SPC Guiding Case No. 25: The Beijing Branch of Huatai Property Insurance Co., Ltd. v. Li Zhigui and the Zhangjiakou Sub-branch of the Hebei Branch of Tian'an Property Insurance Co., Ltd. (Insurer Subrogation Dispute)

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

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Keywords

Civil procedure / insurer subrogation / jurisdiction

Holding

Where an insurance accident is caused by a third party's damage to the subject matter insured, and the insurer, after paying insurance benefits to the insured, brings a lawsuit exercising by subrogation the insured's right to claim compensation against the third party, the court with jurisdiction shall be determined according to the legal relationship between the insured — whose rights the insurer is subrogating — and the third party, rather than according to the legal relationship under the insurance contract. Where the third party infringes the lawful rights and interests of the insured, the court with jurisdiction shall be the court of the place where the infringing act occurred or the place of the defendant's domicile.

Basic Facts

On June 1, 2011, the Beijing Branch of Huatai Property Insurance Co., Ltd. ("Huatai Insurance") entered into a motor vehicle insurance contract with Beijing Yada Jindu Catering Management Co., Ltd. ("Yada Jindu Catering"). The insured vehicle bore the license plate number Jing A82368, and the insurance period ran from 00:00 on June 5, 2011 to 24:00 on June 4, 2012. On November 18, 2011, while Chen XX was driving the insured vehicle on the Airport Expressway in Chaoyang District, Beijing, a traffic accident occurred with the vehicle driven by Li Zhigui bearing the license plate number Ji GA9120, causing damage to the insured vehicle. The traffic management department determined that Li Zhigui bore full responsibility for the accident. After the accident, Huatai Insurance paid the insured, Yada Jindu Catering, insurance benefits of RMB 83,878 in accordance with the insurance contract, and lawfully obtained the right of subrogation. Since the offending vehicle was covered by motor vehicle traffic accident liability compulsory insurance with the Zhangjiakou Sub-branch of the Hebei Branch of Tian'an Property Insurance Co., Ltd. ("Tian'an Insurance"), Huatai Insurance sued in the Dongcheng District People's Court of Beijing in October 2012, requesting an order that the defendants — the offending driver Li Zhigui and Tian'an Insurance — pay RMB 83,878 and bear the litigation costs.

The domicile of the defendant Li Zhigui was Shacheng Town, Huailai County, Zhangjiakou City, Hebei Province; the domicile of the defendant Tian'an Insurance was No. 108, Yanjing Road East, Shacheng Town, Huailai County, Zhangjiakou City; the place of the insurance accident was the Airport Expressway in Chaoyang District, Beijing; and the address of the owner recorded in the vehicle registration certificate of the insured vehicle was No. 8, Xinzhong Street West, Gongti North Road, Dongcheng District, Beijing.

Judgment

On December 17, 2012, the Dongcheng District People's Court of Beijing rendered Civil Ruling (2012) Dong Min Chu Zi No. 13663: not accepting Huatai Insurance's lawsuit. After the ruling was pronounced, the parties did not appeal, and the ruling became legally effective.

Reasoning

The effective judgment held: Under Article 60 of the Insurance Law of the People's Republic of China, an insurer's right of subrogation is the right that the insurer enjoys in accordance with law to exercise, by subrogation, the insured's right to claim compensation against a third party liable for the damage to the subject matter insured. The insurer's right of subrogation arises from the direct provisions of law, is a statutory right of the insurer, and is not a contractual right arising from an insurance contract. Where an insurance accident is caused by a third party's damage to the subject matter insured, and the insurer, after paying insurance benefits to the insured, brings a lawsuit exercising by subrogation the insured's right to claim compensation against the third party, jurisdiction shall be determined according to the legal relationship between the insured — whose rights the insurer is subrogating — and the third party. Where the third party infringes the lawful rights and interests of the insured and a lawsuit is brought on account of the infringing act, in accordance with Article 28 of the Civil Procedure Law of the People's Republic of China, jurisdiction lies with the court of the place where the infringing act occurred or the place of the defendant's domicile, rather than applying the provisions on jurisdiction over property insurance contract disputes, and the location of the subject matter insured shall not be used as the basis of jurisdiction. In this case, the third party committed a road traffic infringing act causing the insurance accident, and the insured had a tort claim for damages against the third party; where the insurer exercises its right of subrogation by suing the third party, jurisdiction should lie with the court of the place where the infringing act occurred or the place of the defendant's domicile. Since neither the domiciles of the two defendants nor the place of the infringing act were located in Dongcheng District, Beijing, the Dongcheng District People's Court of Beijing had no jurisdiction over the lawsuit and should rule not to accept it.

Relevant Legal Provisions

Article 28 of the Civil Procedure Law of the People's Republic of China.

Article 60, paragraph 1 of the Insurance Law of the People's Republic of China.

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