

**INSURANCE LAW**  
**OF**  
**THE KINGDOM OF CAMBODIA**

**( Adopted by the National Assembly of The Kingdom of Cambodia on  
20<sup>th</sup> June,2000 at the 4<sup>th</sup> Session , 2<sup>nd</sup> Legislation )**

UNOFFICIAL TRANSLATION  
Prepared by RE . Dept

# CHAPTER I

## GENERAL PROVISIONS

### **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**

Insurance as the term used in this law 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, bodily 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**

Physical persons and legal persons that are mandated to conduct insurance business are required to respect law and regulations of the Kingdom of Cambodia .

### **Article : 7**

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

**CHAPTER II**  
**INSURANCE CONTRACT**  
**SECTION 1**  
**GENERAL**

**Article : 8**

Insurance which is beneficial to physical persons or legal persons being the insured and which has the insurance interest over the subject matter insured whether life or non-life can 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 is an agreement whereby the relation of rights and obligations of the insured and the insurer .

An insured means a person who concludes an insurance contract with an insurer and undertake to pay the insurance premium as contracted .

An insurer means an insurance company which concludes insurance contracts with insured and bears the liability to indemnify or to pay the insurance benefit .

**Article 10**

In making insurance contracts , applicants and insurers shall follow the principals of fairness , mutual benefit , unanimity through negotiation and may not harm the interests of the social public .

**Article : 11**

In executing the insurance contract , each party shall has the rights to cancel the insurance contract before due subject to an advance notice through the letter of recommendation or the letter of notification with duly acceptance .

**Article : 12**

When the physical person or legal persons proposes an insurance request 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 with an insurance certificate shall contain and specify important terms and conditions agreeable to both parties herein .

**Article : 13**

The insurance certificate shall contain the following particulars :

- 1- Name and address of the insured
- 2- Subject-matter insured
- 3- Conditions to be covered

4- Inception date and location address of risk to be covered

5- Insured value

6- Insurance premium and mode of payment

7- Methods and conditions in case of claims

8- Period of cover

9- terms and conditions about nullification and loss of rights to the insurance policy and conditions which allow each party to terminate the insurance policy before the due date .

#### **Article :14**

Only the insurance policy or cover note which specifies the responsibilities between the insurance company and the insured . The insurance application is not valid for the coverage to both parties hereto .

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

#### **Article :15**

The period of insurance contract is defined in the insurance policy . Modifications or additions to the original policy have to be made on an additional clause (endorsement) and signed by both parties hereto .

#### **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 the relation to property , life or body of an individual .

#### **Article :17**

After the insurance contract is concluded , the insured shall pay the insurance premium as agreed .

The coverage shall come into force from the date of premium payment as stated in the insurance policy .

#### **Article :18**

Failure in premium payment as due , the validity of coverage can not be suspended more than 30 days from the date the insurance policy is signed (20) days after the insurance contract is concluded , the insurance company shall notify through a letter of recommendation, or a letter duly accepted by the insured or the representative undertaking to pay the premium , asking his /her to pay at the agreed place . After being notified , if the insured still fails to pay the premium within the period of(10)days , the insurance company shall have the right to cancel the insurance contract .

**Article :19**

Loss or damage arising out of the risks covered as specified on 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 willful misinterpreted the material facts which leads to the change of subject-matter insured .

The forgetfulness or unintentional and unclear declaration of the insured will not lead to the cancellation of the insurance .

**Article :21**

If it is found that the risk is intentionally created by the insured , whether the claim already settled or not , in the case that the insurance company has found the fraudulent or risk creation which have proofs and evidences , the insurance company shall have the rights to refer to the court to void the 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 the fraudulent admitted by the latter .

**Article :23**

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

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

**Article : 24**

In case of reinsurance ,the ceding company still bear responsibility before the insured .

The reinsurance transaction is the system of insurance which the ceding company is insured by an insurance company which reinsured wholly or partly 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 03 years from the date of claim occurrence .

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 must 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 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 claim so that to ask for refund of the claim amount already paid .

But the insurance company can not claim against the descendants , ancestors relative by marriage , manager and employee who are living in the residence of the insured , except it is the malicious case caused by any one among these people .

## **SECTION 3**

### **LIFE AND PERSONAL ACCIDENT INSURANCE**

#### **Article : 29**

For the life and personal accident insurance , the sum insured declared in the insurance policy is the maximum limit of the compensation amount .

The life and personal accident insurance includes the life insurance , health insurance and personal accidents insurance .

#### **Article :30**

After claim payment for life and personal accident insurance , the insurance company can not claim for subrogation rights from the contracting party or beneficiary for the purpose to sue the third party .

### **Article : 31**

A person can make a request 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 .
2. A person who is hospitalized in a psychiatric hospital

### **Article :32**

Besides the necessary terms and conditions specified in the insurance contract the life insurance policy shall indicate as follow :

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 the insurance premium .
4. Conditions of exclusion if specified in the contract .

### **Article : 33**

The insurance on death shall be voided 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**

The dispute between the insurance Company and the insured which can not be settled through the compromise or arbitration , both parties can refer the case to the competent court in the Kingdom of Cambodia .

## **CHARTER III**

### **COMPULSORY INSURANCE**

#### **SECTION 1**

#### **MOTOR VEHICLE THIRD PARTY LIABILITY INSURANCE**

### **Article : 36**

The physical or legal person that own and operates commercial motor vehicle for fare in the Kingdom of Cambodia shall have 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 valid not only to the motor vehicle owner but to the driver and the caretaker as well .

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

**Article : 37**

The third party who well obey the traffic rules and sustain the bodily injury or property damage caused by the operation of commercial motor vehicle shall be indemnified by the insurance company for loss or damage timely and accordingly 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 except otherwise agreed .

**Article : 39**

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

## **SECTION 2**

### **CONSTRUCTION INSURANCE**

**Article : 40**

Physical or legal person which is the constructor shall have to buy liability insurance .

On starting the project , the constructor shall be certified that they have purchased liability insurance from an insurance Company .

The type of project which is obliged to be insured shall be defined in the sub-decree .

**Article : 41**

The insurance contract on liabilities in accordance with the article 40 shall include the term and conditions which indicate the maintenance period after the project completion .

## **SECTION 3**

### **INSURANCE FOR PASSENGER TRANSPORT**

**Article : 42**

Physical person or legal person that operates the passenger transport business by various transport means shall have 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 which are obliged to be insured shall be defined in the sub-decree .

## **CHAPTER IV**

### **INSURANCE COMPANY AND STATE CONTROL**

#### **SECTION 1**

#### **INSURANCE COMPANY**

#### **Article : 43**

Every insurance company must be registered in the commercial register and be under the supervision and control by the Ministry of Economy and Finance .

#### **Article : 44**

An insurance company can not delegate power of management ,leading and liquidation role to any person who is condemned with crime of theft , confidence abuse ,intentionally issue check without provisions , effecting the state credit , fraudulent act , hiding things obtained from illegal acts .

All condemnations for temptations or the complicity in committing the above mentioned crimes or all sentences to imprisonment of at least one year , despite of whatever crime , shall be the ground of incapacity .

#### **Article : 45**

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

#### **Article : 46**

Insurance companies can carry out following insurance classes :

a- Life insurance company which is required to have registered capital in riel currency at least equivalent to 5,000,000.00 ( Five Million )SDR based on exchange rate on the date of license granting

b- The general insurance company which is required to have registered Capital in riel currency at least equivalent to 5,000,000.00 (Five Million)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 10,000,000.00 ( Ten Million )SDR based on the exchange rate on the date of license granting .

#### **Article : 47**

The insurance company as mentioned below will 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 the 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 lower than 50 percent of the registered capital .

### **SECTION 2**

#### **THE STATE CONTROL**

#### **Article : 49**

The state control shall be conducted for an advantage of the insured , the applicant and the beneficiary and for capitalization as well .

As for the state owned and joint-venture company holding at least 51% ( fifty one percent ) being the state share , shall have to comply with the law of the general statute of the public enterprise .

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

### **CHAPTER V**

#### **INSURANCE AGENT AND INSURANCE BROKER**

#### **Article :50**

An insurance agent is a physical or legal person which 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 which 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 the sub-decree .

## **CHAPTER VI**

### **LEGAL PENALTY**

#### **Article : 52**

Those who act against the article 36, article 40 or article 42 of this law shall be fined from Riel 150,000.00 (One hundred and fifty thousand Riel )to Riel 1,500,000.00 ( One million and five hundred thousand Riel ) and imposed to buy insurance as well .

The tolerance in connection to the application of the above paragraph shall be set in the sub-decree in accordance with each type of motor vehicles and projects .

#### **Article : 53**

Any contrary act to the article 44 or article 48 of this law shall be fined from Riel 10,000,000 (Ten million riel ) to Riel 50,000,000 ( Fifty million riel )and the license must be revoked .

#### **Article : 54**

Those who act against article 47 of this law shall be fined from Riel 50,000,000 (Fifty million riel ) . In case that these persons still continue committing this illegal act ,they will be sentenced to imprisonment from 01 year (one year )to 05 years ( five years ).

## **CHAPTER VII**

### **TRANSITORY DISPOSITION**

#### **Article : 55**

Any person that carries out business as specified in article 40 of this law shall be required to have insurance from an insurance company , the deadline of which is 30 june,2001 after this law comes into force .

Any person that carries out business as specified in article 36 and article 42 of this law shall be required to have insurance from an insurance company and the deadline of which is 31 December 2001 after this law comes into force .

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

## **CHAPTER VIII**

### **FINAL REGULATION**

**Article : 56**

Any regulation contradicts this law shall be deemed null and void .

This law was passed by the National  
assembly of the Kingdom of  
Cambodia on 20 June,2000 at the 4<sup>Th</sup>  
session ,2<sup>nd</sup> legislation .

Chairman of the National Assembly  
(Signed and stamped)

Norodom Ranarith