

CHAPTER 10: INSURANCE

Relevant Laws:

- Law on Insurance 2014
- Sub-Decree on Insurance 2021
- Prakas on Corporate Governance for Insurance Company 2024
- Other sectoral laws and many implementing regulations

Name of Institution	Key Functions and Services
IRC	<ul style="list-style-type: none">• Check and approve applications for insurance business licenses and registration.• Review annual financial reports of insurance companies.• Appoint an insurance inspector to inspect insurance companies.• Handle applications for voluntary liquidation for dissolution of an insurance company, appoint liquidators and monitor and supervise them.• Appoint a provisional administrator of an insurance company.• Provide mediation and conciliation services for the insurance sector.

I. BACKGROUND OF THE INSURANCE INDUSTRY IN CAMBODIA

Cambodia's insurance sector started in 1956 with the existence of some insurers to serve the needs of the country. However, the entire system was destroyed and abandoned in 1975 due to the Khmer Rouge regime. After the collapse of this regime, the insurance sector was stagnant for a couple of decades and resumed its development in the early 1990s but with few necessary regulations available to govern the sector. Since then, the first Insurance Law came into existence in 2000 along with supplementary regulations, which focused mainly on Non-Life "General Insurance" as opposed to Life Insurance. However, Life Insurance started to show a presence in the Cambodian insurance market in 2012.

In the last few years, it has become apparent that the Cambodian insurance market has significant potential for growth fueled by a fast-growing economy and increased income per capita, as well as increasing concern of Cambodians about the need for insurance. This has resulted in more investors and operators in the Cambodian insurance market. As more companies enter the market, this should increase competitiveness and increase the quality and terms of the insurance business services.

Therefore, mentioned as a pillar of Cambodia's economic stability in the RGC's Financial Sector Development Strategy 2016-2025, the insurance industry is becoming a vitally important financial industry in Cambodia and can serve as an indicator for the growth of the general economy. As a result, the growth in the insurance sector has necessitated the promulgation of the more modern and comprehensive Insurance Law in 2014 to ensure:

- sustainable development of the insurance sector;
- promotion of public interest and trust in the insurance sector;
- consistency with the basic principles of the international insurance sector; and
- benefits of the natural person or legal entity who has been insured.

In doing so, this Insurance Law provides rules for:

- strengthening the administration and control over the insurance sector;
- determining the management strategy of the insurance operation and business; and
- encouraging fair and just competition within the insurance sector.

II. KEY PROVISIONS OF THE INSURANCE LAW

A. Insurance Terms and Conditions

The Insurance Law lays down certain formalities that insurance companies must follow, such as the obligation to explain to the insured every condition in the insurance contract and the meaning of the insurance policy, insurance certificate and/or other relevant documents. For instance, the insurance policy or cover note should specify the insurance obligations between the insurance company and the insured.

Furthermore, any loss or damage caused by the risks covered in the insurance policy must be indemnified by the insurance company unless caused by intentional misconduct or by fraudulent act of the insured.

B. Insurance Categories

The Insurance Law divides insurance into two categories: General Insurance and Life Insurance. "General Insurance" includes property insurance, liability insurance, and health insurance. "Life Insurance" is defined as insurance by which the premium payment is made to cover either death or survival which may include insurance on accidents, serious illness, or normal sickness.