

The current status and problems of outdoor sports safety insurance in China

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Abstract: This study employs research methods such as the review of literature to discuss the current status of outdoor sports safety insurance in China. It analyzes the types, functions, and nature of outdoor sports safety insurance, as well as the existing problems, and proposes suggestions for the development of outdoor sports safety insurance.

Keywords: Outdoor sports, Commercial insurance, Sports insurance, Current status

1. Introduction

Outdoor sports, as activities that involve close contact with nature, have attracted an increasing number of participants in recent years. Various outdoor activities have flourished across different regions, akin to mushrooms after rain. However, the accompanying rise in outdoor sports accidents has become a barrier to the healthy development of outdoor sports. Analysis reveals that the causes of these accidents are manifold, including poor qualifications of clubs, inadequate risk responsibility, low awareness of prevention among participants, untimely rescue, lack of insurance functions, and insufficient management by national and local authorities. Currently, China's outdoor sports safety assurance system is not fully established, and it fails to effectively promote and protect outdoor sports. Therefore, establishing a comprehensive outdoor sports safety system is essential to ensure the safe, healthy, harmonious, regulated, orderly, and sustainable development of outdoor sports. This study aims to research the current status and issues of outdoor sports insurance in China, with the goal of providing support and assistance for the establishment of an outdoor sports safety system.

2. The definition of outdoor sports safety insurance

2.1. Insurance and the functions of insurance

What is “Insurance”? The understanding of the nature of insurance varies significantly among academic circles both domestically and internationally, and different schools of thought also have diverse definitions of insurance. However, a consensus has been reached on the following aspects: First, the object of insurance is risk events; second, the primary purpose of insurance is economic compensation; third, the method of insurance is mutual cooperation, and the basis for its existence is the insurance premium; and lastly, the goal of insurance is to establish a sustainable economic system. The definition of “insurance” used in this paper is derived from the Insurance Law of the People's Republic of China. Article 2 of this law stipulates: “The insurance referred to in this law means that the policyholder pays the insurance premium to the insurer in accordance with the contract, and the insurer assumes the responsibility for compensating for property losses caused by the occurrence of accidents stipulated in the contract, or assumes the responsibility for paying the insurance money when the insured dies, becomes disabled, falls ill, or reaches the age or term stipulated in the contract as a commercial insurance act.” From this, it can be seen that insurance is a contractual act that reflects a civil legal relationship.

2.2. Types of insurance: commercial insurance and social insurance

Commercial insurance and social insurance are two major important insurance mechanisms in today's society. Commercial insurance is a legal act in which the insurer and the policyholder voluntarily sign a contract. The policyholder pays a certain amount of insurance premium, and the insurer compensates a certain amount for events that endanger life or property within the time frame stipulated in the contract. Social insurance, on the other hand, is a system where the state raises funds or allocates funds through the budget to provide income compensation for workers who temporarily or permanently lose their ability to work or income due to unavoidable risks such as work injury, unemployment, illness, or death in old age. This ensures their basic living rights and maintains social stability. Social insurance mainly includes pension insurance, unemployment insurance, medical insurance, maternity insurance, etc.

The differences between commercial insurance and social insurance are as follows: Commercial insurance is based on the relationship between the insurer and the insured, while social insurance is based on the relationship between the state government and the workers. They originate from different foundations, such as the government and society, and enterprises and interests. Social insurance is essentially a redistribution of national income and provides the most basic level of protection to better sustain the daily basic living needs of those who have lost their ability to work or opportunities. Commercial insurance, which has a "market" tint, is a voluntary act without compulsion, covers a broader scope, and can meet the needs of people at different levels. Commercial insurance serves as a supplement and support to social insurance.

2.3. The nature of outdoor sports safety insurance

Outdoor sports safety insurance refers to the act of paying an insurance premium to an insurance company to protect the interests of participants in an activity. If an accident occurs during the activity, the underwriting company pays the insurance money to the participants in accordance with the contract. As a specialized type of accidental insurance product with the nature of commercial insurance, outdoor sports safety insurance is also categorized as sports insurance because it primarily targets high-risk outdoor activities such as skiing, diving, mountain exploration, and polar expeditions. Since outdoor sports insurance is specifically designed for protection, in addition to the basic features of general travel accident insurance, it also has characteristics such as refined coverage scope, flexible insurance duration and amount, and a broad range of insured persons.

3. The necessity of outdoor sports safety insurance

Outdoor sports are a group of adventure-oriented or adventure-experiencing sports activities that take place in natural environments (non-specialized venues). These activities include mountaineering, camping, orienteering, rock climbing, and cliff rappelling, among others.

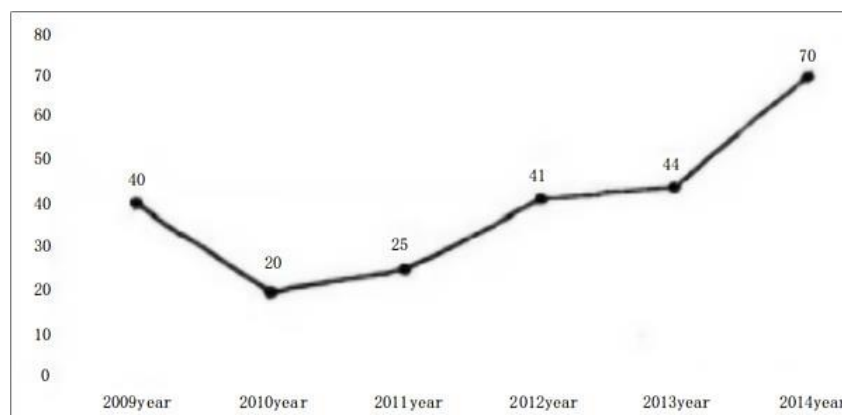


Figure 1: Number of Fatalities in Mountaineering and Outdoor Sports Accidents in China (2009–2014)

In recent years, with the increasing number of people participating in outdoor sports, the number of injuries and fatalities caused by various accidents has also risen. As shown in Figure 1, from 2009 to 2014, a

total of 240 deaths were recorded in mountaineering and outdoor sports accidents in China, with the number of accidents showing a generally increasing trend each year. This has posed new challenges for the development of outdoor sports.

Since outdoor sports are conducted in natural environments that are challenging, complex, and fraught with various dangers, they face multiple risks: **Objective Climatic and Environmental Risks:** These include variable weather conditions, thunderstorms, flash floods, and other natural disasters. Risks can also arise from inadvertently entering military restricted areas, passing through politically unstable regions, or encountering road collapses. **Risks Associated with Participants:** These include weak risk awareness, poor physical fitness, and the onset of latent diseases among participants. **Equipment-Related Risks:** These involve insufficient preparation of food and water, inadequate rescue supplies, and damage to equipment such as trekking poles and crampons. **Human-Related Risks:** These include disputes over entrance fees and conflicts or fights among team members. Given these existing or potential risks, it is imperative to introduce insurance for outdoor sports.

Abroad, outdoor insurance researchers Callen and Page advocate for safe business practices in the outdoor industry and call for standardized industry legislation. From an economic perspective, they have demonstrated that the insurance system is the most Pareto-optimal method for tourism compensation. Implementing outdoor sports safety insurance, which covers more high-risk sports activities, can be more targeted and specialized than traditional insurance. It can provide stronger protection for clubs, participants, and organizers involved in outdoor sports, thereby reducing the degree of harm suffered by participants and encouraging more people to join the ranks of outdoor sports enthusiasts. The implementation of outdoor sports insurance can effectively promote a more orderly and healthy development of outdoor sports.

4. The current status and existing issues of outdoor sports safety insurance in China

4.1. The varieties of outdoor safety insurance in China

4.1.1. *Specialized insurance for mountaineering and outdoor sports*

The "Specialized Insurance for Mountaineering and Outdoor Sports" was a type of outdoor safety insurance jointly launched in 2006 by the Chinese Mountaineering Association, China Sports Insurance Brokerage Co., Ltd., and Taiping Insurance Co., Ltd. It was the only specialized insurance product in China's outdoor sports insurance market at that time. This insurance covered a range of low-risk activities, including team-building exercises, fitness mountaineering, rock climbing on artificial walls, rafting, and forest exploration.

In terms of insurance liability, the product included coverage for "frostbite," "emergency rescue due to accidents," and "high-altitude illness," among other aspects. It was designed to minimize disputes arising from unclear liability agreements, making the claims process more rational, simplified, and efficient.

4.1.2. *Liability insurance for outdoor sports clubs*

The Liability Insurance for Outdoor Sports Clubs was jointly launched by Taiping Insurance and China Sports Economic Insurance in 2006. This insurance covers the civil liability that the club is legally required to assume for personal injuries or fatalities of participants caused by the club's negligence during organized outdoor activities. It also covers the civil liability for personal injuries or property damage to third parties resulting from accidents during the club's operations at fixed premises. Additionally, it can cover liabilities related to products, food, and beverages.

The compensation levels for the Outdoor Sports Club Liability Insurance are divided into different tiers based on the number of annual participants, with per capita compensation limits ranging from 200,000 to 300,000 yuan, and cumulative limits ranging from 500,000 to 1,500,000 yuan. The premium increases proportionally with the tier and the number of participants.

4.1.3. *"Tianya travel" personal accident insurance for mountaineering and outdoor sports*

The "Tianya Travel" Personal Accident Insurance for Mountaineering and Outdoor Sports was jointly launched in 2009 by the Chinese Mountaineering Association, Public Insurance Co., Ltd., and China Sports Insurance Brokerage Co., Ltd. The insurance covers natural persons aged between 1 and 70 years who are

able to work or live normally. It extends coverage to include medical expenses for sudden illness, sudden death, and personal liability. Additionally, it can provide targeted insurance solutions for specific activities.

4.1.4. "Leader carefree" liability insurance

The "Leader Carefree" Liability Insurance was jointly launched by Lvye Network, Bai Chuan Insurance, and AXA Tianping Insurance. For the first time, they recognized outdoor leaders as a profession and provided coverage for the legal compensation that leaders should bear for accidents caused by negligence or fault during the organization of outdoor activities. The scope of coverage includes death, disability, and medical accident liability. The insurance premium is divided into different plan prices based on the insurance period, but the maximum coverage for overseas travel is only 183 days per year.

Despite the successive introduction of various types of outdoor insurance, the participation in outdoor insurance is not optimistic. Currently, in China, there are more than 60,000 outdoor sports enthusiasts annually. The vast majority of them are either uninsured or lack effective insurance, which means that outdoor sports lack strong safety guarantees. The statistical results of mountaineering risk accidents in recent years in China show that the majority of major accidents occur in activities organized by enthusiasts or non-formal institutions.

4.2. The existing problems of outdoor safety insurance in China

4.2.1. Lack of emphasis by outdoor sports participants

Although the purchase of accident insurance for outdoor activities has increasingly attracted the attention of a wide range of outdoor enthusiasts, many still harbor a sense of false optimism and tend to overlook the necessity of outdoor sports insurance when it comes to actual insurance purchases. Additionally, factors such as insufficient understanding of the benefits of outdoor insurance, complicated claims processes following accidents, and the limited variety of insurance products available lead many participants to forgo purchasing insurance altogether. Moreover, many participants purchase insurance products that are not specifically designed for outdoor sports, resulting in an ineffective coverage status.

4.2.2. Lack of club functions

Each club should take on the responsibility of purchasing and promoting outdoor activity insurance to ensure the safety of outdoor sports. However, some clubs, in an effort to reduce costs and attract more members, substitute general travel accident insurance for specialized outdoor sports insurance. This practice essentially places outdoor enthusiasts on the brink of danger.

4.2.3. The imperfections of the sports insurance market

Currently, specialized outdoor safety insurance is mainly provided by China Sports Insurance Brokerage Co., Ltd. and some major insurance companies. Domestic insurance companies have limited understanding of mountaineering and outdoor sports, resulting in high insurance premiums, a limited variety of insurance products, and a reluctance to accept individual policies from "backpackers" or "outdoor enthusiasts." These companies often view individual policyholders as low-premium, high-risk clients with short coverage durations and potentially high claims amounts. Consequently, many insurance companies only accept insurance applications from qualified outdoor clubs and refuse to provide coverage to individuals. This reluctance to accept individual policies increases the risks faced by participants in outdoor sports, as many are left without adequate insurance protection.

4.2.4. Insufficient regulatory enforcement

From a regulatory perspective, despite the awareness of numerous risks in the outdoor sports market, some regulatory authorities turn a blind eye until an accident occurs, at which point they step in as enforcers. Overall, due to the economic limitations in China in the past, outdoor sports accidents have not attracted the attention of market entities, and the corresponding insurance supply has failed to meet the demand. This has led to a series of safety hazards as the number of outdoor sports enthusiasts has surged. It will take the joint efforts of outdoor sports enthusiasts, outdoor clubs, government departments, mountaineering associations, insurance brokerage companies, and insurance companies to address these issues, bring the outdoor sports insurance market back on track, and ultimately provide effective protection for participants. At the same

time, it is necessary to clarify the responsibilities and rights of all parties involved to effectively develop outdoor sports.

5. Strategies for developing outdoor sports safety insurance

5.1. Responsibilities of government departments

The General Administration of Sport of China's Mountaineering Administration Center is the highest administrative body responsible for managing outdoor sports. Therefore, it plays a pivotal role in ensuring the smooth operation of these activities. Government departments should prioritize public health and safety by guiding insurance companies to engage in outdoor sports. In the process of ensuring the safety of mountaineering activities, efforts should be made to minimize, disperse, and transfer risks as much as possible. This can be achieved by issuing and formulating relevant documents and regulations to help outdoor sports enthusiasts recognize and understand the importance of outdoor sports insurance, thereby fostering an awareness of insurance among them.

For example, government departments can establish a risk control system for mountaineering and outdoor activities, and collaborate with insurance companies to integrate high-altitude expeditions, outdoor crossings, and rescue systems into commercial insurance frameworks. Additionally, utilizing funds from sports lotteries, welfare lotteries, and various charitable sources to set up specialized insurance products to cover the costs of rescue teams can be considered.

5.2. Responsibilities of industry associations

Mountaineering associations at all levels are the leaders of the outdoor sports industry and the specific disseminators of the spirit of government documents and regulations. With the rise of mountaineering sports, these associations should take on corresponding responsibilities, such as conducting rigorous training for club mountaineering coaches and leaders, and promoting awareness and education on safety and insurance issues. They should also focus on promoting the culture of safety insurance for general mountaineering activities.

When safety issues arise, safety rescue insurance can play a crucial role. This requires the Chinese Mountaineering Association and rescue institutions of mountaineering and outdoor sports associations in various cities to collaborate with insurance companies to improve and introduce new safety rescue insurance products. These products should provide emergency rescue and claims processing for participants in the event of accidents.

5.3. The responsibilities of insurance companies

Insurance companies are the actual developers of insurance products, and they play a decisive role in the effectiveness of each insurance policy. However, China's insurance industry started relatively late, and the overall development of the sports industry is also not well-established. As a result, the sports insurance market remains largely unexplored. Even when some sports insurance products have emerged, they are mostly customized by government departments for professional athletes and major events, or donated by insurance companies for promotional purposes. A true insurance market has yet to be formed. The outdoor sports industry faces similar issues.

To address these challenges, insurance professionals need to understand the current state and needs of the sports industry, as well as the characteristics of different sports. They should develop more specialized outdoor sports insurance products that are suitable for China's national conditions. By increasing the variety of insurance products, insurance companies can provide more choices for outdoor enthusiasts and guide demand through supply. Additionally, insurance companies should expand their service scope to provide timely and effective assistance and claims processing in the event of accidents. They can also collaborate with the Chinese Mountaineering Association to establish a nationwide rescue system, offering practical rescue support in outdoor sports accidents to minimize losses. Through these efforts, insurance companies can realize the value of outdoor insurance and promote the development of the sports insurance market.

5.4. The responsibilities of insurance brokerage companies

Today, although the "Specialized Insurance for Mountaineering and Outdoor Sports" jointly developed by Beijing China Sports Insurance Brokerage Co., Ltd. and Pacific Insurance Co., Ltd. includes a coverage item for "rescue expense compensation," the safety rescue insurance market in China is still immature. Most participants in outdoor sports have not purchased safety rescue insurance. This calls for insurance brokerage companies to gain a detailed understanding of the safety needs of outdoor sports and convey these needs to insurance companies from an insurance perspective. Only by doing so can insurance companies truly understand the vast potential of this market and develop insurance products that meet the actual needs.

Once the insurance products are developed, brokerage companies should announce the new products to the public in an understandable manner, making it easier for people to recognize and purchase them. Only when insurance companies and insurance buyers achieve smooth communication and interaction can insurance brokerage companies truly play their role as a bridge.

5.5. The responsibilities of outdoor sports clubs

From the perspective of systems safety theory, there is no such thing as absolute safety in the world, and every human activity harbors potential dangers. Outdoor sports clubs must enhance their own safety awareness and improve safety management practices, avoiding any mindset of false optimism when it comes to risk avoidance. Additionally, outdoor sports clubs should embrace and prioritize the safety concept of "proactive prevention." Therefore, clubs are not only responsible for organizing outdoor activities but also for promoting awareness of the various risks associated with these activities. They should also provide guidance to outdoor sports enthusiasts on how to avoid and mitigate risks, helping them understand the role of outdoor insurance and encouraging the habit of purchasing such insurance.

5.6. The responsibilities of outdoor sports enthusiasts

The primary subjects of outdoor insurance are outdoor sports enthusiasts. Safety is an issue that every outdoor sports enthusiast must prioritize, as it concerns their fundamental interests. While pursuing the thrill of outdoor activities, enthusiasts should anticipate the risks associated with their sports and take measures to avoid and mitigate these risks as much as possible. However, in actual outdoor activities, some risks are beyond human control. This is where insurance comes in, as it allows outdoor enthusiasts to disperse and transfer these uncontrollable risks.

During outdoor activities, enthusiasts should proactively purchase outdoor insurance, which can also encourage friends and family participating in outdoor activities to do the same. In reality, no insurance can completely prevent accidents from happening; it can only provide a certain level and scope of protection for the insured. Outdoor insurance is essentially a post-incident compensation system. Enthusiasts must enhance their awareness of proactive prevention, eliminate potential safety hazards in outdoor activities, and avoid misconceptions about outdoor sports to minimize the occurrence of accidents.

6. Conclusion

Outdoor sports are an emerging activity that allows for close contact with nature. While we derive joy and satisfaction in physical and mental health from being close to nature, this type of sport is also full of uncertainties, which is precisely where its charm lies. However, participating in outdoor sports does not equate to taking risks or adventuring. Ensuring the safety of outdoor sports is of great importance.

Drawing on advanced foreign concepts and combining them with my own practical experience, I have proposed the responsibilities of government departments, outdoor sports industry associations, insurance companies, insurance brokerage firms, outdoor sports clubs, and outdoor sports enthusiasts in terms of outdoor sports safety. It is hoped that these proposals will help clarify the relationships among all parties involved in outdoor sports insurance. Through effective insurance measures and the standardization of relevant insurance systems, it is expected that the personal safety of outdoor sports enthusiasts can be ensured and that outdoor sports can develop safely, effectively, and healthily in China.

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