

# *The Legalization of Sports Insurance in China: Based on the Revision of the Sports Law of the People's Republic of China*

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**Abstract:** In recent years, with the development process of Chinese insurance industry accelerating continuously, sports insurance market has ushered in a dividend period. In addition, the Winter Olympic Games and many sports are widely carried out in various regions of China. China completed the revision of sports insurance on June 24, 2022. Based on the legal construction of sports insurance in China: based on the perspective of the revision of the Sports Law of the People's Republic of China, this paper briefly describes the development of sports insurance at home and abroad, analyzes the content of the revision, and puts forward a reasonable prospect for the future. Through the analysis of the newly modified Sports Law of the People's Republic of China, it is hoped to draw a blueprint for the future development of sports insurance legal construction. As sports insurance is written into the "Sports Law", it will also cultivate the insurance consciousness of future sports people, and it is also conducive to the development of sports industry more healthy and prosperous; For the sports market, the future market demand will become clearer and clearer, and the status and importance of sports insurance will become higher. In the current "law-based" new environment, the development of sports insurance market needs to rely on the Internet information technology to achieve more accurate positioning, sports insurance content more subdivision, so as to facilitate the development of sports insurance in the future. Moreover, relevant education departments should also amend the content of "Sports Law" as soon as possible, improve the construction of sports insurance for teenagers in school, and realize the comprehensive coverage of sports insurance on campus as soon as possible.

## **1. Chinese Sports Insurance History and Development Present Situation**

The industry of sports insurance is still in its initial stage. Initially, the Insurance department of the All-China Sports Foundation under the General Administration of Sport had to both manage the sports insurance agency business and carry out related business on behalf of the General Administration of Sport. As a result, the risk of sports insurance is difficult to estimate and cannot meet the growing demand of Chinese people for sports insurance market. At present, the rapid development of Chinese sports industry has led to the prosperity of sports insurance business market. According to national statistics, by 2015, the market size of sports insurance in China was only 510

million yuan, and by 2018, the market size of sports insurance reached 1.28 billion yuan. In the three years from 2015 to 2018, the market size of sports insurance increased by more than two times, which shows that the sports insurance market still has great space to release in the future.

The market awareness of sports insurance for mass sports and outdoor events has been significantly improved. According to the analysis of the relevant homepage of the existing new Internet insurance companies, it can be concluded that the main sports insurance products of the Internet insurance companies currently include: event sports insurance, outdoor mass sports insurance, extreme sports insurance, travel sports insurance, etc. Some Internet insurance companies will offer more detailed insurance programs for each specific sport, such as marathon insurance and cross-country insurance [1].

The coverage of traditional sports insurance business is small, and the degree of insurance protection is also low, there are few kinds of sports insurance and other problems. Therefore, it is difficult for traditional sports insurance to meet people's demands for diversified sports and fragmented sports time. Therefore, the development of relevant insurance businesses of current sports insurance companies should provide customized insurance for people who love sports, specialized insurance for professional sports athletes, and low-cost insurance for people who occasionally play sports. The integration of sports and insurance is very promising in the market, whether it is fitness sports or event organization, there will be the risk of accidents. If the people's sports can be guaranteed by insurance, it can compensate for the loss of both the individual and the event organizer. Due to the limitation of the past era, the development of sports insurance has not been more obvious progress. But to the rich and strong now, the sports insurance industry environment has taken on a new look. Finally, the sports insurance industry will usher in the best development opportunity period in history, and there is still a lot of room for the dividend development of sports insurance [2].

## **2. Brief Introduction of Sports Insurance Abroad**

The foreign insurance thought began in ancient civilization countries such as ancient Babylon and ancient Greece. In ancient Greece, for example, there was a community in which the members of the community would pay a monthly membership fee, and when one of the members was killed in an accident, the community would set aside part of the membership fee to provide relief for the member.

In modern times, foreign insurance development has three important regions: Italy, Britain and the United States. Roughly speaking, modern insurance originated in Italy, formed in Britain and developed in the United States. In 1384, Italy was the overlord of maritime trade, and Pisa produced the world's first insurance policy. A shipowner was anxious about transporting goods with short but dangerous voyage, so he found a wealthy businessman and provided some money. If the goods arrived safely in Hong Kong, the money would go to the wealthy businessman. If not, the wealthy businessman would have to bear the losses. In 1868, American Metropolitan Group founded the largest life insurance company in America. In 1906, Britain promulgated and implemented the Marine Insurance Law, which was regarded as a model of marine insurance law by all countries in the world [3].

## **3. Content Analysis of Sports Insurance in "Sports Law"**

The Sports Law of the People's Republic of China was revised and adopted at the 35th Session of the Standing Committee of the 13th National People's Congress on June 24, 2022, and will take effect on January 1, 2023. The revision includes sports insurance into the Sports Law for the first time. As the only special law in the field of sports, the Sports Law fully reflects the sports policies of the state, and is more conducive to the transfer of risks, thus promoting the healthy development of the sports industry.

In the newly revised "Sports Law", the main contents of sports insurance are:

Article 33 The State shall establish and improve the accidental injury insurance mechanism for students' sports activities. Administrative departments of education and schools shall do a good job in the safety management of school sports activities and the prevention and control of sports injury risks [4].

Article 90 The State encourages the establishment and improvement of athlete disability insurance, sports accident injury insurance and place liability insurance systems. The organizer of large-scale sports events shall negotiate with the participants to insure sports accident injury. The organizer of sports events with high risk shall take out sports accident injury insurance. Operators of sports events with high risk shall insure sports accident injury insurance and place liability insurance.

From the above clause, "encourage" belongs to the people's voluntary purchase category; And "should" is more mandatory, that is to say, in the face of the "should" listed in the clause, the relevant person must make a purchase. As a matter of fact, as early as April 15, 2022, the Leading Group of the National Youth Campus Football Work issued a notice on "Key Points of the National Youth Campus Football Work in 2022", which also mentioned to explore the establishment of a comprehensive insurance mechanism for sports accident injuries. We will improve the mechanism for preventing and dealing with injury risks in school sports with the participation of the government, schools and families, explore the establishment of a comprehensive insurance mechanism for students covering accidental sports injuries, and guarantee accidental injuries in all kinds of school sports, including campus football. We will try out a third-party mediation mechanism for safety accidents in students' sports activities.

To establish and improve the insurance mechanism for accidental injuries in students' sports activities, which is related to the gradual establishment of an institutionalized insurance system in the future sports activities of teenagers and schools, which means that in the future, the educational administrative departments of all provinces in China, the units in charge of teenagers and schools should take out corresponding types of sports insurance, so as to guarantee the holding of youth sports. To ensure the safety of students participating in sports activities on campus. Parents will correspondingly improve the awareness of sports insurance, because students in the teenage stage, in sports, tend to be more competitive, the probability of accidents is relatively large. If parents do not have insurance awareness, it is very likely that their families will bear the cost after students suffer an accident, which will increase the extra burden for some families with financial difficulties, and also reduce students' enthusiasm for sports. As sports insurance is written into the "Sports Law of the People's Republic of China", parents will gradually realize the importance of sports insurance, and the law also clearly indicates that "should" for students to invest in sports insurance, so even if some parents of sports insurance consciousness is weak, then can also follow the school or relevant education department regulations for unified payment of sports insurance [5].

Also establish and improve the accidental injury insurance mechanism of students' sports activities, the direct beneficiary is students themselves. In this way, students can play sports more easily, especially in the intense sports confrontation, and do not have to worry about the extra burden on their families due to accidental injuries. Moreover, students have a certain economic security because of sports insurance, but also conducive to the school more convenient to carry out some sports interest classes, [6] cultivate students' interest in sports.

Article 90 The State encourages the establishment and improvement of athlete disability insurance, sports accident injury insurance and place liability insurance systems. This means that our country is gradually establishing the adult sports insurance insurance system and promoting corresponding sports insurance to guarantee the steady development of the adult sports in our country. At the same time, it should be noted that there are three types of insurance involved here: athletes' disability insurance, sports accident insurance and place liability insurance [7].

For athletes disability insurance, actually belongs to accident insurance. Athletes are essentially a high-risk profession, and the chance of accidental injury is much higher than that of the rest of us. Therefore, the premiums of personal injury insurance developed by athletes will be higher than that of ordinary people. At the same time, due to the particularity of the athlete's career, once injured,

serious irreversible injury will directly lead to the end of their career, so athletes' demand for sports insurance is far greater than that of ordinary people. Because of this, sports insurance has been written into the constitution, and relevant insurance companies will increase their development in view of professional athletes' exclusive insurance group.

As for the sports accident insurance, it is actually the insurance for the general population to participate in sports activities. Adults often take part in some sports, such as basketball, football, badminton and so on. Although compared to athletes, the risk level is low. However, it is not surprising that adult ordinary people do not have accident risks when they play sports. If some sports are not trained professionally, the risk of danger during sports is relatively high for ordinary people. Therefore, the promotion of sports accident insurance is conducive to long-term sports people to ensure their own physical and economic security [8].

For venue liability insurance, it is essentially for enterprises or business owners operating specialized sports venues. It is very necessary for stadiums and other venues to actively invest in venue liability insurance. Because any public place operator has a corresponding business to provide customers with a safe place to move. When people enter sports venues and cause sports accident injuries, if there is no corresponding site liability insurance to provide economic protection for the site liability person, it is very likely to cause legal disputes between the site liability person and the injured person due to economic difficulties. Therefore, the venue liability insurance provides an economic guarantee for the venue liability person, and also helps to cultivate people's enthusiasm for sports [9-10].

In fact, all sports scenes are basically fragmented. Therefore, relevant insurance companies should use insurance technology, big data, AI and other multi-dimensional drive to deeply explore the potential risks of sports scenes, meet the needs of fragmented and systematic scenes, provide customized insurance product design, reduce potential sports risks, and contribute to the development of sports.

According to the data released by the General Administration of Sport of China, the total scale of the national sports industry in 2019 was 2,948.3 billion yuan, and the related sports insurance premium scale was more than 50 billion yuan.

Chinese sports insurance legislation has not been realized in the past, which has led to the sports insurance cannot be protected from the legal level, and because of the lack of relevant legal basis, it has not received the attention of the society. The sports insurance was formally written into the "Sports Law" significance is very important, "there is a legal basis" written into the reality, which will also provide a solid legal basis for the healthy development of the sports industry. There is a broad consensus that sports are prone to accidents, resulting in injuries. However, there has always been a related problem. In sports, when accidental injuries occur, who is responsible for the venue, the event organizer and other relevant companies? It is often easy to trigger the social heated debate on liability and compensation issues. For example, in the Baiyin Marathon in Gansu Province, 21 runners died in the accident. As soon as the news was reported, it aroused the attention and heated debate of all sectors of society, which also caused serious harm to the participants of the event. As the organizers of the event, they were also condemned by the society and will bear huge financial compensation.

After the implementation of the new Sports Law, liability transfer can be realized through sports insurance, reducing disputes caused by liability division and compensation issues, and providing quick and effective solutions for injured athletes, venues and event organizers.

#### **4. The Future Prospect of Sports Insurance after the Revision of Sports Law**

At present, although the commercial sports insurance plaza continues to heat up, different insurance companies and insurance brokers have made a lot of attempts in sports insurance, but there are still some problems in the market, such as insufficient product supply, single guarantee content, limited options, insufficient cognition of sports risk characteristics, and insufficient service. For different sports subjects and different sports, the demand for sports insurance is diversified, which

poses challenges to the comprehensive capabilities of insurance companies or insurance brokers such as product research and development, premium determination and service experience.

However, in the current sports insurance "law-based" new environment, it will further stimulate the market demand for commercial sports insurance. At the same time, it requires sports insurance to get rid of the shackles of the original traditional insurance business rules and constantly innovate. Taking the Internet sports insurance company as an example, it can provide accurate and comprehensive risk management solutions for all parties in the sports industry through multidimensional precise pricing and risk control management with the help of big data centers and technological capabilities. In addition, in terms of sports insurance products, relevant sports insurance companies can provide sports accident insurance, venue public liability insurance, event organizer liability insurance and other insurance products, and support flexible customization; In terms of sports insurance protection items, relevant sports insurance companies should be able to form seven security systems including event parties, training parties, clubs, athletes, professional clubs and sports audiences, so as to meet the risk protection needs of professional sports, amateur events, stadiums, youth training institutions, sports Internet platforms and sports masses. In terms of service experience, sports insurance companies should be able to realize the online operation of the whole process of program customization, insurance, security and claim service, so as to make sports insurance service more efficient, faster and better experience effect.

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