

Regulations on Agricultural Insurance of the PRC

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Promulgated by Decree No. 629 of the State Council on November 12, 2012; revised in accordance with the Decision of the State Council on Amending Certain Administrative Regulations on February 6, 2016
Effective: March 1, 2013

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Chapter I — General Provisions

Article 1 — These Regulations are formulated, in accordance with the Insurance Law of the People's Republic of China, the Agriculture Law of the People's Republic of China and other laws, to standardize agricultural insurance activities, protect the lawful rights and interests of the parties to agricultural insurance activities, improve the ability of agricultural production to withstand risks, and promote the sound development of the agricultural insurance undertaking.

Article 2 — For the purposes of these Regulations, "agricultural insurance" means an insurance activity in which an insurance institution, in accordance with an agricultural insurance contract, assumes the liability to pay insurance compensation for property losses caused to the insured in crop farming, forestry, animal husbandry and fishery production by insured events such as the agreed natural disasters, accidents, epidemics and diseases to which the subject matter insured is subject.

For the purposes of these Regulations, "insurance institution" means an insurance company and insurance organizations established in accordance with law such as agricultural mutual-aid insurance organizations.

Article 3 — The state supports the development of agricultural insurance in various forms and improves the policy-oriented agricultural insurance system.

Agricultural insurance shall be operated under the principles of government guidance, market operation, independence and voluntariness, and coordinated advancement.

The people's governments of provinces, autonomous regions and municipalities directly under the Central Government may determine agricultural insurance operating models suited to the actual conditions of their respective regions.

No unit or individual may, by taking advantage of administrative powers, official positions or occupational conveniences or by other means, compel or restrict farmers or agricultural production and operation organizations from participating in agricultural insurance.

Article 4 — The insurance regulatory authority under the State Council shall exercise supervision and administration over the agricultural insurance business. The finance, agriculture, forestry, development and reform, taxation, civil affairs and other relevant departments under the State Council shall, in accordance with their respective duties, be responsible for the relevant work of promoting and administering agricultural insurance.

The relevant departments and institutions such as the finance, insurance regulatory, land and resources, agriculture, forestry and meteorological departments shall establish a sharing mechanism for information related to agricultural insurance.

Article 5 — The local people's governments at or above the county level shall uniformly lead, organize and coordinate the agricultural insurance work within their respective administrative regions, and establish and improve working mechanisms for promoting the development of agricultural insurance. The relevant departments of the local people's governments at or above the county level shall, in accordance with the duties prescribed by the people's government at the same level, be responsible for the relevant work of promoting and administering agricultural insurance within their respective administrative regions.

Article 6 — The relevant departments and institutions under the State Council and the local people's governments at all levels and their relevant departments shall, through various forms, strengthen publicity on agricultural insurance, raise the insurance awareness of farmers and agricultural production and operation organizations, and organize and guide farmers and agricultural production and operation organizations to actively participate in agricultural insurance.

Article 7 — Where the subject matter of agricultural insurance taken out by a farmer or an agricultural production and operation organization falls within the scope of fiscal premium subsidies, the finance department shall grant premium subsidies in accordance with the provisions; the specific measures shall be formulated by the finance department under the State Council in consultation with the agriculture and forestry departments and the insurance regulatory authority under the State Council.

The state encourages local people's governments to adopt measures such as providing premium subsidies from local finance to support the development of agricultural insurance.

Article 8 — The state shall establish a fiscal-supported catastrophe risk dispersion mechanism for agricultural insurance; the specific measures shall be formulated by the finance department under the State Council in conjunction with the relevant departments under the State Council.

The state encourages local people's governments to establish local-finance-supported catastrophe risk dispersion mechanisms for agricultural insurance.

Article 9 — Insurance institutions operating the agricultural insurance business shall enjoy tax preferences in accordance with law.

The state supports insurance institutions in establishing grassroots service systems suited to the needs of the development of the agricultural insurance business.

The state encourages financial institutions to increase credit support for farmers and agricultural production and operation organizations that take out agricultural insurance.

Chapter II — Agricultural Insurance Contracts

Article 10 — Agricultural insurance may be taken out by farmers and agricultural production and operation organizations on their own, or farmers may be organized to take out insurance by units such as agricultural production and operation organizations and villagers' committees.

Where farmers are organized to take out insurance by units such as agricultural production and operation organizations and villagers' committees, the insurance institution shall, when concluding the agricultural insurance contract, prepare an insurance list detailing the insurance information of the insured, and the insured shall sign and confirm it. The insurance institution shall publicize the underwriting situation.

Article 11 — During the validity period of an agricultural insurance contract, the parties to the contract shall not increase the premium or terminate the agricultural insurance contract on the ground that the degree of risk of the subject matter insured has changed.

Article 12 — After receiving notice of the occurrence of an insured event, the insurance institution shall promptly conduct on-site inspection and, together with the insured, verify the damage to the subject matter insured. Where farmers are organized to take out insurance by units such as agricultural production and operation organizations and villagers' committees, the insurance institution shall publicize the results of the inspection and loss assessment.

The insurance institution may, in accordance with the agricultural insurance contract, determine the degree of loss of the subject matter insured by sampling or other methods. Where the degree of loss is determined by sampling, the sampling technical specifications prescribed by the relevant departments shall be complied with.

Article 13 — Where laws and administrative regulations provide for the handling of damaged agricultural insurance subject matter, evidence or supporting materials proving that the damaged subject matter insured has been handled in accordance with law shall be obtained at the time of claim settlement.

The insurance institution shall not claim rights over the residual value of the damaged subject matter insured, unless otherwise agreed in the agricultural insurance contract.

Article 14 — The insurance institution shall, within 10 days after reaching a compensation agreement with the insured, pay the insurance compensation payable to the insured. Where the agricultural insurance contract provides for a time limit for the payment of insurance compensation, the insurance institution shall perform the obligation to pay insurance compensation in accordance with the agreement.

Article 15 — The insurance institution shall, in accordance with the agricultural insurance contract and the verified degree of loss of the subject matter insured, pay the insurance compensation payable in full.

No unit or individual may illegally interfere with the insurance institution's performance of the obligation to pay insurance compensation, or restrict the right of the insured to obtain insurance proceeds.

Where farmers are organized to take out insurance by units such as agricultural production and operation organizations and villagers' committees, the claim settlement list shall be signed and confirmed by the insured, and the insurance institution shall publicize the claim settlement results.

Article 16 — With respect to matters not provided for in these Regulations concerning agricultural insurance contracts, the relevant provisions on insurance contracts in the Insurance Law of the People's Republic of China shall apply by reference.

Chapter III — Business Rules

Article 17 — An insurance institution operating the agricultural insurance business shall satisfy the following conditions:

- (1) it has a sound grassroots service network;
- (2) it has a specialized agricultural insurance operation department staffed with corresponding professionals;
- (3) it has sound internal control systems for agricultural insurance;
- (4) it has sound arrangements for agricultural reinsurance and catastrophe risks, as well as risk response plans;
- (5) its solvency conforms to the provisions of the insurance regulatory authority under the State Council; and
- (6) other conditions prescribed by the insurance regulatory authority under the State Council.

No unit or individual other than insurance institutions may operate the agricultural insurance business.

Article 18 — An insurance institution operating the agricultural insurance business shall exercise independent operation and bear sole responsibility for its profits and losses.

An insurance institution operating the agricultural insurance business shall manage it separately from other insurance business and account for its profits and losses separately.

Article 19 — An insurance institution shall formulate agricultural insurance clauses and premium rates fairly and reasonably. With respect to the insurance clauses and premium rates of insurance categories subject to fiscal premium subsidies, the insurance institution shall formulate them on the basis of fully hearing the opinions of the finance, agriculture and forestry departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government and representatives of farmers.

Agricultural insurance clauses and premium rates shall be submitted to the insurance regulatory authority for approval or filing in accordance with law.

Article 20 — The assessment of reserves and the preparation of solvency reports for an insurance institution operating the agricultural insurance business shall conform to the provisions of the insurance regulatory authority under the State Council.

Where special principles and methods need to be adopted for the financial management and accounting of the agricultural insurance business, the specific measures shall be formulated by the finance department under the State Council.

Article 21 — An insurance institution may entrust institutions such as grassroots agricultural technology extension institutions to assist in handling agricultural insurance business. The insurance institution shall sign a written contract with the institution entrusted to assist in handling agricultural insurance business, specify the rights and obligations of both parties, agree on fee payment, and provide business guidance to the institution assisting in handling agricultural insurance business.

Article 22 — An insurance institution shall properly preserve the original materials of agricultural insurance inspection and loss assessment in accordance with the provisions of the insurance regulatory authority under the State Council.

No unit or individual may alter, forge, conceal or destroy the original materials of inspection and loss assessment in violation of the provisions.

Article 23 — The acquisition and use of premium subsidies shall comply with the provisions of the specific measures formulated in accordance with Article 7 of these Regulations.

Obtaining agricultural insurance premium subsidies by fraud in the following or any other manner is prohibited:

(1) fabricating or inflating the subject matter insured, or taking out insurance multiple times on the same subject matter insured; or

(2) offsetting the premium payable by the policyholder or the fiscal premium subsidies by means such as false claim settlement, falsely listed expenses, false surrender, or the interception or misappropriation of insurance proceeds or operating expenses.

Article 24 — No unit or individual may misappropriate, intercept or embezzle the insurance proceeds that an insurance institution shall pay as compensation to the insured.

Article 25 — With respect to matters not provided for in these Regulations concerning the operating rules of agricultural insurance, the relevant provisions on insurance operating rules and supervision and administration in the Insurance Law of the People's Republic of China shall apply.

Chapter IV — Legal Liability

Article 26 — Where an insurance institution operates the agricultural insurance business without meeting the conditions prescribed in paragraph 1 of Article 17 of these Regulations, the insurance regulatory authority shall order rectification within a prescribed time limit and order it to stop accepting new business; where it fails to rectify within the time limit or causes serious consequences, a fine of not less than RMB 100,000 but not more than RMB 500,000 shall be imposed, and suspension of business for rectification or revocation of the insurance business operating license may be ordered.

Where an organization or individual other than an insurance institution illegally operates the agricultural insurance business, the insurance regulatory authority shall ban it, confiscate its illegal gains, and impose a fine of not less than one time but not more than five times the illegal gains; where there are no illegal gains or the illegal gains are less than RMB 200,000, a fine of not less than RMB 200,000 but not more than RMB 1 million shall be imposed.

Article 27 — Where an insurance institution operating the agricultural insurance business commits any of the following acts, the insurance regulatory authority shall order rectification and impose a fine of not less than RMB 100,000 but not more than RMB 500,000; where the circumstances are serious, it may restrict its business scope or order it to stop accepting new business:

(1) preparing or providing false reports, statements, documents or materials;

(2) refusing or obstructing supervision and inspection conducted in accordance with law; or

(3) failing to use the approved or filed agricultural insurance clauses and premium rates in accordance with the provisions.

Article 28 — Where an insurance institution operating the agricultural insurance business commits any of the following acts in violation of these Regulations, the insurance regulatory authority shall order rectification and impose a fine of not less than RMB 50,000 but not more than RMB 300,000; where the circumstances are serious, it may restrict its business scope or order it to stop accepting new business:

(1) failing to manage the agricultural insurance business separately from other insurance business and account for its profits and losses separately in accordance with the provisions;

(2) taking advantage of the operation of the agricultural insurance business to seek improper benefits for other institutions or individuals; or

(3) failing to apply for approval of agricultural insurance clauses and premium rates in accordance with the provisions.

Where an insurance institution operating the agricultural insurance business fails to submit agricultural insurance clauses and premium rates for filing in accordance with the provisions, the insurance regulatory

authority shall order rectification within a prescribed time limit; where it fails to rectify within the time limit, a fine of not less than RMB 10,000 but not more than RMB 100,000 shall be imposed.

Article 29 — Where an insurance institution violates these Regulations, the insurance regulatory authority shall, in addition to imposing punishment in accordance with these Regulations, give a warning to the directly responsible persons in charge and other directly responsible personnel and impose on them a fine of not less than RMB 10,000 but not more than RMB 100,000; where the circumstances are serious, it shall revoke the corresponding qualifications of persons who have obtained qualifications for holding office or professional practice.

Article 30 — Where premium subsidies are obtained by fraud in violation of Article 23 of these Regulations, the finance department shall handle the matter in accordance with the relevant provisions of the Regulations on the Punishment and Sanction of Fiscal Illegal Acts; where a crime is constituted, criminal liability shall be pursued in accordance with law.

Where insurance proceeds are misappropriated, intercepted or embezzled in violation of Article 24 of these Regulations, the relevant departments shall handle the matter in accordance with law; where a crime is constituted, criminal liability shall be pursued in accordance with law.

Article 31 — With respect to the legal liability of an insurance institution for violations of these Regulations that is not provided for in these Regulations, the relevant provisions of the Insurance Law of the People's Republic of China shall apply.

Chapter V — Supplementary Provisions

Article 32 — The operation by an insurance institution of agriculture-related insurance with policy support shall be governed by the relevant provisions of these Regulations by reference.

Agriculture-related insurance means insurance other than agricultural insurance that provides insurance protection for farmers in agricultural production and daily life, including property insurance for rural housing, agricultural machinery and fishing vessels, and short-term accidental injury insurance involving the life and body of farmers.

Article 33 — These Regulations shall take effect as of March 1, 2013.

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