

KINGDOM OF CAMBODIA

Nation – Religion – King

REACH KRAM

NS/RKM/0700/02

**We,
Preah Bat Norodom Sihanouk,
King of the Kingdom of Cambodia,**

- Having seen the Constitution of the Kingdom of Cambodia;
- Having seen Reach Kram No. NS/RKT/0399/01 of March 08, 1999 promulgated the constitutional law on the amendment of Articles 11, 12, 13, 18, 22, 24, 26, 28, 30, 34, 51, 90, 91, 93, and Articles of Chapter 8 through Chapter 14 of the Constitution of the Kingdom of Cambodia;
- Having seen Reach Kret No. NS/RKT/1198/72 of November 30, 1998 on the Appointment of the Royal Government of Cambodia;
- Having seen Reach Kram No. 02/NS/94, dated July 20, 1994, promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Having seen Reach Kram No. NS/RKM/0196/18 of January 24, 1996, promulgating the Law on the Establishment of the Ministry of Economy and Finance;
- Pursuant to the proposal of the Samdech Prime Minister and the Senior Minister and Minister of Economy and Finance;

Hereby Promulgate

The Insurance Law enacted by the National Assembly on the 20th of June 2000 at its 4th plenary session of the 2nd legislature and entirely approved by the Senate on its form and legal concepts on the 6th of July 2000 at its 3rd plenary session of the 1st legislature and include the following provisions:

INSURANCE LAW

CHAPTER 1

General Provision

Article 1:

This law is enacted with the purpose of regulating insurance protecting the legitimate rights of the parties to insurance, strengthening supervision and control over the insurance business and contributing to the development of the insurance industry.

Article 2:

This law shall apply to all insurance activities within the Kingdom of Cambodia.

Article 3:

As used in this law, the term “Insurance” refers to the commercial contract whereby an insurance applicant, as contracted, pay the insurance premium to the insurer, and the insurer bears a liability to indemnify for property damage or loss caused by occurrence of possible accidents or

when the insured sustains death, physical injury, disability or sickness or when the insured reaches the maturity being agreed by both parties as specified on the insurance schedule.

Article 4:

Only insurance company, agent and broker are eligible to carry out insurance business.

Article 5:

In carrying out the insurance business, the insurance companies, agencies and brokers have to follow the principle of fair competition in accordance with the provisions of this law.

Article 6:

The natural persons and legal entities whose mandates are to conduct insurance business shall be required to respect law and regulations of the Kingdom of Cambodia.

Article 7:

The Ministry of Economy and Finance is responsible for the control and supervisions over insurance business in accordance with this law.

CHAPTER 2

Insurance Contract

Section 1

General

Article 8:

Insurance which is beneficial to the insured natural persons or legal entities who have insurance interest against whether or not life risks shall enter into the contract only with the insurance companies licensed to carry out insurance business in the Kingdom of Cambodia.

Article 9:

An insurance contract in Khmer language is an agreement whereby the relations of rights and obligations of the insured and the insurer are enumerated.

The “Insured” means a person who concludes an insurance contract with an insurer and undertakes to pay the insurance premium as contracted.

The “Insurer” means an insurance company that concludes insurance contracts with the Insured and bears the liability to indemnify and/or pay the insurance benefit.

Article 10:

In making insurance contracts, the Insured and Insurers shall follow the principles of fairness, mutual benefit, and unanimity through negotiation and shall not harm the public interests.

Article 11:

In executing the insurance contract, each party shall have the rights to cancel the insurance contract before expiration by a prior notification through a registered letter or letter of notification with a duly acceptance.

Article 12:

When the natural person or legal entity proposes for insurance and the insurance company agrees to accept the proposal, and after an agreement on contract clauses are reached, the insurance contract shall be deemed as concluded. The insurance company shall then issue the insurance policy attached with the insurance certificate to an insurance applicant. The insurance policy being attached to an insurance certificate shall contain and specify important terms and conditions agreed upon by both parties.

Article 13:

The insurance certificate shall contain the following particulars:

- 1) Full name and address of the Insured;
- 2) Person or item (subject matter) to be insured;
- 3) Types of risks to be covered;
- 4) Commencement date and location of risk to be covered;
- 5) Insured value;
- 6) Insurance premium and method of payment;
- 7) Certain methods and conditions for declaration of risks;
- 8) Term of contract and period of coverage; and
- 9) Terms and conditions about nullification and loss of rights to the insurance policy and conditions that allow each party to terminate the insurance policy before the expiration date.

Article 14:

Only the insurance policy or cover note which specifies the mutual insurance between the insurance company and the Insured. The insurance application shall not be authentic to both parties.

The proposal for renewal, alteration or reattachment the suspended insurance policy shall be deemed approved if the insurance company has not refused such proposal within fifteen (15) days.

Article 15:

The period of insurance contract is defined in the insurance policy. Any additional modifications or to the original policy shall be made by an additional clause (endorsement) and signed by both parties thereto.

Article 16:

The Insured shall have an insurable interest from the subject matter insured.

An "insurable interest" means an interest or benefit to which the Insured shall have the right in relation to insured subject matter.

The "insured subject matter" means any property or benefits in relation to the property, life or body of an individual.

Article 17:

After the insurance contract was concluded, the Insured shall pay the insurance premium as agreed.

The coverage shall enter into force from the date the insurance premium has been by the Insured as stated in the insurance policy.

Article 18:

Any failure to make payment of insurance premium when it is due, the validity of coverage can not be suspended more than thirty (30) days from the date the insurance policy is signed. The insurance company shall notify through a registered letter or a letter with duly acceptance by the Insured or person who is obligated to pay the premium to make payment at the agreed place within twenty (20) days after the insurance contract is concluded. After notification, if the Insured still fails to pay the premium within a period of ten (10) days, the insurance company shall have the right to cancel such insurance contract.

Article 19:

Any loss or damage arising out of the risks covered by the policy schedule shall be indemnified by the insurance company. However, the insurance company shall not indemnify the loss or damage caused by willful conducts or fraudulent of the Insured.

The insurance company shall also cover the loss or damage caused by persons being under responsibility of the Insured, whatever type or how serious is the case may be.

Article 20:

An insurance contract shall be deemed null and void if the insurance company has found that the Insured had concealed the truth, or willfully misinterpreted the material fact which leads to any change of subject matter of the insured risk.

The forgetfulness or unintentional and unclear declaration of the Insured shall not cause a cancellation of the insurance.

Article 21:

If it is found that the risk is intentionally created by the Insured, whether the claim is already settled or remains unresolved, in the case that the insurance company has found the fraudulent

or made-up risk and produced proofs and evidences, the insurance company shall have the rights to refer the case to the court to void its liability or claiming back the settled amount.

Article 22:

Terms and condition of coverage and any rights of the Insured specified in the insurance policy shall be deemed null and void in the case that the arbitrator has found that the Insured had committed any wrong and admitted by the latter.

Article 23:

In the liability insurance, if the Insured causes any loss or damage to the third party, the insurance company will directly indemnify such third party victim.

The liability insurance is the type of coverage whereby the indemnity must be made directly to the third party who is the subject matter of insurance.

Article 24:

In case of reinsurance, the principal insurance company still bears liability before the Insured.

The reinsurance transaction is the system of insurance in which the principal insurance company is insured by another insurance company that wholly or partially reinsured the risk accepted.

Article 25:

Statute of limitation for the claim settlement shall be provided in the insurance policy. However, the statute of limitation shall not exceed three (3) years from the date of occurrence of risk.

This statute of limitation shall be terminated by the agreement of both parties, after the survey report of the loss adjusters is finalized.

Section 2

Property Insurance

Article 26:

The property insurance is a contract of indemnification when a risk occurs. The claim amount paid by the insurance company to the insured shall not be over the value of the subject matter insured as declared in the insurance contract, except otherwise agreed by both parties.

Article 27:

In the event of total loss of the subject matter insured caused by a risk which had not been written in the insurance policy, then the insurance shall be legally terminated and the insurance company shall refund the insured nine (90%) of the insurance premium for the remaining period.

Article 28:

When the insurance company has paid the claim, the Insured shall give the subrogation rights to the insurance company to claim the third party that caused the damage and claim for refund of the claim amount already paid. However, the insurance company can not claim against the

descendants, ancestors relatives, manager or employee who are living in the residence of the Insured, except such malicious case caused by anyone of these persons.

Section 3

Individual Insurance

Article 29:

The insured sum declared in the insurance policy is the maximum limit of the compensation amount payable for individual insurance.

The individual insurance shall include life insurance, health insurance and physical injury insurance.

Article 30:

After payment for the claim, in case of physical injury insurance, the insurance company may not claim for any subrogation from the contracting party or beneficiary for the purpose of making a complaint against the third party.

Article 31:

A person can make a proposal for his/her life insurance or for a third party subject to a written approval of the latter and with the clear declaration of the sum insured.

The following conditions are not eligible for the insurance in case of death:

- 1) A person has functional nervous disease; and
- 2) A person who is being hospitalized in a psychiatric hospital.

Article 32:

Other than the necessary terms and conditions specified in the insurance contract the life insurance policy shall indicate as follows:

- 1) Full name, date of birth of the applicant;
- 2) Full name of the beneficiary, if any;
- 3) Any events or terms providing about refunding of insurance premium; and
- 4) Conditions of exclusion if specified in the contract.

Article 33:

The life insurance shall be deemed null and void if the Insured commits suicide.

Article 34:

The insurance policy shall be voided for the beneficiary when the beneficiary intentionally kills or colludes to kill the Insured.

Article 35:

Any dispute arising between the insurance Company and the Insured which cannot be settled through the compromise or arbitration, both parties can refer the case to the competent court in the Kingdom of Cambodia.

CHARTER 3**Compulsory Insurance****Section 1****Motor Vehicle or Third Party Liability Insurance****Article 36:**

The natural or legal person who owns motor vehicle and operates business on the road in the Kingdom of Cambodia shall be required to buy insurance from an insurance company for liability against loss or damage to third party arising out of the motor vehicle operation, including all type of trailers.

This insurance shall be valid not only to the motor vehicle owner but also the driver and the caretaker as well.

The type of commercial motor vehicle which is required to be insured shall be defined in the Sub-decree.

Article 37:

The third party who properly obey the traffic rules and sustain a physical injury or property damage caused by the operation of commercial motor vehicle shall be timely and properly indemnified by the insurance company for loss or damage according to the degree of damage.

Article 38:

The third party liability insurance shall not be applied to loss or damage arising out of an event occurred outside the geographical area of the Kingdom of Cambodia unless there is an agreement provided otherwise.

Article 39:

This insurance shall be applied to the victim of the traffic accident who sustains physical injury, disability or death whether this person being transported in the insured motor vehicle.

Section 2**Construction Insurance****Article 40:**

A natural person or legal entity who is the constructor shall be required to buy liability insurance.

At the commencement of project, the constructor shall certify that he/she has purchased liability insurance from an insurance Company.

The type of construction project where an insurance is compulsory shall be defined in a Sub-decree.

Article 41:

The insurance contract on liabilities in accordance with Article 40 of this law shall include the terms and conditions which indicate the insurance period after the completion of construction project.

Section 3

Insurance for Passenger Transport

Article 42:

A natural person or legal entity who operates the passenger transport business by various transport means shall be required to purchase liability insurance for passengers being transported on their own means of transport by road, sea, river, air or railroad.

Type of means of transport where an insurance is compulsory shall be defined in a Sub-decree.

CHAPTER 4

Insurance Company and State Control

Section 1

Insurance Company

Article 43:

Every insurance company shall be registered in the commercial register and be subject to the supervision and control by the Ministry of Economy and Finance.

Article 44:

An insurance company can not delegate any leading, management power and settlement role to any person who is convicted of a crime such as theft, abuse of fiduciary, intentionally issue check without provisions, effecting the State credit, fraudulent act, or concealment of items obtained from illegal acts.

All punishments for the temptations or conspiracy in committing the above crimes or all punishments for at least one-year imprisonment, regardless of type of crime committed, shall be the ground of incapacity.

Article 45:

All insurance companies, whether the state owned, private company or joint-venture shall be allowed to operate in the Kingdom of Cambodia only in the form of public liability company.

Article 46:

Insurance companies can carry out the following insurance classes:

- a) Life insurance company which is required to have registered capital in Riel currency at least equivalent to five million (5,000,000) SDR based on exchange rate on the date of license granting;
- b) General insurance company which is required to have registered capital in Riel currency at least equivalent to five million (5,000,000) SDR based on the exchange rate on the date of license granting;
- c) Life insurance and general insurance company which is required to have registered capital in Riel currency at least equivalent to ten million (10,000,000) SDR based on the exchange rate on the date of license granting.

Article 47:

The insurance company as mentioned below shall not be allowed to carry out insurance business in the Kingdom of Cambodia if:

- a) Not being authorized by the competent authority.
- b) Not being registered for any classes of insurance as provided in Article 46 of this law.

Article 48:

Before starting the insurance business, the licensed insurance company shall fulfill the following formalities as required by the Ministry of Economy and Finance:

- . Provide document or letter being certified that the deposit of 10 percent of the registered capital has been put at the National Treasury of the Kingdom of Cambodia. This deposit shall be maintained until the company ceases the business operation in the Kingdom of Cambodia;
- . Provide document or letter being certified that the solvency margin has been maintained at a recognized bank in the Kingdom of Cambodia. This solvency margin shall be defined as per type of each insurance company, but the minimum limit of solvency shall not be less than 50 percent of the registered capital.

Section 2

State Control

Article 49:

The State control shall be conducted for the benefit of the Insured, applicant and beneficiary for the purpose of capitalization.

The state owned and joint-venture companies holding at least fifty one percent (51%) being the state shares, shall comply with the Law on General Statute of Public Enterprise.

The private insurance company shall comply with the license granted by the Ministry of Economy and Finance.

CHAPTER 5

Insurance Agent and Insurance Broker

Article 50:

An insurance agent is a natural person or legal entity who receives insurance commission from insurance company and manage to handle the insurance business on behalf of the insurance company under the clearly specified mandate.

An insurance broker is a legal person who carries out insurance business for the benefit to the Insured, providing the intermediary services between the insured and the insurance company to conclude an insurance contract and legally collect brokerage commission.

Article 51:

The formalities, terms and conditions for the activities of the insurance agent and broker shall be defined by a Sub-decree.

CHAPTER 6

Penalty

Article 52:

Any person who violates Articles 36, 40 or 42 of this law shall be fined from one hundred and fifty thousand (150,000) Riels to one million and five hundred thousand (1,500,000.00) Riels and shall be required to buy insurance as well.

The exception in connection with the application of the above paragraph shall be set forth in a Sub-decree in accordance with each type of motor vehicles and construction projects.

Article 53:

Any violation of Articles 44 or 48 of this law shall be fined from ten million (10,000,000) Riel to fifty million (50,000,000) Riel and the license shall be revoked.

Article 54:

Any person who violates Article 47 of this law shall be fined in the amount of fifty million (50,000,000) Riel. Any recidivism or subsequent offenses shall be subject to imprisonment from one (1) year to five (5) years.

CHAPTER 7

Transitional Provisions

Article 55:

Any person who conducts a business as specified in Article 40 of this law shall be required to have insurance from an insurance company no later than the 30th of June, 2001 after this law enter into force.

Any person who conducts a business as specified in Articles 36 and 42 of this law shall be required to have insurance from an insurance company no later than the 31st of December 2001 after this law enters into force.

The penalty specified in Article 52 of this law shall be applied if the two deadlines as mentioned above are expired.

CHAPTER 8

Final Provision

Article 56:

Any provisions that are contrary to this law shall be deemed null and void.

Phnom Penh, July 25, 2000

Norodom Sihanouk

Having submitted to the King for signature.

Prime Minister: **Hun Sen**

Having submitted to Samdech Prime Minister.

Senior Minister and Minister of Economy and Finance : **Keat Chhon**