## Provisions of the Supreme People's Court on Several Issues about the Trial of Cases Concerning Marine Insurance Disputes

Announcement of the Supreme People's Court

The Provisions of the Supreme People's Court on Several Issues about the Trial of Cases Involving Marine Insurance Disputes, which have been adopted at the 1405th meeting of the Judicial Committee of the Supreme People's Court on November 13, 2006, are hereby promulgated and shall come into force as of January 1, 2007.

November 23, 2006

Provisions of the Supreme People's Court on Several Issues about the Trial of Cases Concerning Marine Insurance Disputes

(Adopted at the 1405th meeting of the Judicial Committee of the Supreme People's Court on November 13, 2006, Judicial Interpretation No. 10 [2006])

In order to correctly try the cases concerning marine insurance disputes, these Provisions are formulated according to the relevant provisions in the Maritime Law of the People's Republic of China, the Insurance Law of the People's Republic of China, the Special Maritime Procedure Law of the People's Republic of China and the Civil Procedure Law of the People's Republic of China.

**Article 1** The trial of cases involving the disputes over marine insurance contracts shall be governed by the Maritime Law; if there is no such provision in the Maritime Law, the relevant provisions in the Insurance Law shall apply; and if there is no such provision in the Maritime Law and the Insurance Law, the relevant legal provisions in the Contract Law shall apply.

**Article 2** The trial of the cases concerning the disputes over marine insurance contracts with the port facilities or docks as insurance objects that do not result from marine accidents shall be governed by the legal provisions in the Insurance Law.

**Article 3** The trial of the cases in which the insurer exercises the right of subrogation due to an insurance accident arising out of collision of vessels with the port facilities or docks, and claims for compensation from the third person that causes the insurance accident shall be governed by the provisions in the Maritime Law.

**Article 4** Where the insurer knows that the insured failed to faithfully report the important information as prescribed in Paragraph 1 of Article 222 of the Maritime Law but still collects insurance premiums or pays insurance compensations, if the insurer later claims rescission of the contract for the reason that the insured failed to faithfully report the important information, the people's court shall not support its claim.

**Article 5** Where the insured fails to pay the insurance premiums as stipulated to the insurer according to Article 234 of the Maritime Law, the insurer has the right to rescind the insurance contract before the insurance liability begins, unless the insurer has issued insurance documents; if the insurer claims rescission of the contract after the insurance liability begins for the reason that the insured failed to pay the insurance premium, the people's court shall not support its claim.

**Article 6** In case the insurer claims rescission of the insurance contract from the day in which the guarantee clause is violated for the reason that the insured violated the guarantee clause as stipulated in the contract and failed to immediately notify the insurer in writing, the people's court shall support its claim.

**Article 7** In case the insurer still pays the insurance compensations after receipt of the written notice that the insured violated the guarantee clause as stipulated in the contract, but later claims rescission of the contract for the reason that the insured violated the guarantee clause as stipulated in the contract, the people's court shall not support its claim.

**Article 8** In case the insurer fails to reach an unanimity with the insured with respect to the revision of underwriting conditions or increase of insurance premiums after it has received a written notice that the insured violated the guarantee clause as stipulated in the contract, the insurance contract shall have been rescinded as of the day when the guarantee clause is violated.

**Article 9** In case a vessel is transferred in a voyage, the vessel insurance contract in which the insurer does not consent to the transfer of the vessel shall be rescinded after the voyage ends. The rights and obligations to the vessel insurance contract from the transfer of the vessel to the conclusion of the voyage shall be respectively enjoyed and assumed by the vessel transferor, and may also be succeeded by the vessel transferee.

When the vessel transferee claims for compensation against the insurer according to the preceding Paragraph, it shall submit valid insurance documents and the certificate on the vessel transfer contract.

**Article 10** In case neither the insurer nor the insured knows that the insurance object has suffered any loss in an insurance accident when the insurance contract is concluded, or the insurance object could not possibly suffer any loss in the accident insurance, the effectiveness of the insurance contract shall not be affected.

**Article 11** The losses resulting from the failure of the carrier to deliver goods due to the nonexistence of the original bill of lading in the marine goods transport do not fall within the scope of insurance liability of the insurer, unless it is otherwise stipulated by both parties in the insurance contract.

**Article 12** Where the insured takes reasonable measures after an insurance accident occurs in order to prevent or reduce losses but to no avail and the insured requires the insurer to pay reasonable fees incurred therefrom, the people's court shall support it.

**Article 13** In case the insurer, when exercising the right of subrogation to claim for compensations, fails to submit the people's court the vouchers proving that it has actually paid the insurance compensation to the insured according to the provisions in the Special Maritime Procedure Law, the people's court shall not accept its claim; if the court has accepted the claim, it shall make a ruling to reject the litigation.

**Article 14** The people's court that accepts a case involving any dispute over the insurer's exercise of the right of subrogation to claim for compensations shall only try the legal relationship between the third party that caused the insurance accident and the insured.

**Article 15** In case the insurer, after obtaining the right of subrogation to claim for compensations, claims for the interruption of the limitation of actions for the reason that the insured filed a lawsuit or arbitration against the third party or applied for seizure of the vessel, or the third party consents to perform its obligation, the people's court shall support the claim.

**Article 16** In case the insurer, after obtaining the right of subrogation to claim for compensations, claims for the guaranty rights of the insured due to the application for the seizure of the vessel, the people's court shall support the claim.

**Article 17** These Provisions shall come into force as of January 1, 2007.