

A Comparative Study of Chinese and American Insurance Laws and Its Enlightenment for the Perfection of China's Legal System

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Abstract

As a core branch of commercial and financial law, insurance law undertakes the critical functions of standardizing market transaction behaviors, rectifying information asymmetry between contracting parties, balancing the legitimate rights and interests of insurers, policyholders, and insured parties, and preventing systemic and operational financial risks within the insurance industry. It has become an indispensable institutional foundation for maintaining the stable operation of the modern financial system and protecting public livelihood security. China and the United States represent typical legal systems of civil law and common law respectively, resulting in fundamental differences in the legislative philosophy, institutional framework, core operational rules, regulatory mechanisms, and judicial application paradigms of their insurance legal systems. The insurance legal system of the United States is established on the basis of decentralized state legislation and authoritative case law, adhering to the core values of contractual freedom, market autonomy, and judicial equity, and has formed a highly mature institutional system focusing on market-oriented governance and insurance consumer protection after long-term market iteration and judicial refinement. In contrast, China's insurance legal system is dominated by unified statutory codification, strictly abiding by the basic principles of utmost good faith and loss compensation, and commits to standardized market governance and compliant industrial development under a centralized regulatory framework. On the basis of sorting out the institutional origins and legal values of Sino-American insurance laws, this paper systematically compares the institutional differences in legislative modes, the application of the principle of utmost good faith, insurable interest identification standards, information disclosure and notification obligations, industry supervision models, and dispute resolution mechanisms between the two countries. By analyzing the institutional advantages and inherent deficiencies of the

two legal systems under different economic and legal environments, this study targets the prominent institutional bottlenecks and practical dilemmas existing in the current development of China's insurance market. Combined with the mature institutional experience of American insurance law in refined rule design, consumer preferential protection, and market-oriented supervision, this paper proposes feasible optimization paths for improving China's insurance legislative system, refining the whole-industry regulatory system, optimizing judicial dispute resolution mechanisms, and strengthening insurance consumer rights and interests protection. The research results aim to provide theoretical references and practical suggestions for promoting the high-quality development of China's insurance industry and accelerating the modernization and internationalization of the insurance legal governance system.

Keywords

Insurance Law, Sino-US Comparison, Principle of Utmost Good Faith, Insurance Supervision, Consumer Protection, Institutional Perfection

1. Introduction

With the continuous advancement of financial market globalization and the in-depth opening-up of China's financial industry, the marketization degree and international participation level of China's insurance industry have been significantly improved. In recent years, cross-border insurance cooperation, transnational insurance product sales, foreign insurance institution settlement and operation, and cross-border insurance dispute cases have shown a continuous growth trend, which puts forward higher and more comprehensive requirements for the institutional completeness, international compatibility, and judicial applicability of China's insurance legal system. Essentially, insurance transactions are typical asymmetric information transactions. Professional insurance clauses, complex risk assessment standards, and specialized actuarial systems enable insurance institutions to occupy an absolute information advantage in the contractual relationship, while individual policyholders and ordinary consumers are often in a relatively weak position in terms of professional cognition and risk judgment. Therefore, the core legislative value of modern insurance law lies in effectively balancing the unequal status of both parties to insurance contracts, resolving market imbalance caused by information asymmetry, standardizing the behavioral norms of insurance business operations, preventing moral hazards and insurance fraud behaviors, and maintaining the long-term stable and healthy development of the insurance industry. Affected by historical legal traditions, national governance models, and stages of market economic development, China and the United States have formed completely different institutional frameworks and operational logics in the construction of insurance legal systems, which constitutes the core research basis of this comparative study.

As the most mature and largest insurance market in the global financial system, the United States has accumulated rich practical experience and formed a complete legal governance system in the field of insurance regulation through more than a century of market development and legal iteration. Its unique institutional model of “state-led legislation, federal supplementary supervision, and case law supplementation” perfectly fits the characteristics of American decentralized federal governance and highly market-oriented financial operation [1]. Among them, the reasonable expectation principle that protects ordinary consumers, the dual-track supervision mechanism coordinating federal and state powers, the refined tiered notification and disclosure system, and the mature consumer preferential protection rules fully reflect the typical institutional characteristics of common law insurance systems that emphasize practical equity and market adaptation [2]. Different from the common law system, China’s insurance legal construction always adheres to the traditional codification concept of the civil law system. Taking the formally promulgated and repeatedly revised Insurance Law of the People’s Republic of China as the core legal norm, and supported by a series of supporting administrative regulations, judicial interpretations, and departmental regulatory rules, China has built a unified, standardized, and hierarchical insurance legal and regulatory system nationwide [3]. This institutional model highlights the uniformity and enforceability of national legal norms, which is highly compatible with China’s centralized and unified financial supervision system and overall financial risk prevention and control strategy [4].

Despite the remarkable achievements in the scale expansion and business innovation of China’s insurance industry in recent years, many deep-seated institutional problems and practical deficiencies still restrict the high-quality development of the industry in the process of market transformation and international integration. Specifically, China’s current insurance legislation still has rough and generalized provisions in many core institutional details, the refined degree of information disclosure and risk notification rules is insufficient, the long-term single mechanism of insurance consumer rights protection cannot fully adapt to complex market disputes, and the judicial adjudication standards for emerging Internet insurance, cross-border insurance, and innovative insurance businesses are not completely unified [5]. In this context, carrying out a systematic comparative study of Sino-American insurance legal systems has important theoretical and practical significance. By horizontally comparing the institutional differences between civil law and common law insurance systems, we can clearly distinguish the institutional advantages and inherent defects of the two legal frameworks, accurately identify the institutional characteristics and existing shortcomings of China’s insurance law, and absorb the advanced institutional design and market governance experience of American insurance law on the premise of adhering to national conditions. This research can provide solid theoretical support and operable practical guidance for promoting the revision and improvement of China’s insurance legislation, optimizing the whole-process industry supervision system, standard-

izing insurance judicial adjudication, and preventing financial risks, so as to further promote the modernization and international development of China's insurance legal system.

This subsection clarifies the methodological framework, research scope, data sources, and comparative criteria of this systematic comparative study to ensure the reproducibility and rigor of research conclusions. First, in terms of legal materials, this study takes the revised 2015 Insurance Law of the People's Republic of China, supporting administrative regulations, and judicial interpretations, including the Provisions of the Supreme People's Court on Several Issues Concerning the Trial of Insurance Contract Disputes (I) and (II), as the core Chinese legal basis. For U.S. insurance law, it selects classic state insurance statutes, the Restatement (Third) of Insurance Law, and core federal regulatory statutes including the McCarran-Ferguson Act of 1945 and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Second, the research scope covers mainstream insurance business lines in both countries, including personal life insurance, health insurance, property insurance, and liability insurance, excluding special-purpose insurance such as political risk insurance and reinsurance. Third, the comparative criteria are uniformly formulated from four dimensions: legislative institutional design, substantive rule application, regulatory mechanism operation, and judicial dispute resolution, focusing on institutional logic, practical application effects, and institutional advantages and defects under different legal systems. Fourth, to ensure the representativeness of U.S. national-level institutional conclusions, this study selects typical insurance law jurisdictions with mature market mechanisms and complete judicial precedents, including California, New York, and Texas, which cover the mainstream institutional practices of U.S. state insurance regulation and judicial adjudication. In addition, the research time frame is limited to 2010-2025, focusing on the institutional evolution and practical application of Sino-American insurance laws after the global financial crisis, and the case selection criteria adopt typical, publicly published judicial precedents and regulatory cases in official channels of the two countries, eliminating invalid and repeated cases.

2. Comparison of Legislative Systems and Legal Foundations between Chinese and American Insurance Laws

2.1. Differences in Legislative Forms

As a typical civil law country that emphasizes statutory codification and unified institutional governance, China adopts a highly standardized unified codified model in the field of insurance legislation. The current Insurance Law of the People's Republic of China was formally promulgated in 1995, and has undergone several targeted revisions and improvements according to market changes and industrial development needs, gradually forming a complete institutional system with clear layers and standardized norms. On this basis, the Supreme People's Court has issued multiple judicial interpretations to clarify ambiguous legal pro-

visions, and the national financial supervision department has formulated supporting regulatory systems such as the Provisions on the Administration of Insurance Companies and the Measures for the Administration of Insurance Sales Behaviors, covering the whole links of insurance market access, business operation, sales behavior, fund management, dispute handling and legal liability investigation. Different from the decentralized legislative model of the United States, China implements a unified legal system nationwide, and there is no regional difference in insurance legal norms and supervision standards across provinces and regions. All legal provisions are formulated strictly in accordance with the principles of statutory governance, with rigorous logical structure and clear normative boundaries, which can clearly define the rights, obligations, operational norms and legal liabilities of all insurance market participants, including insurance companies, insurance intermediaries, policyholders and insured parties. Judicial adjudication of insurance disputes in China is completely based on statutory provisions and judicial interpretations, which ensures the uniformity and authority of law application in conventional and traditional insurance dispute cases. The overall legislative logic focuses on standardizing market operation order, preventing industrial financial risks, balancing the interests of all market subjects, and maintaining the stable development of the financial industry, which is highly compatible with China's centralized financial supervision system and national financial security strategy.

As a typical common law country that advocates market freedom and decentralized governance, the United States adopts a diversified and decentralized pluralistic legislative model dominated by state legislation, supplemented by federal laws and case law in insurance legislation [6]. According to the institutional division of power of the U.S. Constitution, the legislative and regulatory power of the insurance industry is vested in each state government, rather than the federal central government, resulting in the absence of a unified national insurance code in the United States. Each of the 50 states and autonomous regions has independent insurance legislative power and industry supervision power, and can formulate exclusive insurance legal norms and regulatory rules according to the economic development level, market scale and risk characteristics of the region, resulting in obvious differences in specific institutional provisions and market access standards among states. Specifically, U.S. insurance supervision implements a hierarchical governance system with state governments as the primary regulatory subjects. State insurance departments are responsible for formulating local insurance rules, approving market access, supervising daily business, and handling consumer disputes, constituting the core of U.S. insurance regulation. The National Association of Insurance Commissioners (NAIC) serves as a national coordinating organization, which does not have mandatory legislative or law enforcement power, but unifies industry regulatory standards, formulates model insurance laws, and promotes regulatory coordination and information sharing among states to alleviate institutional fragmentation. The federal government only exer-

cises targeted, issue-specific intervention power based on statutory authorization: the McCarran-Ferguson Act of 1945 clarifies that insurance regulation is the primary power of states, exempting insurance businesses from most federal antitrust laws; the Dodd-Frank Act of 2010 establishes the Federal Insurance Office (FIO) to supervise systemic insurance risks, regulate cross-border insurance businesses, and make up for the regulatory vacuum of state supervision in cross-state and systemic risk governance. In addition, case law is a core indispensable part of the American insurance legal system. Valid judicial precedents formed by federal and state courts have binding legal effect, which can effectively make up for the inherent lag and loopholes of statutory legislation and flexibly adapt to the complex and changing market insurance disputes and innovative business models [7]. In order to solve the problem of institutional fragmentation caused by decentralized state legislation, the American Law Institute has compiled and issued the Restatement of Insurance Law, which systematically sorts out and summarizes the scattered insurance legal rules of various states. Although it does not have mandatory legal effect, it has become an important reference basis for judicial adjudication, legislative revision and academic research. The overall legislative logic of American insurance law takes contractual freedom and market autonomy as the core, emphasizes judicial equity and case-by-case fairness, and fully adapts to the highly liberalized and market-oriented operation mode of the U.S. insurance industry.

2.2. Differences in Legal Basis and Value Orientation

The construction of China's insurance legal system has always been based on the basic legal principles of civil and commercial law, forming three core guiding principles that run through the whole insurance legal system: the principle of utmost good faith, the principle of loss compensation, and the principle of insurable interest. These three basic principles constitute the theoretical cornerstone of China's insurance law formulation, judicial application and industrial supervision. In terms of value orientation, China's insurance law always adheres to the priority of public interest and market order stability, takes standardized market governance and risk prevention and control as the core goals, and restricts the irregular behaviors of insurance market participants through mandatory legal norms. It effectively restrains common industrial chaos such as insurance fraud, misleading sales, false publicity and irregular operation of insurance funds, and firmly guards the overall stability and financial security of the insurance market. In the interest balance of market subjects, considering the information asymmetry and status difference between professional insurance institutions and ordinary policyholders, China's insurance law appropriately implements the preferential protection principle for disadvantaged groups such as policyholders and insured parties, and realizes the organic unity of standardized industrial development and social public interest protection on the premise of maintaining the orderly operation of the insurance market.

Different from the institutional connotation and value system of China's insurance law, American insurance law is constructed around the three core concepts of contractual freedom, reasonable expectation and consideration balance, forming a legal value system that takes market autonomy and case-specific substantive fairness as the core pursuit [8] [9]. In the early stage of the development of American insurance law, the institutional design tended to protect the legitimate operational interests of insurance companies, and the constraint on insurers' behaviors was relatively loose. With the continuous development of the consumer rights protection movement and the continuous improvement of market supervision concepts, the judicial concept of American insurance law has gradually changed, and a mature pro-insured judicial protection tendency has been formed [10]. It is necessary to clarify that the reasonable-expectations doctrine is not a universal rule applicable to all U.S. jurisdictions and cases. This doctrine is mainly applied in state courts of California, New York, and Illinois, and is limited to consumer insurance scenarios involving individual policyholders, unstandardized clause disputes, and insufficient disclosure of exemption terms; it is not applicable to commercial insurance transactions between professional institutional subjects. In terms of precedential force, only the precedents of the highest court of each state and federal circuit courts have binding legal effect on lower courts within the corresponding jurisdiction. Precedents of other courts are only persuasive references, not mandatory adjudication bases, and there are significant differences in precedential application rules among different jurisdictions. Among them, the reasonable expectation principle, as the core characteristic rule of American insurance law, breaks through the rigid constraint of literal interpretation of insurance contracts, requiring courts to fully respect the legitimate contractual expectation and reasonable reliance interests of ordinary policyholders in judicial adjudication, rather than simply adhering to the written provisions of contracts [2]. At the same time, the principle of consideration balance runs through all institutional designs of insurance contracts, emphasizing the equal correspondence of rights, obligations and interests between insurers and policyholders. The flexible application of case law makes up for the rigid deficiency of statutory rules, realizes accurate judicial equity for individual cases, and fully adapts to the complex and diversified transaction forms of the highly market-oriented American insurance market.

3. Comparison of Core Substantive Institutions between Chinese and American Insurance Laws

3.1. Differences in the Application of the Principle of Utmost Good Faith

Known as the paramount principle and basic soul of modern insurance law, the principle of utmost good faith is universally recognized and applied in both Chinese and American insurance legal systems, and it is the fundamental principle to maintain the credibility and orderly operation of insurance transactions. However, due to the differences in legal traditions and institutional orientations, the

two countries have formed significant differences in the applicable scope, binding objects, specific connotation and legal liability consequences of this principle. China's insurance law clearly stipulates the principle of utmost good faith as a statutory basic principle, which equally binds all subjects of insurance contracts, including policyholders, insured parties and insurers. The institutional application is highly unified and rigid, with no flexible exemption space for individual cases. In terms of the truthful disclosure system for policyholders, Paragraph 1 of Article 16 of the Insurance Law of the People's Republic of China clearly stipulates that policyholders shall perform the obligation of truthful disclosure for the risk matters asked by insurers during underwriting. The Provisions of the Supreme People's Court on Several Issues Concerning the Trial of Insurance Contract Disputes (I) further clarifies the constitutive conditions for insurers to exercise the right of contract termination and exemption from liability: the insurer's remedy right is only available when the undisclosed facts constitute material facts that affect the insurer's risk assessment and premium determination, and there is a direct causal connection between the policyholder's non-disclosure behavior and the occurrence of insurance risks. For exemption clause rules, Paragraph 2 of Article 17 of the Insurance Law stipulates that insurers shall fully explain the contents of exemption clauses to policyholders; otherwise, the clauses are invalid. The judicial interpretation clarifies that the "explicit explanation obligation" requires insurers to make specific verbal and written explanations for the legal consequences of exemption clauses, and the burden of proof for performing the explanation obligation lies entirely with the insurer. Meanwhile, it formulates clear and unified legal consequences for breach of obligations by both parties: if the policyholder fails to perform the obligation of truthful disclosure intentionally or with gross negligence, the insurer has the right to terminate the contract and refuse to bear compensation liability; if the insurer fails to fully and explicitly explain the exemption clauses to the policyholder, the corresponding exemption clauses shall be deemed invalid and shall not have legal effect. The standardized and unified institutional design reduces the uncertainty of law application, but also leads to insufficient flexible discretion in individual judicial cases.

On the basis of inheriting the traditional connotation of the utmost good faith principle, American insurance law has carried out localized differentiated transformation and hierarchical application according to market transaction types and subject attributes, forming a more flexible and practical application mechanism [11]. First of all, in terms of transaction type distinction, the strict full disclosure obligation derived from the utmost good faith principle is only strictly applicable to traditional marine insurance with high risk uncertainty and strong professionalism. For ordinary non-marine consumer insurance and commercial insurance, the disclosure obligation of ordinary policyholders is greatly reduced, effectively lowering the compliance threshold of individual consumers and avoiding unfair liability determination caused by information asymmetry [12]. Secondly, American insurance law significantly strengthens the fiduciary liability and good faith

obligation of professional insurance institutions. It clearly stipulates that insurers who violate the principle of utmost good faith, such as malicious refusal of compensation, unreasonable delay in claim settlement and deliberate concealment of contract terms, need to bear independent tort compensation liability in addition to traditional contractual liability, which greatly improves the punishment intensity of insurers' bad faith behaviors [13]. Thirdly, American courts can flexibly adjust the specific boundary of good faith obligations according to the actual scenario of the case, the professional identity of the transaction subject and the industry transaction customs through case law, so as to realize the dynamic balance between contractual freedom and good faith supervision.

3.2. Differences in Truthful Disclosure Systems

The truthful disclosure system is one of the core institutional arrangements in insurance law, which is specially used to solve the serious information asymmetry problem in insurance transactions, standardize the risk notification behaviors of contracting parties, and effectively prevent moral hazards and insurance fraud behaviors in the insurance market. In order to protect the legitimate rights and interests of ordinary consumers and reduce the excessive compliance burden of individual policyholders, China's insurance law adopts the relatively humanized inquiry-based disclosure doctrine. The core rule is that the policyholder only needs to truthfully answer the specific risk questions raised by the insurer during the underwriting process, and does not need to take the initiative to disclose unknown and uninvolved risk facts. This institutional design fully considers the professional disadvantage of ordinary policyholders, effectively reduces the compliance pressure of individual consumers, and conforms to the modern insurance consumer protection concept. At the same time, the law also clarifies the exemption rules for disclosure obligations, that is, policyholders do not need to disclose the facts that the insurer already knows or should know through professional underwriting. However, China's current truthful disclosure system still has obvious deficiencies in institutional refinement. The legal provisions are relatively generalized and simplistic, and there is no hierarchical and differentiated obligation standard set according to the policyholder's professional attribute, insurance business type and risk level, resulting in inconsistent judgment standards in judicial practice and occasional unfair adjudication results.

Different from China's single disclosure rule, American insurance law has constructed a set of highly refined, hierarchical and differentiated disclosure and warranty system covering three core dimensions of representation, concealment and warranty, which can accurately adapt to different types of insurance transaction scenarios and subject attributes [14]. Unlike the simplistic universal rule that warranty breach leads to automatic coverage denial, U.S. insurance warranty rules vary significantly by state jurisdiction and incorporate multi-dimensional restrictive conditions including materiality, causation, reasonable reliance, and anti-technicality rules. Most state jurisdictions, such as New York and California, stip-

ulate that only the breach of material warranty clauses that are directly related to insurance risk constitution can trigger the insurer's exemption right. If the breach is a trivial technical violation that does not affect the actual risk status, the insurer cannot deny compensation. In terms of causation, the insurer's exemption defense requires a causal connection between the warranty breach behavior and the occurrence of insurance accidents or risk expansion. In addition, the U.S. judicial system has established the reasonable reliance rule: if the insurer knows or should know the policyholder's minor breach during underwriting and still issues the insurance policy, it shall be deemed to waive the warranty right and cannot claim exemption afterwards. Meanwhile, all states have adopted anti-technicality rules to prohibit insurers from abusing formal warranty clauses to evade compensation liabilities, preventing unfair adjudication caused by excessive procedural rigidity. The most distinctive feature of this system is the hierarchical distinction between individual consumer insurance and commercial institutional insurance: for ordinary individual consumers without professional insurance knowledge, the disclosure obligation is loose and limited, focusing on protecting the rights and interests of vulnerable consumers; for professional commercial institutional policyholders with risk identification ability and professional trading experience, the law imposes strict comprehensive risk disclosure and warranty obligations. In addition, American insurance law adopts strict warranty rules. Once the policyholder breaches the warranty clauses agreed in the insurance contract, the insurer has the right to terminate the contract or exempt compensation liability regardless of whether the breach behavior actually affects the insurance risk. In order to avoid the abuse of warranty rules by insurance institutions, American judicial precedents constantly optimize and revise the identification standards of false representation and factual concealment, appropriately correct the excessive rigidity of the system, and effectively balance the legitimate interests of insurers and policyholders. The highly refined institutional design greatly improves the adaptability and practicality of the insurance disclosure system.

3.3. Differences in Insurable Interest Rules

The principle of insurable interest is the core institutional barrier to prevent speculative insurance behaviors and eliminate moral hazards in the insurance market, which is an essential basic system to maintain the essential attribute of insurance risk guarantee. China's insurance law strictly divides the identification standards of insurable interest according to the two major types of personal insurance and property insurance, forming unified, clear and standardized judgment rules nationwide. In terms of personal insurance business, the law requires that the policyholder must have legal insurable interest in the insured at the time of contract conclusion; in terms of property insurance business, the core judgment standard is adjusted to whether the insured has insurable interest at the time of the insurance accident. The law clearly stipulates that insurance contracts without legal insurable interest are invalid contracts, which fundamentally eliminates the possi-

bility of gambling insurance and speculative profit-taking in the insurance market at the institutional level. The insurable interest identification standard in China mainly adopts formal judgment rules, which take legal kinship, property ownership and contractual relationship as the main judgment basis. The rules are simple, clear and easy to apply judicially. However, with the continuous innovation of commercial transaction modes, the traditional formal identification standard has obvious lags and cannot fully adapt to the insurable interest identification needs of emerging businesses such as dynamic asset transactions, cross-regional goods trading and trust property insurance.

American insurance law abandons the single formal judgment standard and adopts a more flexible substantive risk judgment standard in the identification of insurable interest, focusing on judging whether the subject bears actual risk losses and economic uncertainties, realizing the organic balance between formal rules and substantive fairness. In property insurance, American courts no longer simply take property ownership as the sole basis for identifying insurable interest. Instead, they judge whether the subject undertakes the risk of loss caused by property damage, so that insurable interest can be recognized in special scenarios such as trust relationships, risk transfer and entrusted custody. In personal insurance, on the premise of complying with public order and good customs, the law appropriately relaxes the restriction of insurable interest, fully respects the freedom of contractual negotiation of both parties, and adapts to diversified personal insurance guarantee needs. In judicial practice, American courts always take the substantive loss compensation purpose of insurance contracts as the core, and flexibly identify the insurable interest of dynamic trading scenarios such as commodity circulation and asset transfer according to the change of risk bearing subjects, which effectively makes up for the deficiency of rigid formal rules and better adapts to the diversified and innovative development needs of the market-oriented insurance industry [15].

3.4. Differences in Contract Interpretation and Dispute Adjudication Rules

In terms of insurance contract interpretation and dispute adjudication, China's judicial system always adheres to the statutory interpretation rules of civil law, and takes literal interpretation, systematic interpretation and purposive interpretation as the basic methods of contract judicial interpretation. For standard form insurance contracts drafted unilaterally by insurance institutions, China's law clearly stipulates the applicable *contra proferentem* rule. That is, when there are ambiguous and disputed clauses in the insurance contract that cannot be interpreted by conventional methods, the court shall make an interpretation conducive to the insured and the beneficiary. This rule effectively restrains the unfair clause-setting behavior of insurance institutions and protects the weak position of insurance consumers. The overall judicial adjudication logic is rigorous, standardized and unified, and the judge's discretionary space is strictly limited, which ensures the unity

and authority of national insurance judicial judgment standards. However, the rigid application of statutory interpretation rules also has inherent limitations. In the face of emerging complex insurance businesses such as Internet insurance, shared insurance and cross-border insurance, mechanical application of traditional interpretation rules is easy to cause unfair results in individual cases, and cannot fully adapt to the diversified and innovative market dispute scenarios.

Different from China's rigid statutory interpretation mechanism, American insurance dispute adjudication forms a unique judicial rule system with the reasonable expectation principle as the core feature, which fundamentally breaks the limitation of pure literal interpretation of insurance contracts. In the judicial trial of insurance disputes, American courts no longer rigidly adhere to the written text of insurance contracts, but take the ordinary policyholder's reasonable reliance and legitimate expectation when signing the contract as the important judgment basis. Even if the contract has ambiguous terms or hidden exemption clauses that are not fully disclosed, once the policyholder's expectation is in line with the conventional cognitive level of ordinary consumers, the court will support the policyholder's claim and order the insurer to bear compensation liability. Long-term judicial practice has formed a stable pro-insured judicial tendency, which effectively corrects the unfair market behaviors of insurance institutions using information advantages and standard clauses to infringe on consumers' rights and interests, and maximizes the substantive fairness of individual cases [2]. Nevertheless, the excessive flexibility of judicial discretion also leads to the problem of inconsistent judgment standards in similar cases in different states, which affects the stability of market expectations to a certain extent.

4. Comparison of Insurance Supervision Mechanisms between China and the United States

4.1. Differences in Supervision Framework

In terms of industry supervision framework, China implements a highly efficient and unified centralized and unified single-track supervision system adapted to national financial risk prevention and control. The State Administration of Financial Supervision undertakes the unified supervision responsibility of the national insurance industry, and there is no independent insurance supervision authority at the local level, realizing the unification of national insurance supervision rules, supervision standards, market access conditions and law enforcement scales. The whole-industry supervision mechanism covers ex-ante market access review, in-process daily compliance inspection and dynamic risk monitoring, and ex-post violation punishment and rectification, forming a full-chain and closed-loop supervision system. Centering on compliance management and financial risk prevention, the supervision system standardizes the business operation behaviors of all insurance institutions and intermediaries through mandatory regulatory rules, effectively curbs various industrial irregularities, and resolves potential systemic financial risks. This centralized supervision model has the advantages of high su-

pervision efficiency, strong policy execution and unified market order, which provides a solid institutional guarantee for the stable and standardized development of China's insurance industry.

In sharp contrast, the United States implements a decentralized federal-state dual-track supervision system dominated by state supervision and supplemented by federal supervision, which is derived from American federalism and decentralized governance concepts [6]. Each state has an independent insurance supervision agency, which is responsible for formulating local insurance supervision rules, examining and approving local insurance institutional access, supervising daily business operations, handling consumer complaints and investigating and punishing illegal acts, resulting in obvious differences in supervision standards among states. The federal supervision department is mainly responsible for coordinating cross-state insurance business supervision, implementing industry anti-monopoly supervision, preventing systemic financial risks, and solving supervision conflicts among states [16]. This dual-track supervision model can formulate differentiated supervision policies according to the development status of regional insurance markets, which is conducive to stimulating regional market vitality, but it also leads to prominent problems such as fragmented supervision rules, cross-state supervision barriers, easy generation of regulatory arbitrage space, and insufficient overall supervision coordination, which increases the difficulty of unified governance of the national insurance market.

4.2. Differences in Supervision Values and Priorities

Affected by different supervision concepts and development goals, China and the United States have formed completely different supervision priorities and value orientations. China's insurance supervision always adheres to the prudential supervision concept, takes risk prevention, compliant operation, and industrial stability as the core supervision goals, and puts the prevention and resolution of financial risks in the first place of industrial governance. The supervision work focuses on rectifying prominent industrial chaos such as insurance sales misleading, false product publicity, irregular claim settlement behaviors and illegal use of insurance funds, strictly controls regional and systemic financial risks, and maintains the overall stability of the financial market. On the basis of ensuring standardized industrial operation, the supervision system appropriately considers the protection of insurance consumers' rights and interests, and forms a supervision model dominated by administrative regulation, administrative penalty and compliance rectification, with strong standardization and mandatory constraints.

American insurance supervision adheres to the market-oriented liberal supervision concept, takes market autonomy, consumer protection, and free competition as the core value orientation, and minimizes excessive administrative intervention in the independent operation of insurance enterprises [17]. The core logic of supervision is to correct market failures caused by information asymmetry and market monopoly, rather than directly intervening in enterprise operation deci-

sions. The supervision focus is mainly on regulating the improper behaviors of insurance institutions such as fraudulent sales, malicious delay of claim settlement and unfair standard clauses, and protecting the legitimate rights and interests of insurance consumers. The United States forms a diversified collaborative restraint mechanism jointly composed of administrative supervision, judicial precedent restraint, industry self-regulation and consumer litigation supervision, which fully respects the independent operation autonomy of insurance market subjects and effectively stimulates the innovation vitality of the insurance market.

5. Enlightenment of American Insurance Law for the Perfection of China's System

5.1. Refining Core Legal Rules to Improve Institutional Precision

Through the above comparative analysis, it can be found that the generalized and rough rule design of China's current insurance law can no longer fully adapt to the diversified and innovative development of the modern insurance market. Therefore, it is necessary to learn from the refined and hierarchical institutional design experience of American insurance law to optimize and improve China's core insurance legal systems. First of all, China should establish a tiered truthful disclosure system classified by subject attributes, distinguish the obligation standards of ordinary individual consumers and professional commercial institutional policyholders, appropriately reduce the compliance burden of individual policyholders with insufficient professional cognition, and strengthen the strict risk disclosure obligations of commercial institutions with professional advantages, so as to realize the precise matching of rights, obligations and risk capabilities [12]. Secondly, it is necessary to break the single formal identification standard of insurable interest in China, introduce the substantive risk judgment standard, combine risk-bearing status, actual economic loss and commercial transaction customs, and clarify the insurable interest judgment rules applicable to emerging commercial insurance and dynamic asset transaction scenarios. Thirdly, on the basis of adhering to the contra proferentem rule, appropriately introduce the reasonable expectation principle to optimize the insurance contract interpretation mechanism, balance the rigor of legal provisions and the fairness of individual cases, and effectively resolve the judicial adjudication dilemmas of emerging insurance disputes.

5.2. Optimizing Rights Protection Mechanisms to Balance the Interests of Both Parties

At present, China's insurance consumer protection system is relatively single, mainly relying on the preferential interpretation rules of contract law, and the punishment mechanism for insurers' malicious breach of contract and infringement behaviors is insufficient, which cannot form an effective deterrent [5]. Drawing on the mature tort liability regulation experience of American insurance law, China should further improve the liability investigation system for irregular behaviors of insurance institutions, expand the liability scope of insurance institutions' violations,

and clearly stipulate that insurance institutions shall bear independent tort compensation liabilities for false publicity, delayed claim settlement, malicious refusal of compensation and sales misleading behaviors beyond traditional contractual liabilities, so as to significantly improve the illegal cost of insurance institutions [13]. At the same time, it is necessary to further standardize the formulation and use of insurance standard form clauses, refine the legal validity judgment standards of exemption clauses, fundamentally curb the unfair clause setting behaviors of insurance institutions using information advantages, and effectively protect the legitimate rights and interests of vulnerable insurance consumers [10]. Through the optimization of the liability system, realize the dynamic balance of rights and obligations between insurers and policyholders, and build a fairer insurance market trading order.

5.3. Improving the Supervision System to Balance Compliance Supervision and Market Vitality

China's centralized unified supervision system has outstanding advantages in preventing systemic financial risks and maintaining market stability, but the long-term prudential and strict supervision model also restricts the innovation vitality of the insurance industry to a certain extent, resulting in insufficient market dynamism. Therefore, China should actively absorb the advanced market-oriented supervision concepts of the United States, and build a diversified comprehensive supervision system integrating prudential risk control, flexible inclusive supervision and market autonomous governance [6]. On the premise of firmly holding the bottom line of no systemic financial risks, appropriately relax the excessive restrictive supervision on compliant and high-quality insurance institutions, encourage product innovation, service innovation and business model innovation in the insurance industry, and activate market development vitality [16]. In terms of consumer rights protection supervision, set up special supervision mechanisms for insurance disputes, establish a rapid disposal channel for consumer complaints and a traceability rectification mechanism for problematic behaviors, and realize precise supervision of prominent problems in the industry. In addition, it is necessary to improve the industry self-regulation system, give full play to the coordination and restraint role of insurance industry associations, and form a multi-governance pattern of organic coordination and complementary advantages of administrative supervision, judicial restraint and industry self-discipline.

5.4. Unifying Judicial Adjudication Standards to Make Up for the Lag of Statutory Law

As a typical statutory law country, China's insurance law is inevitably affected by the inherent lag of written law, which leads to ambiguous applicable standards and inconsistent judicial judgments in the face of emerging Internet insurance, cross-border insurance and innovative risk guarantee businesses [11]. It is necessary to clarify the logical coordination with the foregoing view in Section 2.1: China's unified statutory legislative system can ensure the basic unity and author-

ity of judicial application for traditional, standardized, and mature insurance dispute cases, which is the core institutional advantage of civil law codification. However, for emerging insurance businesses, innovative product clauses, and cross-border insurance disputes that lack clear statutory provisions and unified judicial norms, the rigid application of general statutory rules will lead to inconsistent judicial judgment standards in individual cases. The “inconsistent judicial judgments” mentioned in this section are limited to emerging and innovative business scenarios, not a universal problem of China’s statutory system. The case law system of the United States can effectively make up for the loopholes and lag of statutory legislation, which provides an important reference for China’s judicial system reform [1] [7]. China should further improve the judicial guidance mechanism for insurance disputes, regularly release guiding cases and typical judicial cases of insurance disputes, clarify the adjudication standards of difficult, complex and emerging insurance cases, and unify the national law application scale. In the process of judicial adjudication, judges should be guided to balance the statutory rigor and case substantive fairness, avoid mechanical and rigid application of legal provisions, and organically integrate legal effect and social effect of adjudication results [17]. Through the improvement of the judicial system, make up for the institutional lag of statutory law, standardize the judicial adjudication behavior of insurance disputes, and continuously improve the judicial credibility and public trust of insurance trial work.

6. Conclusions

In general, affected by different legal traditions, national governance models and market economic foundations, Chinese and American insurance laws form two completely different institutional systems with their own advantages and characteristics. China’s insurance legal system takes unified codified legislation as the carrier, with standardized and unified institutional rules, centralized and efficient supervision mechanism, and strong ability to prevent systemic financial risks, which is highly compatible with the development needs of China’s financial market stability and social security construction. However, after in-depth comparative analysis, it is found that China’s current insurance law still has many deficiencies, such as insufficient refinement of core institutional rules, single consumer rights protection mechanism, insufficient flexibility of judicial application, and poor adaptability to emerging business formats, which restrict the high-quality development of the insurance industry. In contrast, the American insurance legal system, relying on case law, has the advantages of refined market-oriented rules, perfect consumer protection system and flexible case equity adjudication, which can well adapt to the operational needs of highly market-oriented insurance industry. At the same time, its institutional defects such as fragmented legislative rules, insufficient cross-state supervision coordination and unstable judicial standards are also obvious.

The improvement and modernization of China’s insurance legal system must

adhere to the principle of adapting to national conditions and advancing in an orderly manner, and cannot blindly copy the institutional model of American insurance law. On the basis of firmly adhering to the institutional advantages of civil law codification, unified national legislation and centralized risk prevention and control, China should selectively absorb the advanced institutional design and market governance experience of American insurance law according to the practical needs of industrial development. By refining the core legal rules of insurance, optimizing the market-oriented supervision model, improving the diversified dispute resolution mechanism and unifying the judicial adjudication standards, China can effectively balance the relationship between market freedom and normative order, industrial development and risk prevention, institutional rigidity and case fairness. In the future, China should continue to promote the standardized, internationalized and high-quality development of the insurance industry through continuous legal system optimization, give full play to the core functions of insurance in serving the real economy, protecting people's livelihood security and preventing financial risks, and finally realize the modernization of China's insurance legal governance system and governance capacity.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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