Jurisdiction Issues concerning Insurance Contract Disputes

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The issuance of Interpretations of the Supreme People’s Court on the Application of the Civil Procedure Law of the People’s Republic of China (hereinafter referred to as “Interpretations”) ¹ has brought a lot of changes to the civil procedure under Chinese law. One great change to the civil procedure is embodied in the jurisdiction issue. Besides the general provisions concerning jurisdiction issue, special provisions are made as to the jurisdiction of insurance contract disputes.

In terms of insurance contract disputes, Article 21 of the Interpretations provides,

“For a lawsuit brought due to property insurance contract dispute, if the insured object is a transport vehicle or transported goods, the people’s court of the registration of the transport vehicle, the people’s court of the transport destination, or the people’s court of the place of insurance accident may have jurisdiction.

Any proceedings brought on the dispute over a life insurance contract may be under the jurisdiction of the people’s court of the domicile of the insured.”

The above article has done several changes regarding the jurisdiction of insurance contract disputes, and it can be interpreted from the following aspect.

I. Previous Provisions on Jurisdiction of Insurance Contract Dispute

Article 24 of PRC Civil Procedure Law (《中华人民共和国民事诉讼法》) ² provides that a lawsuit brought on an insurance contract dispute shall be under the jurisdiction of the people’s court of the place where the defendant has his domicile or where the insured object is located.

Article 25 of Opinions of the Supreme People’s Court on Certain Issues Concerning the Application of the Civil Procedure Law of the People’s Republic of China (《关于适用＜中华人民共和国民事诉讼法＞若干问题的意见》) ³ (hereinafter referred to as “Opinions”)

stipulates, “An action concerning a dispute over an insurance contract shall be under the jurisdiction of the people’s court at the place of the defendant’s domicile, the place where the vehicle is registered, the destination, or the place where the insured accident occurred if the insured object is a transport vehicle or transported goods.”

From the above provisions, we can see that there is only one general provision on the jurisdiction of insurance contract disputes with a special provision on the jurisdiction of disputes in relation to property insurance contracts in which the insured object is a transport vehicle or transported goods.

II. Changes of Jurisdiction of Insurance Contract Dispute in the Interpretations

Compared with Civil Procedure Law and the Opinions, it can be seen that the major changes occur to jurisdiction of disputes in connection with two kinds of insurance contract.

One is the property insurance contract in which the insured subject matter is a transport vehicle or the transported goods. For this kind of insurance contract, the Interpretations has deleted the jurisdiction of the court in the defendant’s domicile which used to exist in Article 25 of the Opinions.

However, the deletion of the jurisdiction of the court in the defendant’s domicile in Article 21 of the Interpretations does not mean the plaintiff cannot sue the defendant in the defendant’s domicile since article 24 of Civil Procedure Law still allows the defendant to be sued in his or her domicile, and the word used in Article 21 of the Interpretations is “can” instead of “must”. Therefore, the new arrangement made by the Interpretations is more likely to be a wording arrangement to avoid repetition instead of excluding the jurisdiction of the court in the defendant’s domicile.

Another one is the life insurance contract. In the past, the Chinese law does not specify on the jurisdiction issue concerning life insurance contract disputes, which thus has caused a few disputes concerning the jurisdiction on life insurance contract disputes. Such disputes arise from Article 24 of Civil Procedure Law.

In accordance with Article 24 of Civil Procedure Law, an insurance contract dispute can be filed under the jurisdiction of the people’s court of the place where the defendant has his domicile or where the insured object is located. However, Article 24 causes confusion in the
legal practice. In a life insurance contract dispute, it is undisputable that the court of the defendant’s domicile has jurisdiction over the case, but the courts and the parties to the case may be confused about whether “the jurisdiction of the people’s court where the insured object is located” would apply to a life insurance contract. As there is no clear definition of the “insured object” in the laws, people would dispute over the concept of “the insured object”. In practice, there exists the situation where the life or life expectancy in the life insurance contract is deemed as the “insured object”, and disputes under life insurance contracts are brought in the people’s court where the insured person is located.

Some courts have mistaken the “insured subject matter (保险标的)” for “insured object (保险标的物)”, and therefore is of the view that the court where the insured person is located has jurisdiction over the life insurance contract case. Most courts hold the view that life expectancy and life are the “insured subject matter” of life insurance contract rather than “insured object”, thus the jurisdiction of the court where the insured object is located does not apply to the life insurance contract dispute.

Actually, the addition of Paragraph 2 of Article 21 in the Interpretations is to avoid the disputes arising under Article 24 of Civil Procedure Law. Pursuant to Paragraph 2 of Article 21, the court where the insured is domiciled will have jurisdiction over the life insurance case. With the promulgation of this article, disputes over whether the life or life expectancy is “insured subject matter” or “insured object” in determining the jurisdiction of life insurance dispute would become unnecessary.

III. Determination of Jurisdiction in Insurance Contract Dispute

In accordance with Civil Procedure Law and the Interpretations, jurisdiction of insurance contract disputes can be decided in the following ways:

1. The jurisdiction can be decided by autonomy of the contracting parties. One thing needs to be paid particular attention to is that contracting parties should avoid the choice of both arbitration and litigation as the dispute resolution method since such dispute resolution clause is likely to be deemed as void in accordance with PRC Arbitration Law.

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4 See the case (2013) Ji Zhong Min Guan Zhong Zi No. 8 ((2013)济中民管终字第 8 号) and (2013) Yi Fa Li Min Zhong Zi No. 20 ((2013)益法立民终字第 20 号).
2. If the contracting parties do not stipulate the jurisdiction in the insurance contracts. Normally, all disputes concerning insurance contracts can be brought to the court where the defendant is domiciled.

For the insurance contract in which the insured object is a transport vehicle or transported goods, the people’s court at the place of registration of the means of transport, or the transportation destination, or the place where the insurance accident occurs shall also have the jurisdiction. For the life insurance contracts, the court at the domicile of the insured will also have jurisdiction.