

Contents

Acknowledgments IX

List of Illustrations XI

List of Abbreviations XII

Introduction 1

1 Background 1

2 Aims of the Book 7

3 Structure and Brief Overview 11

1 The First Phase of Development 15

Introduction 15

1 The Legal Framework for Dealing with RTA Related Disputes 16

2 Rules on Road Traffic Liability 21

2.1 *Fault-Based Liability in the 1951 Interim Measures* 22

2.2 *Vicarious Liability in SPC's Judicial Interpretations* 24

2.3 *Fault-Based Liability in Local Laws* 27

3 Rules on the Compensation of Traffic Accident Victims 30

3.1 *Limited Amount of Compensation* 31

3.2 *The Role of the "Danwei" in Victim Compensation* 33

3.3 *Detailed Rules in the Local Administrative Measures* 40

4 Methods Used to Settle RTA Compensation Claims 45

5 The Development of Private Insurance 47

6 Conclusion 49

2 The Second Phase of Development 52

Introduction 52

1 The Legal Framework for Dealing with RTA Related Disputes 53

2 Rules on Road Traffic Liability 56

2.1 *Strict Liability in the GPCL* 56

2.2 *Inconsistent Interpretations in Local Laws* 60

2.3 *A Uniform Interpretation in the 1991 Regulation* 66

2.4 *Different Basis of Liability in the RTSL* 70

2.5 *Liable Person in the TLL* 76

3 Rules on the Compensation of Road Traffic Victims 77

3.1 *Rules for Tort Damages in the GPCL* 77

3.2 *Detailed Criteria for Calculating Damages Provided by Local Laws* 79

3.3	<i>Uniform Criteria for Calculating Damages in the 1991 Regulation</i>	81
3.4	<i>Harmonising the Compensation Criteria in Two Judicial Interpretations</i>	84
4	Current Chinese Legal Framework for RTA Prevention	89
4.1	<i>Aims of Tort Liability System</i>	89
4.2	<i>Liability Rules</i>	91
4.3	<i>Safety Regulation and Road Traffic Liability</i>	106
5	The Impact of Insurance on the Road Traffic Liability System	109
5.1	<i>CVLI before 2006</i>	110
5.2	<i>CVLI after 2006</i>	113
5.3	<i>Social Security Schemes in China</i>	129
5.4	<i>A Comparison of Different Insurances: Some Empirical Evidence</i>	135
6	Conclusion	138
3	Economic Analysis of Road Traffic Liability	142
	Introduction	142
1	Economic Essence of Tort Law	143
2	Deterrence via Tort Liability	145
2.1	<i>Unilateral versus Bilateral Accidents</i>	145
2.2	<i>Applied to Road Traffic Accidents</i>	151
3	The Impact of Imperfect Information	152
3.1	<i>Standard of Care</i>	153
3.2	<i>Causation</i>	156
3.3	<i>Damages</i>	159
4	The Impact of Regulation	164
4.1	<i>The Need to Regulate Traffic Safety</i>	165
4.2	<i>Arguments for Licensing Driving</i>	168
4.3	<i>Arguments for Regulation</i>	169
4.4	<i>Violation of Traffic Regulation and Liability</i>	175
5	The Impact of Insurance	178
5.1	<i>Risk Aversion and the Demand for Insurance</i>	178
5.2	<i>Problems of Insurance Markets and Possible Solutions</i>	180
6	The Impact of Insolvency	184
7	The Impact of Litigation Costs	184
8	Compensation via Road Traffic Liability	186
8.1	<i>Rationale</i>	186
8.2	<i>Compensation Accomplished by Insurance</i>	186
8.3	<i>Compensation Accomplished by Road Traffic Liability</i>	188
9	Conclusion	193

4	Empirics of Road Traffic Liability	195
	Introduction	195
1	The Operation of the Road Traffic Liability Litigation System	197
1.1	<i>Frequency, Causes, and Severity of Road Traffic Accidents</i>	197
1.2	<i>Claims Initiation</i>	199
1.3	<i>Claims Resolution</i>	200
2	Effects of Road Traffic Liability Reform on Litigation and Insurance	204
2.1	<i>Trends in Road Traffic Liability Claims</i>	204
2.2	<i>Effects of Tort Reform on Claim Frequency and Damage Awards</i>	205
2.3	<i>Effects of Tort Reform on Insurance</i>	206
3	Safety Effects of Road Traffic Liability	208
3.1	<i>The Change in the Negligence Rule</i>	208
3.2	<i>Safety Measures</i>	209
4	Costs and Benefits	212
4.1	<i>Administrative Costs</i>	212
4.2	<i>Cost-Benefit Analysis</i>	214
5	Conclusion	215
5	Economic Analysis of Alternative Instruments	217
	Introduction	217
1	Alternative Instruments for RTA Prevention	220
2	The Choice of Sanctions	222
3	First-Party Insurance Scheme as an Alternative Compensatory Instrument	224
3.1	<i>First-Party Insurance versus Liability Insurance</i>	224
3.2	<i>First-Party Insurance versus Tort Liability</i>	226
4	Compensation Schemes Not Based on Fault	228
4.1	<i>No-Fault Compensation Systems for RTAs</i>	228
4.2	<i>Some Empirical Evidence</i>	232
4.3	<i>Rationale of Compulsory Insurance</i>	237
4.4	<i>Rationale of Social Security</i>	240
5	Conclusion	244
6	Critical Analysis of the Current Road Traffic Liability System in China	247
	Introduction	247
1	Critical Analysis of the Road Traffic Liability System in China	248
1.1	<i>Multiple-Goals</i>	249
1.2	<i>Basis of Liability</i>	250

1.3	<i>Objective Test to Determine Fault</i>	254
1.4	<i>Imputability</i>	255
1.5	<i>Causation and Causal Apportionment among Multiple Tortfeasors</i>	256
1.6	<i>Quantum Rules</i>	259
1.7	<i>The Role Played by the Victim</i>	263
1.8	<i>Interplay between Traffic Safety Regulation and Tort Law</i>	265
2	<i>Critical Analysis of the Chinese RTA Compensation System</i>	267
2.1	<i>Liability Insurance in China</i>	268
2.2	<i>First-party Insurance and Social Security Schemes</i>	274
3	<i>Some Empirics</i>	275
3.1	<i>Frequency, Severity, and Causes of Road Traffic Accidents</i>	276
3.2	<i>Claim Initiation</i>	278
3.3	<i>Claim Resolution</i>	279
3.4	<i>Litigation Costs</i>	283
3.5	<i>The Effectiveness of Road Traffic Safety Regulation</i>	284
4	<i>Conclusion</i>	285
7	<i>Summary, Policy Recommendations and Future Developments</i>	289
1	<i>Summary of Main Findings</i>	289
1.1	<i>Answers to Question 1</i>	289
1.2	<i>Answers to Question 2</i>	297
1.3	<i>Answers to Question 3</i>	303
1.4	<i>Answers to Question 4</i>	317
1.5	<i>Answers to Question 5</i>	322
2	<i>Possibilities for Future Research</i>	325
3	<i>The Way Forward</i>	329
	Appendix 1: Chinese Legislation	333
	Appendix 2: Cases	342
	Appendix 3: Interviews	345
	Bibliography	347
	Index	379