

# A changing landscape of road traffic liability in China

Citation for published version (APA):

Yan, Y. (2018). *A changing landscape of road traffic liability in China: A view from law and economics*. [Doctoral Thesis, Maastricht University]. Datawyse / Universitaire Pers Maastricht. <https://doi.org/10.26481/dis.20180914yy>

**Document status and date:**

Published: 01/01/2018

**DOI:**

[10.26481/dis.20180914yy](https://doi.org/10.26481/dis.20180914yy)

**Document Version:**

Publisher's PDF, also known as Version of record

**Please check the document version of this publication:**

- A submitted manuscript is the version of the article upon submission and before peer-review. There can be important differences between the submitted version and the official published version of record. People interested in the research are advised to contact the author for the final version of the publication, or visit the DOI to the publisher's website.
- The final author version and the galley proof are versions of the publication after peer review.
- The final published version features the final layout of the paper including the volume, issue and page numbers.

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## VALORISATION ADDENDUM

### 1. The Societal Relevance of the Research Results

China is currently undergoing rapid motorization and urbanization. As a side effect, thousands of people lose their lives and are injured each year in road traffic crashes. This has made China one of the world's most dangerous countries to drive. In order to improve safety on the road, the Chinese government has taken various efforts in the past decades, including but not limited to, implementing the traffic-related laws (such as Road Traffic Safety Law and Tort Liability Law) and developing a wide range of road safety standards that cover many relevant factors (i.e. road users, road infrastructure, and vehicles). Moreover, in order to ensure a basic coverage for the victims in traffic accidents, all drivers in China are required to carry compulsory liability insurance. Even though all these efforts have been adopted for years, the effectiveness of them has not been analyzed in detail. This research fills this gap and evaluates all the above-mentioned efforts critically based on a law and economics analysis.

Moreover, based upon the law and economics analysis, this research also covers some normative issues, such as what should be done to reduce the amount of traffic accidents, fatalities, and injuries, what should be done to improve safety on the road, as well as how to effectively compensate traffic victims. The study of these issues provides useful insights to scholars, legislators, policy makers, insurance companies, traffic users, etc. Furthermore, based on these insights, this research proposes several concrete proposals to further prevention and to better compensation of traffic victims in China. These proposals could also be applied in other middle-income countries and elsewhere with similar traffic situations.

### 2. Target Group of the Research Results

The broad scope of this research makes it accessible to a wide group of readers beyond tort law scholars. For example, this research may also be relevant to legislators and policy-makers, because it highlights the shortcomings of the existing traffic accident prevention and compensation systems and develops effective solutions to the current problems. This research thereby could serve as a guidance for legislators and policy advisors to find solutions which may better achieve the pursued goals, and solutions which fit better with the specific economic background. Moreover, the empirical analysis in this research may help Chinese insurance companies, as well as foreign insurance companies who want to enter China. With the help of this research, these insurance companies would be more capable to assess the risks of traffic accidents in China and to make informed market decisions. Additionally, tort liability lawyers and judges may also be interested in this research, because this research provides some practical knowledge. Furthermore, this research provides certain insights on how to construct an efficiency-oriented traffic liability system, which could help the judges to better apply and interpret traffic accident law. Lastly, traffic engineers, road designers, and other professionals may find this research interesting. They could get some insights on how to design a safe road system in such a way that it could work better together with traffic safety regulations and laws.

### **3. Implementation of the Research Results**

Firstly, the results of this research are presented as concrete policy proposals that could lead Chinese legislators to rethink the regulations and liability rules in traffic accidents. Moreover, these policy proposals could be used by government officials, policymakers, and other interest groups (i.e. insurance companies) to serve as arguments for a reform of current traffic accident prevention and compensation systems. This is of great importance because recently China is in the process of codifying its civil law (tort law is included). This research could thus inspire the legislative debates and provide some insights to the codifying actions.

Secondly, part of this dissertation has already been translated to Chinese. One research project, titled “The Interaction between Road Traffic Liability and Compulsory Liability Insurance”, has received funding from the National Social Science Foundation of China with project number is 15BFX164. Moreover, some work has been published in several Chinese journals. For example, the article “Road Traffic Liability and Liability Insurance: A View of Law and Economics” has been published in volume 5 of *Insurance Studies* in 2016. This is one of the top journals in the area of insurance in China. The *Journal of Inner Mongolia University* has published the article “The Limited Function of Road Traffic Liability in Victim Compensation” in volume 2, 2017. Besides these published articles and research projects, more papers are being developed on the basis of this dissertation (both in Chinese and English) to further enhance the reach of this research.

### **4. Innovation Character of the Research**

The results of this research are innovative in at least two aspects. Firstly, this research manifests an elaborate description of the Chinese road traffic liability system in English. This is innovative, because up to now, studies on this topic are largely not available in English. Even though there are a few English articles and books available, they only introduce tort liability rules and the legal consequences when a tort is committed in a very general way. Specific tort cases, such as the commonly seen road traffic accident cases, have not yet been touched upon in detail. Besides, this is also the first English study that conducts a systematic and detailed analysis on how traffic accident victims are compensated in China. Secondly, this research studies the Chinese traffic accident prevention and compensation systems from a law and economics perspective. Although the economic analysis of traffic liability and other alternative prevention and compensation instruments has been extensively carried out in the Western countries, it is still relatively new to apply such an analysis in China. Moreover, this research has summarized a lot of empirical evidence on the deterrence and compensatory role of traffic liability and the CVLI, which acted as a solid foundation for our normative arguments.

### **5. How will these plans for valorisation be shaped? What is the schedule, are there risks involved, what market opportunities are there and what are the costs involved?**

Speaking at conferences and keeping contact with both the tort and the insurance law research communities are crucially important. By doing this, we are able to convince the respective stakeholders of the value added on the suggested plans. Meanwhile, we also realize that the chances for a successful implementation of the proposed policy

recommendations strongly depends on the political will of the Chinese legislator. One thing that can be done to stimulate this will be the continuous dissemination of this research. In the past four years, some preliminary results of this research have already been presented at several conferences and workshops. Publishing this book as a whole and some Chapters separately is the next step towards reaching a wider public audience.