
Insurance & Reinsurance

New Sub-Decree on Insurance

Following the promulgation of the new Law on Insurance ("**Law on Insurance**") in 2014, the Royal Government of Cambodia ("**RGC**") issued a Sub-Decree No. 275 ANKr.BK on Insurance on 30 December 2021 ("**New Sub-Decree**"). This New Sub-Decree on Insurance abrogates the previous sub-decree dated 22 October 2001.

The New Sub-Decree applies to all insurance activities in Cambodia with an exception on micro-insurance activities (which will be governed under a separate sub-decree and related regulations).

The New Sub-Decree, consisting of 10 chapters and 106 articles, sets out, in greater clarity compared to the previous 2001 sub-decree, the rules, procedures and formalities for the management and supervision of insurance activities in order to ensure good governance, efficiency, fair and open competition, and protection of public's interest, and to promote public's trust in the insurance sector in compliance with the Law on Insurance.

This Update highlights, amongst others, the key features under the New Sub-Decree.

1. Insurance Regulator

The regulator for the insurance sector in Cambodia shall be the **Insurance Regulator of Cambodia ("IRC")**, which shall have the following competence:

- i. To prepare and propose relevant regulations to manage and supervise the insurance business in accordance with the Law on Insurance and the New Sub-Decree to the **Non-Banking Financial Services Authority ("NBFS")** for issuance and to put into implementation;
- ii. To manage and supervise the insurance business operations in Cambodia; and
- iii. To create and manage the insurance development fund to promote the development, support and public education about insurance.

2. Insurance Agreement

All insurance agreements which provide for the benefits to the insured (whether individual person or legal entities) against all risks, whether life or general insurance, shall be entered into with insurance companies which are duly licensed to operate in the Kingdom of Cambodia.

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An insurance agreement shall have the following minimum components:

- i. Insurance Policy/Schedule; and
- ii. Insurance Certificate.

The New Sub-Decree further provides for in detail the requirements and conditions governing the insurance agreement, including minimum contents and the requirement for the agreement to be written in the local (Khmer) language (which shall be the prevailing language in case of multiple languages being made).

In relation to re-insurance, all re-insurance agreements (whether inward or outward) must obtain prior approval from IRC. General guidelines on reinsurance will be further specified in the implementing regulation (Prakas) to be issued by NBFSA.

3. Compulsory Insurance

The New Sub-Decree also provides for further clarification on the three categories of compulsory insurance (which were specified in the Law on Insurance): (i) motor vehicle third party liability insurance; (ii) construction site insurance; and (iii) passenger transportation liability insurance.

4. Licensing of Insurance Establishments

Insurance Establishments refer to (i) insurance companies; (ii) insurance agents; (iii) insurance brokers; (iv) loss adjusters; and (v) actuaries. The details of procedures and requirements of each licence will be determined in separate Prakas to be issued by NBFSA.

Additionally, the insurance establishments are required to observe and comply with the relevant obligations and requirements in relation to corporate governance and financial management in accordance with Section 2 and Section 3 of Chapter 5 of the New Sub-Decree.

5. Non-Admitted Insurance

Non-admitted insurance is allowable for insurance covering risks in relation to international transportation of goods via road, maritime or air.

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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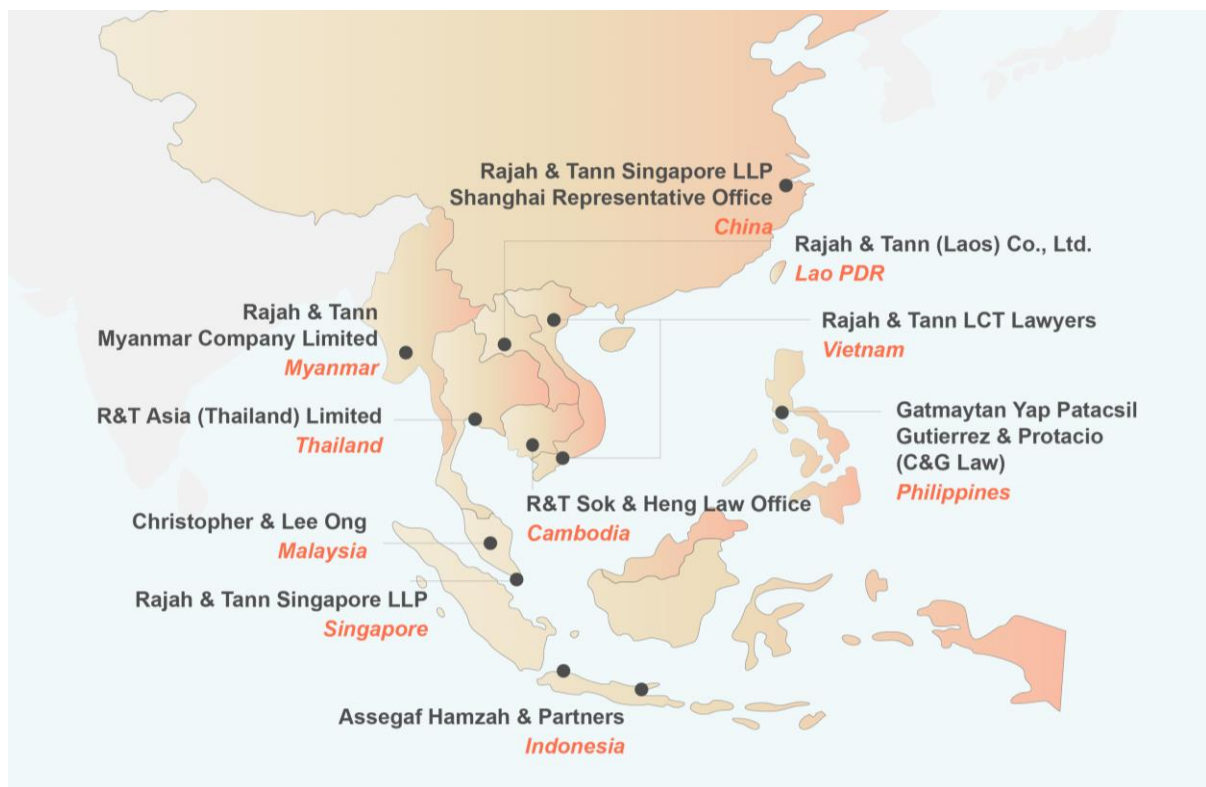
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