

KINGDOM OF CAMBODIA  
Nation - Religion - King

**PREAH REACH KRAM**

No. NS/RKM/0700/02

**We**

**Preahbath Samdech Preah Norodom Sihanouk Reach Harivong Uphatosucheat Visothipong  
Akamohaborasratanak Nikarodom Thammikmohareacheathireach Boromaneat Boromabopit Preah  
Chau Krong Kampuchea Thipdey**

- Referring to the Constitution of the Kingdom of Cambodia;
- Referring to Reach Kram No. NS/RKM/0399/01 of March 8, 1999 on the Amendment of the Articles 11, 12, 13, 18, 22, 24, 28, 30, 34, 51, 78, 90, 91, and 93 and Articles of Chapters VIII to XIV of the Constitution of the Kingdom of Cambodia;
- Referring to Reach Kret No. NS/RKT/1198/72 of November 30, 1998 regarding the Appointment of the Royal Government of Cambodia;
- Referring to Reach Kram No. 02/NS/94 of July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Referring to Reach Kram No. NS/RKM/01696/18 of January 24, 1996 promulgating the Law on Establishment of the Ministry of Economy and Finance;
- Pursuant to the proposals of the Samdech Prime Minister and the Senior Minister and Minister of Economy and Finance.

**Hereby Promulgate**

The Insurance Law as ratified by the National Assembly on June 20, 2000 at the fourth plenary session of the second legislature and as ratified by the Senate as to its entire form and legality on July 16, 2000 at the third plenary session of the first legislature and whose meaning are as follow:

**INSURANCE LAW**

**CHAPTER 1  
General Provisions**

**Article 1:**

This law is enacted with the purpose of regulating insurance activities to protect the legitimate rights of the parties to the insurance contract, to strengthen the supervision and control of the insurance business and contribute to the development of the insurance industry.

**Article 2:**

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

**Article 3:**

The term "Insurance" as 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 injuries, disabilities or sickness or when the insured reaches the maturity agreed by both parties as specified on the insurance schedule.

**Article 4:**

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

**Article 5:**

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

**Article 6:**

Natural persons and legal entities who are allowed to conduct insurance business shall be subject to the laws and regulations of the Kingdom of Cambodia.

**Article 7:**

The Ministry of Economy and Finance shall be responsible for the control and supervision of the 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, whether life or non-life, over the subject matter shall be the subject of a contract made only with insurance companies licensed to underwrite 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.

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 that concludes insurance contracts with the Insured and bears the liability to indemnify and/or to pay the insurance benefit.

**Article 10:**

In making insurance contracts, the Insured and insurers shall respect 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 duly acknowledged.

**Article 12:**

When the natural person or legal entity proposes an insurance policy 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 the insurance applicant. The insurance policy 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 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) Methods and conditions for declaration of risks;
- 8) Term of contract and period of coverage; and
- 9) Terms and conditions of nullification and forfeiture of rights under the insurance policy and conditions allowing each party to terminate the insurance policy before the expiration date.

**Article 14:**

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

A proposal for renewal, amendment or reactivation of 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 additions, modifications 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 the insured subject matter.

An "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 of payment of the insurance premium by the Insured as stated in the insurance policy.

**Article 18:**

Any failure to make payment of insurance premium when 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 duly acknowledged 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. If the Insured still fails to pay the premium within a period of ten (10) days after notification, the insurance company shall have the right to cancel such insurance contract.

**Article 19:**

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

The insurance company shall also cover for loss or damage caused by persons being under responsibility of the Insured, irrespective of the type or the seriousness of the case.

**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 misrepresented material facts which lead to any change of the insured subject matter.

Forgetful, unintentional, and/or unclear declaration of the Insured shall not be a ground for cancelling the insurance policy.

**Article 21:**

When it is found that the risk is intentionally created by the Insured, irrespective of the settlement of the claim, and the insurance company has uncovered the fraud substantiated with proofs and evidences, the insurance company shall have the rights to refer the case to the court to void its liability or reclaiming back any settled amount.

**Article 22:**

The terms and conditions of coverage and any rights of the Insured specified in the insurance policy shall be deemed null and void in the event the claim adjustor has uncovered the fraud and the Insured had admitted to the wrongdoings.

**Article 23:**

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

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

**Article 24:**

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

A reinsurance transaction is a 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:**

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

The 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:**

A 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 ninety percent (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, heirs, relatives, manager or employees who are living in the residence of the Insured, except for malicious acts caused by anyone of them.

**Section 3  
Individual Insurance**

**Article 29:**

For individual insurance, the insured sum declared in the insurance policy is the maximum limit of the compensation amount payable under the policy.

Individual insurance shall include life insurance, health insurance and physical injury insurance.

**Article 30:**

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

**Article 31:**

A person can purchase a life insurance for himself or for a third party subject to a written approval of the latter and indicating the exact amount of the sum insured.

The following conditions shall invalidate an insurance policy in the case of death:

- 1) A person has a functional nervous disease.

2) A person who is hospitalized in a psychiatric hospital.

**Article 32:**

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

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

**Article 33:**

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

**Article 34:**

An insurance policy shall be voided against the beneficiary when the beneficiary intentionally kills or conspires to kill the Insured.

**Article 35:**

Any dispute arising between the insurance company and the Insured which cannot be settled through compromise or arbitration can be referred by both parties to the competent court in the Kingdom of Cambodia.

**CHAPTER 3  
Compulsory Insurance**

**Section 1  
Motor Vehicle or Third Party Liability Insurance**

**Article 36:**

A natural person or legal entity owning and operating a commercial motor vehicle business on the road shall required to buy from an insurance company a third party liability insurance policy covering property loss or damage to third party arising out of the motor vehicle operation, including all type of trailers.

This insurance policy shall cover the motor vehicle owner, the driver and the caretaker as well.

The type of commercial motor vehicles subject to compulsory insurance shall be defined by an Anukret.

**Article 37:**

Any third party properly obeying the traffic rules and sustaining physical injuries or property damages caused by the operation of any commercial motor vehicle shall be timely and properly indemnified by the insurance company for losses or damages according to the degree of damages.

**Article 38:**

A third party liability insurance shall not cover for losses or damages arising out of an event occurring in a geographical area outside the Kingdom of Cambodia, unless otherwise provided for in an agreement.

**Article 39:**

This insurance shall cover victims of traffic accidents who sustain physical injuries, disabilities or death whether or not they were transported in the insured motor vehicle.

**Section 2  
Construction Insurance**

**Article 40:**

A natural person or legal entity operating as building contractor shall be required to buy a liability insurance policy.

At the commencement of project, the building contractor shall certify that he/she has purchased a liability insurance policy from an insurance company.

The type of construction project subject to compulsory insurance shall be defined by an Anukret.

**Article 41:**

Liabilities insurance contract issued pursuant to Article 40 of this law shall include the terms and conditions indicating the insurance coverage period after the completion of construction project.

**Section 3  
Insurance for Passenger Transport**

**Article 42:**

A natural person or legal entity operating a passenger transport business using various means of transport shall be required to purchase liability insurance covering passengers being transported whether by road, sea, river, air or railroad.

The type of means of transport subject to compulsory insurance shall be defined by an Anukret.

**CHAPTER 4  
INSURANCE COMPANY AND STATE CONTROL**

**Section 1  
Insurance Company**

**Article 43:**

Every insurance company shall be registered in the Commerce Register and be subject to the supervision and control of the Ministry of Economy and Finance.

**Article 44:**

No insurance company can delegate power of management, administration and liquidation role to any person 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 attempts or conspiracy to commit the above crimes or all sentences to imprisonment of at least one year shall be the ground of incapacity.

**Article 45:**

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

**Article 46:**

Insurance companies can underwrite the following classes of insurance:

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

**Article 47:**

No insurance company mentioned below shall be allowed to conduct insurance business in the Kingdom of Cambodia if it is:

- a) not authorized by the competent authority.
- b) not registered for any classes of insurance as provided under Article 46 of this Law.

**Article 48:**

Prior to commencement of 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 certifying that the deposit of 10 percent of the registered capital has been deposited at the National Treasury of the Kingdom of Cambodia. This deposit shall be maintained until the company ceases its business operation in the Kingdom of Cambodia.

Provide document or letter certifying that the solvency margin has been maintained at a recognized bank in the Kingdom of Cambodia. This solvency margin shall be defined as per each type of 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 or capitalization.

State owned companies and mixed companies holding at least fifty one percent (51%) of state shares shall comply with the Law on General Statutes of Public Enterprises.

Private insurance companies 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 manages to handle the insurance business on behalf of the insurance company under clearly specified mandate.

An insurance broker is a legal person who carries out insurance business for the benefit to the Insured, providing 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 an Anukret.

## **CHAPTER 6 Penalties**

### **Article 52:**

Any person who violating 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 Anukret in accordance with each type of motor vehicles and construction projects.

### **Article 53:**

Any violation of Articles 44 or 48 of this law shall result to the imposition of fines from ten million (10,000,000) Riel to fifty million (50,000,000) Riel and the revocation of the license.

### **Article 54:**

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

## **CHAPTER 7 Transitional Provisions**

### **Article 55:**

Any person conducting businesses as specified in Article 40 of this law shall be required to carry an insurance policy from an insurance company no later than the 30th of June, 2001 after this law enter into force.

Any person that carries out business as specified under 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 enter into force.

The penalty specified in Article 52 of this law shall be applied after the two deadlines as mentioned above have 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

Signature

**Norodom Sihanouk**

Has submitted to the King for signature.

**Prime Minister**

Signature

Hun Sen

Has submitted to Samdech Prime Minister

**Senior Minister and Minister  
of Economy and Finance**

Signature

**Keat Chhon**