk to the subject matter insured.

Article 50 — A life insurance contract is an insurance contract with a person’s life and body as the subject matter insured. Life insurance contracts include life insurance, health insurance, accident injury insurance, and other types of life insurance.

Article 51 — An insurance applicant shall have an insurable interest in the insured. Where the insurance applicant has no insurable interest in the insured, the contract shall be null and void. The insurer shall refund the insurance premiums to the insurance applicant. The insured shall be a natural person.

Article 52 — An insurance applicant shall have an insurable interest in any of the following persons: (1) the insurance applicant himself or herself; (2) the insurance applicant’s spouse, children, or parents; (3) other family members or close relatives of the insurance applicant other than those mentioned in the preceding

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item, with whom the insurance applicant has a relationship of support, upbringing, or maintenance; (4) a person who has a labor relationship with the insurance applicant. In addition to the provisions of the preceding paragraph, the insured who agrees to have the insurance applicant enter into an insurance contract on his or her behalf shall be deemed to have an insurable interest in the insurance applicant.

Article 53 — Where the age of the insured is misstated at the time of entering into the contract and the true age does not conform to the age limit stipulated in the contract, the insurer may rescind the contract and refund the cash value of the insurance policy in accordance with the contract. Where the insurer exercises the right of rescission, the provisions of Article 16(6) of this Law shall apply. Where the age of the insured is misstated by the insurance applicant so that the insurance premiums paid are less than those payable, the insurer shall be entitled to correct the error and require the insurance applicant to pay the shortfall, or to reduce the insurance benefits at the time of payment on the basis of the ratio of the insurance premiums actually paid to the insurance premiums payable. Where the age of the insured is misstated by the insurance applicant so that the insurance premiums paid are more than those payable, the insurer shall refund the excess insurance premiums to the insurance applicant.

Article 54 — An insurance applicant shall not apply for life insurance on behalf of a person without civil capacity, with death as a condition for payment of insurance benefits, and the insurer shall not underwrite such insurance. This restriction shall not apply to a parent applying for life insurance on behalf of his or her minor child. However, the total amount of death benefits for a minor insured shall not exceed the limit prescribed by the insurance regulatory authority under the State Council.

Article 55 — A life insurance contract with death as a condition for payment of insurance benefits shall not be effective without the consent of the insured and the approval of the sum insured. An insurance policy issued under such a contract shall not be assigned or pledged without the written consent of the insured. Where a parent applies for life insurance on behalf of his or her minor child, the restriction set out in the first paragraph of this Article shall not apply.

Article 56 — After a life insurance contract is formed, the insurance applicant may pay the insurance premiums in a lump sum, or may pay the insurance premiums by installments in accordance with the contract. Where the contract stipulates payment of insurance premiums by installments, the insurance applicant shall pay the first installment of insurance premiums at the time of entering into the contract, and shall pay the remaining installments of insurance premiums on schedule in accordance with the contract.

Article 57 — Where a contract stipulates payment of insurance premiums by installments and the insurance applicant has paid the first installment of insurance premiums but fails to pay any current installment of insurance premiums beyond 30 days after the date stipulated in the contract, unless otherwise agreed in the contract, the validity of the contract shall be suspended. In the event of suspension of the validity of the contract, the insurer shall, within two years from the date of suspension of the validity of the contract, reinstate the validity of the contract upon agreement reached with the insurance applicant through consultation and upon the insurance applicant paying the outstanding premiums. Where no agreement is reached on reinstatement, the insurer shall be entitled to rescind the contract. Where the insurer rescinds the contract in accordance with the provisions of the preceding paragraph, it shall refund the cash value of the insurance policy in accordance with the contract.

Article 58 — The insurer shall not claim insurance premiums from the insurance applicant for life insurance by means of legal proceedings.

Article 59 — The beneficiary in life insurance shall be designated by the insured or the insurance applicant. Where the insurance applicant designates a beneficiary, the designation shall be subject to the consent of the insured. Where the insured is a person without civil capacity or a person with limited civil capacity, the beneficiary may be designated by his or her guardian. The insured or the insurance applicant may designate one or more persons as beneficiaries. Where more than one beneficiary is designated, the insured or the

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insurance applicant may determine the order of priority and the shares of the beneficiaries. If the shares are not determined, the beneficiaries shall share the insurance benefits equally.

Article 60 — The insured or the insurance applicant may change the beneficiary and shall notify the insurer in writing. Upon receipt of the written notice of such change, the insurer shall make a notation on the insurance policy or an endorsement attached thereto. Where the insurance applicant changes the beneficiary, the change shall be subject to the consent of the insured.

Article 61 — Under any of the following circumstances, the insurance benefits shall be treated as the estate of the insured, and the insurer shall perform its obligation to pay insurance benefits to the successors of the insured in accordance with the relevant provisions: (1) no beneficiary has been designated, or the designated beneficiary is unclear; (2) the beneficiary dies before the insured, and no other beneficiary has been designated; (3) the beneficiary forfeits or waives the right to receive the benefits in accordance with the law, and no other beneficiary has been designated. In the event that the beneficiary and the insured die in the same event and the order of death cannot be determined, the beneficiary shall be presumed to have died first.

Article 62 — Where the insurance applicant or the beneficiary intentionally causes the death, disability, or illness of the insured, the insurer shall not bear the liability to pay insurance benefits. Where the insurance applicant has paid insurance premiums for two or more years, the insurer shall refund the cash value of the insurance policy to the beneficiary in accordance with the contract. Where a beneficiary intentionally causes the death, disability, or illness of the insured, or intentionally attempts to murder the insured, the beneficiary shall forfeit the right to receive the insurance benefits.

Article 63 — Where an insurance contract with death as a condition for payment of insurance benefits has been in effect for two or more years, and the insured commits suicide, the insurer shall bear the liability to pay insurance benefits in accordance with the contract, unless the insured was a person without civil capacity at the time of suicide.

Article 64 — Where the insured intentionally commits a crime or resists criminal compulsory measures taken in accordance with the law, causing his or her own disability or death, the insurer shall not bear the liability to pay insurance benefits. Where the insurance applicant has paid insurance premiums for two or more years, the insurer shall refund the cash value of the insurance policy in accordance with the contract.

Article 65 — Where an insured event occurs, the insurer shall pay the insurance benefits to the beneficiary. The insurance benefits shall be owned by the beneficiary. The insurance benefits shall not be used to pay off the debts of the insured or to satisfy the claims of the creditors of the insured.

Article 66 — The insurer shall not exercise the right of subrogation against the insured or the beneficiary in a life insurance contract.

Chapter III — Insurance Companies

Article 67 — The establishment of an insurance company shall be subject to the approval of the insurance regulatory authority under the State Council. The insurance regulatory authority under the State Council shall, in examining the application for the establishment of an insurance company, take into account the development needs of the insurance industry and the principle of fair competition.

Article 68 — The following conditions shall be met for the establishment of an insurance company: (1) its principal shareholders shall have sustained profitability, good reputation, and no record of major violations of laws or regulations within the last three years, and their net assets shall not be less than RMB 200 million; (2) it shall have articles of association that conform to the provisions of this Law and the Company Law of the PRC; (3) it shall have registered capital that conforms to the provisions of this Law; (4) it shall have directors, supervisors, and senior management personnel who are professionally qualified and competent for their

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positions; (5) it shall have a sound organizational structure and management system; (6) it shall have business premises that conform to the requirements and other facilities related to its business operations; and (7) other conditions prescribed by laws, administrative regulations, and the insurance regulatory authority under the State Council.

Article 69 — The minimum amount of registered capital for the establishment of an insurance company shall be RMB 200 million. The registered capital of an insurance company must be paid-in capital in full. The insurance regulatory authority under the State Council may adjust the minimum amount of registered capital for insurance companies according to the scope and scale of business operations, provided that the minimum amount shall not be less than that stipulated in the first paragraph of this Article.

Article 70 — To apply for the establishment of an insurance company, the applicant shall submit the following documents and materials to the insurance regulatory authority under the State Council: (1) a written application for establishment, which shall set forth the name, registered capital, and scope of business of the insurance company to be established; (2) a feasibility study report; (3) a plan for the establishment of the insurance company; (4) the creditworthiness certificates of the investors and relevant documents of the investors for the last three years; (5) the names to be assumed by the proposed chairman of the board of directors and general manager and their resumes and qualification certificates; and (6) other documents and materials prescribed by the insurance regulatory authority under the State Council.

Article 71 — The insurance regulatory authority under the State Council shall examine the application for the establishment of an insurance company, and make a decision on approval or disapproval within six months from the date of acceptance of the application, and notify the applicant. If it decides to disapprove the application, it shall explain the reasons in writing.

Article 72 — An applicant shall, within one year of receiving the notice of approval for establishment, complete the preparation for establishment. If the applicant fails to complete the preparation within the time limit without justifiable reasons, the approval for establishment shall become void. During the preparation period, the applicant shall not engage in any insurance business activities.

Article 73 — An insurance company shall have the organizational structure of a joint-stock limited company or a limited liability company in accordance with the provisions of the Company Law of the PRC. The insurance regulatory authority under the State Council shall have the power to determine matters relating to the organizational structure and management of insurance companies.

Article 74 — The removal of the chairman of the board of directors or the general manager of an insurance company shall be subject to the examination and approval of the insurance regulatory authority under the State Council for their professional qualifications.

Article 75 — Insurance companies shall set aside various reserves in accordance with the provisions of the insurance regulatory authority under the State Council.

Article 76 — Insurance companies shall set aside an insurance guarantee fund in accordance with the provisions of the insurance regulatory authority under the State Council. The insurance guarantee fund shall be managed on a centralized basis and used on a unified basis. The specific measures for the administration of the insurance guarantee fund shall be formulated by the insurance regulatory authority under the State Council in conjunction with other relevant departments.

Article 77 — Insurance companies shall have the minimum solvency commensurate with their business scale and degree of risk. The difference between the admitted assets and admitted liabilities of an insurance company shall not be less than the amount prescribed by the insurance regulatory authority under the State Council. Where the amount of an insurance company falls below the prescribed amount, it shall increase its capital or take other corresponding measures to make up the shortfall in accordance with the requirements of the insurance regulatory authority under the State Council.

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Article 78 — Insurance companies shall, in accordance with the law, set aside reserve funds to cover the losses of previous years.

Article 79 — Insurance companies shall, in accordance with the law, set aside an accumulation fund.

Article 80 — Insurance companies shall, in accordance with the law, pay taxes and fees.

Article 81 — Insurance companies shall use their funds in a prudent and sound manner in accordance with laws and administrative regulations and the relevant provisions. Insurance companies shall not establish securities business institutions or engage in businesses other than insurance. Insurance companies shall not set up enterprises in other industries.

Article 82 — Where an insurance company needs to establish a branch office, it shall be subject to the approval of the insurance regulatory authority under the State Council and shall obtain a business license for the insurance business from the branch office.

Article 83 — Where an insurance company needs to establish a representative office outside the territory of China, it shall be subject to the approval of the insurance regulatory authority under the State Council.

Article 84 — Where any of the following changes occurs in an insurance company, it shall be subject to the approval of the insurance regulatory authority under the State Council: (1) change of name; (2) change of registered capital; (3) change of business premises of the company or a branch office; (4) revocation of a branch office; (5) division or merger of the company; (6) amendment of the articles of association; (7) change of a shareholder holding 5% or more of the shares; or (8) other changes prescribed by the insurance regulatory authority under the State Council.

Article 85 — Insurance companies shall appoint actuaries recognized by the insurance regulatory authority under the State Council and establish an actuary reporting system.

Article 86 — Insurance companies shall, in accordance with the provisions of the insurance regulatory authority under the State Council, truthfully submit insurance clauses, insurance premium rates, statements, reports, documents, and materials. No false statements, reports, documents, or materials may be submitted.

Article 87 — Insurance companies shall, in accordance with the provisions of the insurance regulatory authority under the State Council, properly keep complete account books, original vouchers, and relevant materials relating to their business operations. The retention period for account books, original vouchers, and relevant materials relating to business operations as prescribed in the preceding paragraph shall not be less than 10 years, calculated from the date of termination of the insurance contract.

Article 88 — An insurance company engaging in reinsurance business shall give priority to placing reinsurance with insurance companies established within the territory of China.

Article 89 — Where an insurance company is dissolved due to division or merger, or is required to be dissolved by a shareholders' meeting or a general meeting of shareholders in accordance with the law, the dissolution shall be subject to the approval of the insurance regulatory authority under the State Council. An insurance company operating life insurance business shall not be dissolved except for division or merger. Upon dissolution of an insurance company, a liquidation group shall be formed in accordance with the law to carry out the liquidation.

Article 90 — Where an insurance company is subject to bankruptcy in accordance with the law, the insurance regulatory authority under the State Council may apply to the people's court for reorganization or bankruptcy liquidation of the insurance company.

Article 91 — After the bankruptcy of an insurance company, the property of the bankruptcy shall be used to pay the following in priority in the following order: (1) wages, social insurance premiums, and statutory compensation payments owed to employees; (2) indemnity or insurance benefits; (3) taxes and fees owed; and (4) claims of general creditors. Where the property of the bankruptcy is insufficient to satisfy the claims

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of the same priority, it shall be distributed on a pro-rata basis. The policyholders and beneficiaries of life insurance contracts shall have priority over other insurance claimants with respect to the insurance protection fund allocated.

Article 92 — Where an insurance company operating life insurance business is lawfully dissolved or declared bankrupt in accordance with the law, the life insurance contracts and reserves it holds must be transferred to another insurance company operating life insurance business. Where no transfer agreement can be reached with another insurance company, the insurance regulatory authority under the State Council shall designate an insurance company operating life insurance business to accept the transfer. The lawful rights and interests of the insured and the beneficiaries shall be protected when the life insurance contracts and reserves are transferred.

Article 93 — Where an insurance company is dissolved, liquidated, or declared bankrupt in accordance with the law, the insurance regulatory authority under the State Council shall give priority to the payment of the insurance protection fund to the insured and the beneficiaries.

Article 94 — The establishment of an insurance company shall apply to the administrative department for industry and commerce for registration in accordance with the law, in addition to complying with the provisions of this Law.

Chapter IV — Insurance Business Rules

Article 95 — The scope of business of an insurance company: (1) life insurance business, including life insurance, health insurance, accident injury insurance, and other life insurance business; (2) property insurance business, including property loss insurance, liability insurance, credit insurance, guarantee insurance, and other property insurance business; (3) other insurance-related business as approved by the insurance regulatory authority under the State Council. No insurance company may concurrently engage in both life insurance business and property insurance business. However, a property insurance company may, upon approval of the insurance regulatory authority under the State Council, operate short-term health insurance business and accident injury insurance business.

Article 96 — Upon approval of the insurance regulatory authority under the State Council, an insurance company may operate the reinsurance business among the business provided for in Article 95 of this Law, divided into life reinsurance and non-life reinsurance.

Article 97 — Insurance companies shall, in accordance with the provisions of the insurance regulatory authority under the State Council, set aside reserve funds in accordance with the law, and the accumulation shall be used for the purposes prescribed by the State.

Article 98 — Insurance companies shall set aside an insurance guarantee fund in accordance with the provisions of the insurance regulatory authority under the State Council. The insurance guarantee fund shall be managed on a centralized basis and used on a unified basis in accordance with the provisions of the State.

Article 99 — Insurance companies shall have the minimum solvency commensurate with their business scale and degree of risk. The specific measures for solvency administration shall be formulated by the insurance regulatory authority under the State Council.

Article 100 — Insurance companies shall make allocations to the insurance protection fund in accordance with the provisions of the insurance regulatory authority under the State Council. The insurance protection fund shall be managed on a centralized basis and used on a unified basis.

Article 101 — Insurance companies shall, in accordance with the provisions of the insurance regulatory authority under the State Council, report their solvency status to the insurance regulatory authority. Where the solvency falls below the standard, the insurance regulatory authority shall take measures to require it to

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improve.

Article 102 — The self-retained premium of an insurance company for a single insured event in a single year shall not exceed 10% of the total of its actual capital and the accumulation fund.

Article 103 — Where an insurance company's liability for a single insured event exceeds 10% of the total of its actual capital and the accumulation fund, it shall arrange reinsurance for the excess portion.

Article 104 — The risk unit division method and the catastrophe risk arrangement plan of an insurance company shall be reported to the insurance regulatory authority under the State Council for filing.

Article 105 — Insurance companies shall follow the provisions of the insurance regulatory authority under the State Council for reinsurance arrangements, and prudently determine the reinsurance acceptance plan.

Article 106 — The application of funds by insurance companies must be prudent and sound, and the safety of funds shall be the primary consideration. The application of funds by insurance companies shall be limited to the following forms: (1) bank deposits; (2) trading of negotiable securities such as bonds, stocks, and securities investment fund units; (3) investment in real property; and (4) other forms of fund application as prescribed by the State Council.

Article 107 — Upon approval of the insurance regulatory authority under the State Council in conjunction with the securities regulatory authority under the State Council, an insurance company may establish an insurance asset management company. An insurance asset management company engaging in securities investment activities shall also comply with the relevant provisions of the Securities Law of the PRC.

Article 108 — Insurance companies shall, in accordance with the provisions of the insurance regulatory authority under the State Council, establish an associated enterprise transaction and information disclosure management system.

Article 109 — Directors, supervisors, and senior management personnel of an insurance company shall be honest and trustworthy, diligent and responsible in the performance of their duties, and shall not use their positions to seek illegitimate benefits.

Article 110 — Insurance companies shall, in accordance with the provisions of the insurance regulatory authority under the State Council, disclose relevant information to the public and accept the supervision of the public.

Article 111 — Insurance companies shall not engage in unfair competition by means of bribery, rebates, or other improper means to solicit insurance business.

Article 112 — Insurance companies may engage insurance agents to conduct insurance business on their behalf. An insurance company shall sign an agency agreement with an insurance agent to define the rights and obligations of both parties.

Article 113 — Insurance companies and their employees shall not commit any of the following acts in the course of insurance business: (1) deceiving insurance applicants, insureds, or beneficiaries; (2) concealing important information relating to an insurance contract from an insurance applicant; (3) obstructing insurance applicants from fulfilling their obligation of truthful disclosure or inducing them to fail to fulfill the obligation of truthful disclosure; (4) giving or promising to give insurance applicants, insureds, or beneficiaries benefits other than those provided for in the insurance contract; (5) forcing insurance applicants to enter into insurance contracts by taking advantage of their administrative powers, dominant positions, or other special advantages; (6) fabricating false insured events or exaggerating the extent of loss; (7) misappropriating, intercepting, or encroaching on insurance premiums, indemnity, or insurance benefits; and (8) other acts prohibited by the insurance regulatory authority under the State Council.

Article 114 — Insurance companies shall formulate insurance clauses and insurance premium rates in accordance with the provisions of the insurance regulatory authority under the State Council. The insurance

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clauses and insurance premium rates for compulsory insurance, life insurance, and new types of life insurance shall be subject to the approval of the insurance regulatory authority under the State Council. The insurance clauses and insurance premium rates for other types of insurance shall be reported to the insurance regulatory authority under the State Council for filing.

Article 115 — The insurance clauses and insurance premium rates formulated by insurance companies shall be fair and reasonable, and shall not harm the lawful rights and interests of insurance applicants, insureds, or beneficiaries. Insurance companies shall make insurance clauses and insurance premium rates public in accordance with the provisions of the insurance regulatory authority under the State Council.

Article 116 — Insurance companies and their employees shall not commit any of the following acts in the course of insurance business: (1) deceiving insurance applicants, insureds, or beneficiaries; (2) inducing insurance applicants to enter into insurance contracts or to fail to fulfill the obligation of truthful disclosure; (3) using insurance agents or insurance brokers to conduct insurance business in violation of the law; (4) refusing to pay indemnity or insurance benefits to insureds or beneficiaries without justifiable reasons; (5) other acts that harm the lawful rights and interests of insurance applicants, insureds, or beneficiaries.

Chapter V — Insurance Agents and Insurance Brokers

Article 117 — An insurance agent is an institution or an individual that, in accordance with the authorization of an insurer, collects handling fees from the insurer and handles insurance business on behalf of the insurer within the scope of authorization. Insurance agents include specialized insurance agency institutions, concurrent-business insurance agency institutions, and individual insurance agents.

Article 118 — An insurance broker is an institution that, based on the interests of the insurance applicant, provides intermediary services for the conclusion of insurance contracts between the insurance applicant and the insurer, and collects commissions in accordance with the law.

Article 119 — Insurance agency institutions and insurance brokerage institutions shall meet the conditions prescribed by the insurance regulatory authority under the State Council, and shall obtain a business license for engaging in insurance agency business or insurance brokerage business issued by the insurance regulatory authority. The qualifications of their senior management personnel shall be subject to the approval of the insurance regulatory authority.

Article 120 — Insurance agents and insurance brokers shall, in accordance with the provisions of the insurance regulatory authority under the State Council, deposit guarantee deposits or take out professional liability insurance.

Article 121 — Individual insurance agents, employees of insurance agency institutions, and employees of insurance brokerage institutions shall have the professional competence necessary for engaging in the corresponding insurance business, and shall hold a qualification certificate for insurance sales personnel or relevant qualification certificates issued by the insurance regulatory authority under the State Council.

Article 122 — Insurance agents and insurance brokers shall have their own business premises and shall set up special account books to record the receipts and expenditures of insurance agency business or insurance brokerage business.

Article 123 — When handling insurance business, insurance agents and insurance brokers shall not commit any of the following acts: (1) deceiving insurance applicants, insureds, or beneficiaries; (2) concealing important information relating to an insurance contract; (3) obstructing insurance applicants from fulfilling their obligation of truthful disclosure or inducing insurance applicants to fail to fulfill the obligation of truthful disclosure; (4) giving or promising to give insurance applicants, insureds, or beneficiaries benefits other than those provided for in the insurance contract; (5) forcing, inducing, or restricting insurance applicants to enter into insurance contracts by taking advantage of administrative powers, their business positions, or other

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professional advantages; (6) fabricating false insured events or exaggerating the extent of loss; (7) misappropriating, intercepting, or encroaching on insurance premiums, indemnity, or insurance benefits; and (8) other acts prohibited by the insurance regulatory authority under the State Council.

Article 124 — Insurance agency institutions and insurance brokerage institutions shall not concurrently engage in other businesses.

Article 125 — Insurance agents and insurance brokers shall not use administrative powers, their business positions, or other professional advantages to force, induce, or restrict insurance applicants to enter into insurance contracts, or restrict insurance companies from engaging in fair competition.

Article 126 — Insurance agents and insurance brokers shall be subject to the supervision and inspection of the insurance regulatory authority in accordance with the law.

Article 127 — An insurer that entrusts insurance business to an insurance agent shall be liable for the acts of the insurance agent within the scope of authorization. Where an insurance agent knows or should have known that an insurer has no authority to underwrite insurance but still acts as an agent, the insurance agent shall be jointly and severally liable.

Article 128 — Where an insurance broker causes damage to an insurance applicant or an insured due to its fault, it shall bear the liability for compensation in accordance with the law.

Article 129 — Where an insurance assessor causes damage to an insurer or an insurance applicant or an insured in the course of providing assessment services due to its fault, it shall bear the liability for compensation in accordance with the law.

Article 130 — Insurance agents and insurance brokers shall, in accordance with the provisions of the insurance regulatory authority under the State Council, maintain complete account books, vouchers, and relevant materials.

Article 131 — Where an insurance agency institution or an insurance brokerage institution is dissolved, declared bankrupt, or has its business license revoked, the insurance regulatory authority under the State Council shall supervise the liquidation.

Article 132 — The insurance regulatory authority under the State Council shall have the power to inquire into the deposit accounts of insurance agency institutions and insurance brokerage institutions suspected of illegally accepting insurance business, and may apply to the people’s court for freezing or seizure of the accounts upon approval of the person in charge of the insurance regulatory authority.

Article 133 — Insurance agents and insurance brokers shall bear the corresponding legal liability for their illegal acts in accordance with the law.

Chapter VI — Insurance Supervisory Regulation

Article 134 — The insurance regulatory authority under the State Council shall strengthen the supervision of the insurance industry in accordance with this Law and other relevant laws and administrative regulations, protect the lawful rights and interests of insurance applicants, insureds, and beneficiaries, and maintain the market order of fair competition.

Article 135 — The insurance clauses and insurance premium rates for insurance types relating to the public interest, compulsory insurance types, and new types of life insurance shall be submitted to the insurance regulatory authority under the State Council for approval. The insurance clauses and insurance premium rates for other insurance types shall be reported to the insurance regulatory authority for filing.

Article 136 — The insurance regulatory authority under the State Council shall establish and improve a solvency supervision and administration system to supervise the solvency of insurance companies.

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Article 137 — The insurance regulatory authority under the State Council shall supervise the application of funds by insurance companies. Where the application of funds by an insurance company violates laws, regulations, or relevant provisions, the insurance regulatory authority shall order it to make corrections.

Article 138 — Where an insurance company fails to set aside or carry forward various reserves in accordance with the provisions, or fails to make allocations to the insurance guarantee fund in accordance with the provisions, the insurance regulatory authority shall order it to set aside or make allocations within a specified time limit. If the insurance company fails to do so within the time limit, the insurance regulatory authority may take measures such as restricting the scope of business, restricting the payment of dividends to shareholders, restricting the remuneration of directors, supervisors, and senior management personnel, and restricting the application of funds.

Article 139 — Where the solvency of an insurance company is insufficient, the insurance regulatory authority under the State Council shall classify it as a key object of supervision and may take the following measures according to the specific circumstances: (1) ordering it to increase capital or arrange reinsurance; (2) restricting the scope of business; (3) restricting the payment of dividends to shareholders; (4) restricting the scale of fixed asset purchases or operating expenses; (5) restricting the form or proportion of fund application; (6) restricting the establishment of branch offices; (7) ordering it to auction non-performing assets or transfer insurance business; (8) restricting the remuneration levels of directors, supervisors, and senior management personnel; (9) restricting commercial advertising; (10) ordering it to replace the responsible person or making adjustments to its management personnel; and (11) other measures prescribed by the insurance regulatory authority under the State Council.

Article 140 — Where an insurance company fails to set aside or carry forward various reserves in accordance with the provisions, or seriously violates the provisions on the application of funds, the insurance regulatory authority may order it to make corrections and take measures in accordance with Article 139 of this Law.

Article 141 — The insurance regulatory authority under the State Council shall have the power to require the shareholders of an insurance company to provide relevant information and materials within a specified time limit.

Article 142 — Where a shareholder of an insurance company uses affiliated transactions to seriously damage the interests of the company, endangering the company’s solvency, the insurance regulatory authority under the State Council shall order it to make corrections. Before making corrections as required, the insurance regulatory authority may restrict its shareholders’ rights, and may order the shareholder to transfer its shares or equity interests.

Article 143 — The insurance regulatory authority under the State Council shall have the power to determine the senior management personnel of an insurance company to be replaced.

Article 144 — Where an insurance company violates the provisions of this Law and the social and public interests are endangered, which may seriously endanger or have already endangered the company’s solvency, the insurance regulatory authority may take over the insurance company.

Article 145 — Where an operating license for insurance business is revoked in accordance with the law, the insurance regulatory authority shall organize liquidation in accordance with the law.

Article 146 — The insurance regulatory authority under the State Council shall establish and improve a risk disposal mechanism to prevent, resolve, and dispose of risks in the insurance industry in accordance with the law.

Article 147 — The insurance regulatory authority under the State Council shall establish a system for the receipt and handling of complaints to protect the lawful rights and interests of insurance consumers.

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Article 148 — Insurance companies shall be subject to the supervision and inspection of the insurance regulatory authority. During the supervision and inspection, insurance companies shall cooperate and provide relevant documents and materials.

Article 149 — The insurance regulatory authority under the State Council shall have the power to take the following measures in performing its supervisory and administrative functions: (1) conducting on-site inspections of insurance companies; (2) entering a place where illegal acts are suspected for investigation and evidence collection; (3) questioning the parties and persons related to the matter under investigation, and requiring them to explain matters relating to the matter under investigation; (4) consulting and duplicating the property rights registration and transaction records of the parties and persons related to the matter under investigation; (5) consulting and duplicating the accounting books, vouchers, financial statements, and other relevant materials of the parties and persons related to the matter under investigation; (6) sealing up or seizing documents and materials that may be transferred, concealed, or destroyed; (7) inquiring into the bank accounts of the parties and persons related to the matter under investigation, and applying to the people's court for freezing or seizure of the accounts upon approval of the person in charge of the insurance regulatory authority.

Article 150 — Where the insurance regulatory authority conducts an investigation into an insurance company, the investigator shall present his or her credentials and investigation notice. The investigator shall be not less than two persons. The investigator shall have the obligation to keep confidential the commercial secrets he or she learns about in the course of the investigation.

Article 151 — The insurance regulatory authority under the State Council shall establish a risk warning system for the insurance industry, and shall announce risk warnings to the public in a timely manner.

Article 152 — The insurance regulatory authority under the State Council may establish dispatch offices in accordance with its functions and duties. Dispatch offices shall perform their supervisory and administrative functions within the scope of authorization of the insurance regulatory authority under the State Council.

Article 153 — Insurance companies shall pay insurance regulatory fees in accordance with the provisions of the State.

Article 154 — Insurance industry associations are self-regulatory organizations of the insurance industry and are public organizations with the status of a legal person. Insurance companies shall join insurance industry associations. Insurance agents and insurance brokers may join insurance industry associations.

Article 155 — The insurance regulatory authority under the State Council shall cooperate with financial regulatory authorities of other countries or regions to strengthen cross-border supervision.

Article 156 — Where an insurance company is subject to administrative penalties or criminal penalties in accordance with the law, the insurance regulatory authority under the State Council may restrict or prohibit it from engaging in the insurance business.

Article 157 — The insurance regulatory authority under the State Council shall publicly disclose information on administrative licensing, administrative penalties, and other regulatory information in accordance with the law.

Chapter VII — Legal Liability

Article 158 — Whoever establishes an insurance company without approval, or engages in insurance business activities without authorization, shall be banned by the insurance regulatory authority. The illegal income shall be confiscated, and a fine of not less than one time but not more than five times the illegal income shall be imposed. Where there is no illegal income or the illegal income is less than RMB 200,000, a fine of not less than RMB 200,000 but not more than RMB 1,000,000 shall be imposed.

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Article 159 — Whoever, without approval, establishes an insurance agency institution or an insurance brokerage institution, or engages in insurance agency business or insurance brokerage business without authorization, shall be banned by the insurance regulatory authority. The illegal income shall be confiscated, and a fine of not less than one time but not more than five times the illegal income shall be imposed. Where there is no illegal income or the illegal income is less than RMB 50,000, a fine of not less than RMB 50,000 but not more than RMB 300,000 shall be imposed.

Article 160 — Where an insurance company violates the provisions of this Law by operating beyond the approved scope of business, the insurance regulatory authority shall order it to make corrections and confiscate the illegal income. A fine of not less than one time but not more than five times the illegal income shall be imposed. Where there is no illegal income or the illegal income is less than RMB 100,000, a fine of not less than RMB 100,000 but not more than RMB 500,000 shall be imposed. If the violation is serious, the insurance company shall be ordered to suspend business for rectification or its operating license for insurance business shall be revoked.

Article 161 — Where an insurance company commits any of the acts specified in Article 113 of this Law, the insurance regulatory authority shall order it to make corrections and impose a fine of not less than RMB 50,000 but not more than RMB 300,000. If the circumstances are serious, the scope of business shall be restricted, it shall be ordered to suspend acceptance of new business, or its operating license for insurance business shall be revoked.

Article 162 — Where an insurance company, in violation of the provisions of this Law, makes any change without approval, the insurance regulatory authority shall order it to make corrections and impose a fine of not less than RMB 10,000 but not more than RMB 100,000.

Article 163 — Where an insurance company violates the provisions of this Law by providing false reports, statements, documents, or materials, or by refusing or obstructing supervisory inspection, the insurance regulatory authority shall order it to make corrections and impose a fine of not less than RMB 100,000 but not more than RMB 500,000. If the circumstances are serious, the scope of business shall be restricted or it shall be ordered to suspend acceptance of new business.

Article 164 — Where an insurance company, in violation of the provisions of this Law, fails to set aside or carry forward various reserves, or makes false entries in setting aside or carrying forward various reserves, the insurance regulatory authority shall order it to make corrections and impose a fine of not less than RMB 50,000 but not more than RMB 300,000. If the circumstances are serious, the scope of business shall be restricted or it shall be ordered to suspend acceptance of new business.

Article 165 — Where an insurance company, in violation of the provisions of this Law, fails to make allocations to the insurance guarantee fund, the insurance regulatory authority shall order it to make corrections and impose a fine of not less than RMB 50,000 but not more than RMB 300,000.

Article 166 — Where an insurance company, in violation of the provisions of this Law on the application of funds, the insurance regulatory authority shall order it to make corrections and impose a fine of not less than RMB 50,000 but not more than RMB 300,000. If the circumstances are serious, the scope of business shall be restricted or it shall be ordered to suspend acceptance of new business.

Article 167 — Where an insurance agency institution or an insurance brokerage institution violates the provisions of this Law, the insurance regulatory authority shall order it to make corrections and impose a fine. If the circumstances are serious, its business license shall be revoked.

Article 168 — Where an insurance agency institution or an insurance brokerage institution fails to set up special account books as required, or makes false entries in the account books, the insurance regulatory authority shall order it to make corrections and impose a fine of not less than RMB 20,000 but not more than RMB 100,000. If the circumstances are serious, it shall be ordered to suspend business for rectification or its

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business license shall be revoked.

Article 169 — Where an insurance company, an insurance agency institution, or an insurance brokerage institution violates the provisions of this Law by refusing or obstructing the supervisory inspection of the insurance regulatory authority, the insurance regulatory authority shall order it to make corrections and impose a fine of not less than RMB 100,000 but not more than RMB 500,000.

Article 170 — Where an insurance company, an insurance agency institution, or an insurance brokerage institution violates the provisions of this Law and the circumstances are serious, the insurance regulatory authority may prohibit the directly responsible directors, supervisors, senior management personnel, and other directly responsible personnel from engaging in the insurance industry for a certain period or for life.

Article 171 — Anyone who violates the provisions of this Law and causes damage to another person shall bear civil liability in accordance with the law.

Article 172 — Refusal to accept or obstruction of the insurance regulatory authority's lawful performance of supervisory and inspection duties, where such refusal or obstruction does not involve the use of violence or threats, shall be subject to public security administration penalties in accordance with the law. Where such refusal or obstruction involves the use of violence or threats and constitutes a crime, criminal liability shall be pursued in accordance with the law.

Article 173 — Where the insurance regulatory authority under the State Council approves the establishment of an insurance company or insurance agency institution or approves the operation of insurance business in violation of the law, the responsible person in charge and other directly responsible personnel shall be subject to administrative sanctions in accordance with the law.

Article 174 — Functionaries of the insurance regulatory authority who engage in malpractices for personal gain, abuse their powers, or neglect their duties shall be subject to administrative sanctions in accordance with the law. Where a crime is constituted, criminal liability shall be pursued in accordance with the law.

Article 175 — Where an institution other than an insurance company, in violation of the provisions of this Law, operates insurance business, the insurance regulatory authority shall ban it. The illegal income shall be confiscated, and a fine of not less than one time but not more than five times the illegal income shall be imposed.

Article 176 — Where an insurance company, in violation of the relevant provisions, causes the loss of insurance benefits to the insured or the beneficiary, the insurance regulatory authority shall order it to make corrections and may impose a fine.

Article 177 — Where an insurance company, in violation of the provisions of this Law, causes damage to the lawful rights and interests of insurance applicants, insureds, or beneficiaries, it shall bear civil liability in accordance with the law.

Article 178 — Where a crime is constituted in violation of the provisions of this Law, criminal liability shall be pursued in accordance with the law.

Article 179 — Foreign-invested insurance companies established within the territory of China shall be governed by this Law. Where there are other provisions in laws or administrative regulations, such provisions shall prevail.

Chapter VIII — Supplementary Provisions

Article 180 — Insurance companies shall join insurance industry associations. Insurance agents and insurance brokers may join insurance industry associations. Insurance industry associations are self-regulatory organizations with the status of a legal person.

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Article 181 — The insurance business of insurance companies established with the approval of the insurance regulatory authority under the State Council prior to the implementation of this Law shall continue to be valid. Matters not provided for in this Law shall be handled in accordance with the relevant provisions of the insurance regulatory authority under the State Council.

Article 182 — Maritime insurance shall be governed by the relevant provisions of the Maritime Law of the PRC. Matters not covered by the Maritime Law shall be governed by the relevant provisions of this Law.

Article 183 — Insurance companies established by commercial banks and other financial institutions in accordance with the law shall be governed by this Law.

Article 184 — The provisions of this Law shall apply, mutatis mutandis, to organizations other than insurance companies that engage in commercial insurance business. Agricultural insurance shall be governed by separate laws and administrative regulations. Where there are no provisions in laws and administrative regulations, the relevant provisions of this Law shall apply.

Article 185 — This Law shall take effect as of October 1, 1995. The amendment to this Law shall take effect as of the date of promulgation.

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