

INSURANCE & REINSURANCE

Guideline on Reinsurance Diversification

Introduction

On 6 August 2024, the Insurance Regulator of Cambodia ("IRC") issued Guideline No. 041 on Reinsurance Diversification ("**Guideline**"), aiming to ensure the safety and effectiveness of risk management and risk prevention for insurers.

The key features, among others, are outlined below.

Key Features

Reinsurance Diversification

Pursuant to the Guideline, insurers shall transfer any risk that exceeds its risk tolerance to a foreign reinsurer in accordance with the following conditions:

Credit rating or equivalent credit rating				Maximum level of risk transfer per agreement	
Standard & Poor	Moody	AM Best	Fitch	General insurance	Life insurance
AAA	Aaa	A++	AAA	<ul style="list-style-type: none"> 50% for leading reinsurer; 15% for each participating reinsurer 	100%
AA+	Aa1	A+	AA+		
AA	Aa2	A	AA		
AA-	Aa3	A-	AA-		
A+	A1	A	A+		
A	A2	A-	A		
A-	A3		A-		
BBB+	Baa1	B++	BBB+	10% for each participating insurer	60%
BBB	Baa2	B+	BBB		

Implementation of the Guidelines

In the event that a foreign reinsurer has different credit ratings under different credit rating agencies, the insurer shall apply the lowest credit rating when implementing the table above.

Insurer shall seek approval from IRC on any change or retention of a foreign reinsurer in the event that the credit rating of the foreign reinsurer falls below the minimum level as set out in this Guideline within 10 days after receiving the information on the downgrading.

If you have any queries on the above, please feel free to contact our team members below who will be happy to assist.

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