

Unofficial Translation

KINGDOM OF CAMBODIA
Nation - Religion - King

Royal Government

SUB-DECREE
ON
INSURANCE

Adopted by the Council of Ministers on September 21, 2001

The Royal Government

- Seen the Constitution of the Kingdom of Cambodia;
- Seen the Royal Decree No. NS/RKT 1198/72 dated November 30, 1998, on the Appointment of the Royal Government of Cambodia;
- Seen the Royal Kram No. 02/NS/94 dated July 20, 1994 promulgating the Law on the Organization and Functioning of the Council of Ministers;
- Seen the Royal Kram No. NS/RKM/0196/18 dated January 24, 1996 promulgating the Law on the Creation of the Ministry of Economy and Finance;
- Seen the Royal Kram No. NS/RKM/0700/02 dated July 25, 2000 promulgating the Law on Insurance;
- Seen the Sub-Decree No. 04/ANKr/BK dated January 20, 2000, on the Organization and Functioning of the Ministry of Economy and Finance;
- Having approved by the Council of Ministers at the plenary session held on September 21, 2001.

IT IS HEREBY DECIDED

CHAPTER I: General Provisions

Article 1: As used in this sub-decree, the term "Insurance" refers to an insurance contract whereby an insurance applicant, as contracted, pays the insurance premium to the insurer, and the insurer bears a liability to indemnify for property loss and damage caused by occurrence of accidents or when the insured sustains death, physical injury, disability or sickness, or when the Insurance reaches the maturity agreed by both parties.

Article 2: This sub-decree applies to all insurance activities operated in the Kingdom of Cambodia.

Article 3: In carrying out the insurance business, the insurance company, agent and broker shall follow the principle of fair competition in accordance with the provisions of this sub-decree.

Article 4: The Ministry of Economy and Finance shall be responsible for the controls and supervisions over the insurance business in accordance with the provisions of this sub-decree.

CHAPTER II: INSURANCE CONTRACT

Section 1: General

Article 5: Parties to the insurance contract include:

1. Insurers
2. Insured persons

The insurers refer to insurance companies, agents and brokers.

The insured refers to a person who enters into an insurance contract with an insurer.

Article 6: The insured has the following obligations:

1. Paying the insurance premium in full amount to the insurance company as agreed;
2. Upon an occurrence of any claim, the insured shall immediately give notice to the insurance company;
3. Cooperating to provide the information and documents relating to the claim at the insurance company's requirements.

Article 7: The insurance company has obligations:

1. to indemnify for any loss or damage upon the claim occurrence, which is accidentally caused by coincidence, natural disasters, and any reasons which are not willful act of the insured;
2. to timely pay the claim according to the degree of damage and the sum insured.

Article 8: To enter into an insurance contract, the insured shall submit to the insurance company a proposal for insurance or directly come to make declaration at the insurance company or through the insurance agent. Based on this proposal and declaration, the insurance company shall issue an insurance policy which requires the insurance company to bear a liability to indemnify for any loss or damage which may eventually occur.

The insurance policy is a document reflecting the form of a specific insurance contract and creating the evidence of the contract. Such document shall be signed by the insurance company or agent. When entering into the insurance contract, the insured may make a discussion with the insurance company to opt to enter into a short-term or long-term contract as agreed.

Article 9: In case of necessity and urgency that the contract cannot be made and the insurance policy cannot be issued, the insurance may be made by temporarily using a "cover note".

The cover note is a document issued by the insurance company or agent. This document substitutes for the insurance policy or is an additional contract pending the issuance of the final insurance policy. When issuing the cover note, both parties shall sign therein, and the insured shall pay the same insurance premium as agreed in the insurance policy.

Article 10: The insurance policy is a proof of the insurance contract made in writing and filled out with the insured's purposes subject to mutual agreement between both parties of the contract.

Conditions of the insurance contract shall be divided into two main sections: general conditions and specific conditions.

1. General conditions are documents determining two key principles regarding:
 - a) types of risks to be insured
 - b) types of risks not to be insured
2. Specific conditions referred to as "Insurance Certificate" are documents containing the insured's particular purposes as declared in his/her insurance proposal and requiring the signature of the insurance company.

Article 11: Payment of the insurance premium is the first obligation of the insured. The insurance premium shall be paid according to the insurance period and the sum insured based on the insurance premium table of each company.

For the payment of the insurance premium, the insured may negotiate with the insurance company to decide whether to pay totally or in installments.

Article 12: A 10-day notice shall be given to the insurance company in advance if the insured wishes to cancel the insurance before the expiry date. Based on reasonable grounds, the insurance company will refund the insured ninety (90) percent of the remaining premium.

In case of requesting to terminate the insurance after the risk occurred and the company has already paid the claim, the insurance company shall not refund the insurance premium for the remaining period.

Article 13: In case of moratorium for major repair, a notice shall be given by the insured to the insurance company within at least ten (10) days in advance. The insurance company shall refund the ninety (90) percent of the insurance premium for a period of such postponement following the resumption.

Article 14: In case that the insured is bankrupt before the due date specified in the insurance contract, a notice of such event shall be delivered to the insurance company within ten (10) days at the latest prior to the declaration of such bankruptcy by a registered letter or a letter with a

duly acceptance. The insurance company shall refund ninety (90) percent of the remaining premium.

Article 15: Only the endorsement for the insurance renewal that the insurance premium shall be paid suitable to such additional insurance term. For other endorsement, the insured shall pay the insurance company only the defined policy cost.

Article 16: In case that the insured or persons who suffer the loss and damage of property, or sustain physical injury, disability or death, shall have certain necessary and relevant documents certified as true by a competent authority so that the insurance company uses it as a foundation of claim settlement based on the real facts.

Article 17: Procedure of claim settlement shall be firstly based on a compromise basis between the insurance company and the insured or suffered third party. If such negotiation fails, the case shall be forwarded to arbitrators for settlement. In the case that both parties are still different, the disagreed party may sue the competent court in the Kingdom of Cambodia.

Article 18: To inspect, verify and assess the damage upon an occurrence of a claim, the insurance company may assign its claim officer to do such work and directly settle the claim or hire an independent loss adjuster to carry out such work on its behalf.

All relevant claim-supporting documents developed by such loss adjuster are served as the basis for indemnification against damage based on the real facts.

Article 19: Loss adjuster is a legal entity independent of the insurance company and has duties to inspect, verify and assess the damage upon an occurrence of the claim, and finally issue documents regarding the damage assessment on which the insurance company based to settle the claim. Loss adjuster conducts its operation by inspection fees paid by the insurance company according to mutual agreement.

Section 2: Property Insurance

Article 20: In the case that the insured has died, the insurance shall be handed on to an heir of subject matter insured. The heir shall have the same obligations as the insured. For such condition, the heir shall notify the insurance company of the first insured's death and propose the company to produce an endorsement in order to officially transfer the insurance into his own name.

The insurance company and successor, however, shall have rights to cancel the first insurance contract according to the spirit of this sub-decree.

Article 21: In case of resale of the subject matter insured, the insurance shall be valid to the new owner if such owner immediately notifies the insurance company and requests to make endorsement to officially transfer the insurance into his own name.

The reseller still bears a liability to pay the insurance premium as contracted in the event that he fails to notify the insurance company through a registered letter or a letter with duly certified acceptance.

The insurance company and new owner, however, shall have rights to definitively cancel the first insurance contract.

Article 22: Following a notification through a formal letter to the insurance company within twenty four hours at the latest after the resale, the seller shall have rights to withdraw ninety (90) percent of the insurance premium for the remaining period if the new owner fails to come forward and request to make an endorsement to officially transfer the insurance into his own name.

Section 3: Life and Personal Accident Insurance

Article 23: If the age of the insured declared by the applicant is not true to the fact, the insurance company may cancel its insurance contract within only two (2) years and refunds the applicant the insurance premium following a deduction of fees for the insured period.

Article 24: If the age of the insured declared by the applicant is not true to the fact, which hereby cause the applicant paying an insurance premium less than the insurance premium payable, the insurer shall have the rights to demand the applicant to make up the insurance premium or pay the insurance benefit according with the percentage of the actually paid insurance premium to the insurance premium payable.

Article 25: If the age of the insured declared by the applicant is not true to the fact, which hereby cause the applicant paying an insurance premium more than the insurance premium payable, the insurer shall return the insurance premium collected in excess to the applicant.

Article 26: The insurance contract for death shall be nullified unless the insured firstly agrees in writing on the insured sum. However, the life insurance effected by parents of a minor child under their charge shall not be subject to the above condition.

Article 27: An applicant, after the contract is signed, may pay full insurance premium in one installment to the insurer, and also may pay the insurance premium in installments as agreed.

Where a contract stipulates the insurance premium to be paid in installments, the applicant shall pay the initial payment of insurance premium at the time the contract is entered into, and shall pay the insurance premium for various remaining installments as scheduled.

Article 28: The beneficiary of lie insurance shall be appointed -by the insured or the applicant.

The applicant must be subject to approval by the insured when appointing the beneficiary.

Article 29: An insured or an applicant may appoint one or several persons as the beneficiary.

If the beneficiary includes several persons, the insured or the applicant may decide the order for benefit and their shares of benefits; if no share of the benefit is decided, the beneficiary shall have the equal amount of rights on benefit.

Article 30: An insured or an applicant may change the beneficiary and shall notify the insurer in writing. The insurer shall, after receiving the written notification on the change of beneficiary, mark it on the insurance policy.

An applicant must be subject to approval by the insured when changing the beneficiary.

CHAPTER III: COMPULSORY INSURANCE

Section I: Motor Vehicle Third Party Liability Insurance

Article 31: The main purpose of motor vehicle third party liability insurance is to indemnify any person who suffers from traffic accidents and sustains a physical injury, disability, death or property damage caused by all types of motor vehicles.

The following motor vehicles shall be required to have the third party liability insurance:

- All types of motor vehicles used for commercial purpose, transporting goods, passengers and tourists within the Kingdom of Cambodia,
- All types of motor vehicles belong to companies, enterprises and factories.
- All types of motor vehicles of Non-Governmental Organizations, international organizations and associations.
- Cement mixers moved from one place to another by its own machine or by being towed.
- Tricycles used for commercial purpose, transporting goods or passengers.

Article 32: All insurance contracts provided in Article 31 shall be issued by an insurance company, which is duly registered and licensed by competent institutions to operate in the Kingdom of Cambodia.

Article 33: The third party insurance shall not indemnify motor vehicle owners, drivers, caretakers and persons living under the direct responsibility of motor vehicle owners who sustain physical injury, disability or death in the event of traffic accidents. The abovementioned persons shall hold other particular insurance policies.

Article 34: Upon an occurrence of a traffic accident, the motor vehicle owner or driver shall immediately notify the insurance company by all means. Moreover, the former shall cooperate to provide information and documents pertaining to the event so that the latter expeditiously settle the claim based on the actual event.

Article 35: The insurance company, which provides the liability insurance for commercial motor vehicles on the road, shall immediately indemnify the victim in compliance with the following procedures:

1. Any third party who properly obeys the traffic law and sustains a physical injury or property damage caused by the commercial motor vehicles on the road shall be timely and properly indemnified by the insurance company for loss or damage according to the degree of such damage.
2. All parties shall endeavor to reach an agreement by indicating in writing the agreement on the cause of such accident and properly and sufficiently filling out a report of such accident.
3. If such agreement cannot be reached, all parties shall seek an intervention from traffic police to make an accident observation note and graph. The parties concerned shall negotiate on claim settlement based on these two documents. In the case that an accident occurs in a remote area where there has no ground traffic police, the motor vehicle owner or driver shall contact local competent authorities to certify the accident report.
4. In the event that the parties concerned still disagreed, the disagreeing party may make a complaint to the court where such accident occurred for the settlement under the laws.

Article 36: When it is required by competent authorities, each motor vehicle owner shall prove the insurance certificate.

Article 37: The owner of the commercial motor vehicle who has already had the third party liability insurance shall have to stick an insurance sticker, delivered by the insurance company, on the windshield of the motor vehicle.

Article 38: For marine insurance and aviation insurance will be determined in a specific sub-decree.

Section 2: Construction Insurance

Article 39: The construction liability insurance is beneficial to the protection of interests of any third party living around the construction site or passing through or nearby the construction site. All accidents regardless of physical injury or property damage of a third party caused by construction activities shall be under the responsibility of the construction site owner, contractor or sub-contractor.

Article 40: Types of constructions which an insurance is compulsory includes all buildings, repairing, and erection under a responsibility of entrepreneur, contractor or sub-contractor save for legal entity under public law in charge of construction, repair or erection work for public interests. Exemption in part or as a whole may be agreed by the Ministry of Economy and Finance confirming that they are able to quickly and adequately repair all damage. It shall be exempted for any small-scale construction or repair, which does not require an approval of design project from a competent institution.

Article 41: The insurance policy provided in Article 40 of this sub-decree shall be issued by an insurance company duly registered in the commercial register and licensed to operate the insurance business in the Kingdom of Cambodia.

Section 3: Insurance for Passenger Transport

Article 42: The insurance for passenger transport is beneficial to the protection of rights and interests of passengers being transported by various transport means. Such insurance requires the owner of transport means to comply with transport standards; i.e., not loading with people more than the authorized number of seats, and to regularly take care of his/her own transport means in good manner.

Article 43: All types of transport means holding licenses to operate the transport business in the Kingdom of Cambodia shall have liability insurance for passengers being transported on their own means of transport.

Article 44: The insurance policy provided in Article 43 of this sub-decree shall be issued by an insurance company duly registered in the commercial register and licensed to operate the insurance business in the Kingdom of Cambodia.

Article 45: Upon an occurrence of an accident pertaining to passengers who are getting on, traveling on or getting off the transport means, the driver or owner of the transport means shall immediately inform his/her insurance company. Furthermore, he/she shall seek all means to save the victim.

CHAPTER IV: INSURANCE COMPANY, AGENT, BROKER, AND LOSS ADJUSTER

Section 1: Insurance Company

Article 46: All insurance companies shall not be allowed to operate the insurance business in the Kingdom of Cambodia if such companies:

1. have not been licensed by:
 - a. The Royal Government at the request of the Ministry of Economy and Finance if the insurance company is owned by the State or a joint venture between the state and private holding at least fifty one (51) percent being the state shares.
 - b. The Ministry of Economy and Finance for the private insurance company.
2. have not been registered in any classes of insurance as provided in article 46 of the insurance law.

Article 47: Every insurance company shall submit its application form to the Ministry of Economy and Finance to obtain a license to operate the insurance business in the Kingdom of Cambodia.

When submitting the application form, the applicant shall provide the following documents:

1. Application form in writing indicating the business class, registered capital, and business scope of the insurance company to be established;
2. Statute of the insurance company to be operated;

3. Estimated financial statement of first three accounting periods;
4. List of shareholders' names and table of each shareholder's share;
5. Curriculum vitae of key officers and managers to be appointed and criminal records of such officers and managers;
6. Principles and operation project;
7. Information of locations determined by the company to do the business;
8. Samples of the insurance policy, endorsement, and printed letters used for distribution to the general public or for advertisement relating to each operation; and
9. Other necessary documents according to each insurance business class, required by the Ministry of Economy and Finance.

Article 48: Every application for license of any foreign insurance company shall be accompanied with other documents in addition to the documents specified in items 1-9 of the preceding article. Such documents include:

1. Balance sheet and profit and loss account of last three accounting periods;
2. Letter of appointment of legal entity or natural person qualified to be a mandatory;
3. Information of place where the foreign company requested to locate its branch office in the Kingdom of Cambodia;
4. Translation of a certificate issued by competent authorities certified that the company has legally operated in the home -country.

Article 49: The first license to be issued to all types of insurance companies shall be valid for 5 years from the date of issuance. As for the business license for renewal shall be valid for 3 years from the date of issuance. These licenses are not alienable.

Article 50: Within one month at the latest prior to the invalidity of the license, the concerned insurance company shall submit an application for renewal to the Ministry of Economy and Finance. During this period, the insurance company still has rights to operate its usual business up to the date the Ministry of Economy and Finance considers and decides whether to grant a new license or postpone the business for any reason.

Article 51: In case of documents falsification or providing false information pertaining to the application for the first license or the license renewal, the Ministry of Economy and Finance has rights to refuse the consideration, suspend activities and/or finally revoke the license and may sue the Court according to de facto mistakes against the concerned company that is the applicant.

Article 52: Payment for fees for the first license issuance and license renewal shall be determined by a Prakas of the Ministry of Economy and Finance.

Article 53: In accordance with article 48 of the Insurance Law, an insurance company established under local laws and each branch office of the foreign insurance company, prior to the commencement of business operation, shall prove evidences that capital fund payment has been made or its first capital endowment has been received to do whatever to ensure the fulfillment of obligations to make a deposit in a special account at the National Treasury and the

maintenance of solvency margin in a particular account at a commercial bank licensed by the National Bank of Cambodia, and under certain conditions as follow:

1. Solvency Margins:
 - a. shall be defined according to each type of the insurance company as provided in article 56 of this sub-decree.
 - b. shall further top up to the full amount by the concerned insurance company within 30 days at the latest starting from the date of receiving an absolute instruction of the Ministry of Economy and Finance once the solvency margin has been used and the balance is remained under an official limit. If not doing so, the concerned company shall be punished under article 53 of the Insurance Law.
2. Deposit:
 - a. shall be at least 10% of the registered capital.
 - b. shall be permanently maintained in an account of the National Treasury until the insurance company finally ceases its business operation.
 - c. shall not be included in the liquidity to work out the sufficiency of solvency margin provided in point 1 of this article 53.
 - d. shall be further put up to the full amount by the concerned insurance company within 30 days at the latest starting from the date of receiving an absolute instruction of the Ministry of Economy and Finance once the deposit is less than an official limit. If not doing so, the concerned company shall be punished under article 53 of the Insurance Law.
3. Cash for current activities:
 - a. shall be under the direct control and usage of the concerned company, including the revenue from the insurance premium.
 - b. when the cash is not sufficient for the insurance operation, the concerned company may further use the solvency margin.

Article 54: For the branch office of the foreign insurance company to be located and operated within the Kingdom of Cambodia, the parent company shall submit to the Ministry of Economy and Finance the following application forms for setting up its branch office:

1. Statute notarized by a competent authority of the home country.
2. Resolution consistent with the Statute on the establishment of the branch office in the Kingdom of Cambodia.
3. Letter of approval issued by a supervisory authority of the origin country, which allows the concerned company to establish the branch office in the Kingdom of Cambodia.
4. Resolution to appoint qualified persons to manage the branch office in the Kingdom of Cambodia.
5. Financial statements of last three accounting periods, notarized by an independent auditor of the origin country.

6. Criminal record issued by the country of origin and curriculum vitae of persons who manage the branch office.
7. Other necessary documents required by the Ministry of Economy and Finance according to each business class.

Article 55: The deposit stated in Article 53, 85 and 86 of this sub-decree may be in Riel or foreign currency and/or letter of guaranty of the Royal Government of Cambodia.

Article 56: All classes of insurance companies shall have adequate fund to ensure solvency margin. Solvency margin is a reserved fund for claims settlement unexpectedly occurred or the settlement of claim which is more than the reserve fund the company created from the insurance premium collected. The minimum of solvency margin shall be defined according to the significance of each type of the insurance company as follows:

1. For the life or general insurance company, the minimum of solvency margin shall be:
 - a. Fifty percent (50%) of the duly registered capital for the initial operation year;
 - b. 13,300 million Riels when total insurance premium revenue does not exceed 66,500 million Riels after deduction of total reinsurance premium of previous fiscal years;
 - c. Twenty percent (20%) of total insurance premium gained in previous fiscal year when the total premium insurance gained is of from 66,500 million Riels to 332,500 million Riels after deducting total reinsurance premium of previous year; and
 - d. 66,500 million Riels plus ten percent (10%) of insurance premium surplus which is more than 332,500 million Riels generated by deducting the total reinsurance premium of previous year from the total insurance premium.
2. For the life and general insurance company, the solvency margin specified in point (1) of this article, to whatever extent, shall be at least 26,600 million Riels.

Article 57: Any of the following modifications of the licensed state owned insurance company must be subject to approval by the Ministry of Economy and Finance:

1. Change of its insurance class;
2. Change in its registered capital;
3. Change of business places of the company or its branch organization;
4. Adjustment of its business scope;
5. Split or merge of the company;
6. Change of the shareholders who own more than 10 percent of the total shares; and
7. Other modifications stipulated by the Ministry of Economy and Finance.

In case that an insurance company intends to change its chairman of board of directors or its general director, such company shall report to the Ministry of Economy and Finance for examining qualifications for the position.

Article 58: Establishment of branch or representative office of the State insurance company that have had the license in areas in the Kingdom of Cambodia shall be approved in advance by the Ministry of Economy and Finance.

Article 59: The insurance company shall be under the scope as follows:

1. Property insurance includes insurance on property loss and damage, liability, construction, erection, transport by road, air and sea, travel, marine hull, aircraft hull and trade credit.
2. Personal accident insurance includes life, health and accident to individuals.

All insurance company may operate the insurance business only under the scope specified in the license save for the insurance on accidents and workmen's compensation that all insurance companies may conduct the same operation.

Article 60: All insurance companies can operate the reinsurance for:

1. Outward reinsurance; and
2. Inward reinsurance.

Article 61: The retention of insurance premium of the property insurance company for each operating year shall not be more than four (4) times of combination of current capital and reserve fund. The surplus will be reinsured.

Article 62: Liability of the insurance company for each risk factor means that the liability for maximum damage caused by each accident cannot exceed ten percent (10%) of combination of current capital and reserved fund of the insurance company. The surplus, if any, shall be reinsured.

Article 63: In the case that an insurance company needs to effect an outward reinsurance, all companies operating in the Kingdom of Cambodia shall be given a priority.

Article 64: All insurance contracts with total sum insured less than or equal to five hundred thousand US dollars (500,000 US dollars) shall be reinsured with insurance companies in the Kingdom of Cambodia save for life insurance contract.

Article 65: If an insurance company fails to register in the commercial register within six (6) months from the date of obtaining the license without acceptable reasons, such license shall automatically become invalid.

Article 66: All insurance companies licensed to operate the insurance business in the Kingdom of Cambodia shall use at least seventy five percent (75%) of its reserve fund as provided in Article 56 of the present Sub-decree for reinvestment in the Kingdom of Cambodia.

Article 67: Except for life insurance business, all insurance companies shall reinsure at least twenty percent (20%) of insurance service contracted by such company to the state owned

reinsurance company at the minimum insurance premium rate defined by the Ministry of Economy and Finance as provided in article 89 of this sub-decree.

Article 68: Should it is found that an insurance company is in the insolvent circumstance that it cannot sufficiently secure its contract or cannot insure the degree of coming risks, the Ministry of Economy and Finance shall remind in writing and absolutely instruct such company to develop a clear financial program so that the company can be restored to an original state. If such insurance company is unable to restore under the above absolute orders the Ministry of Economy and Finance has the rights to forbid the use of the company's assets in the Kingdom of Cambodia until a final settlement is reached.

Article 69: With approval from the Ministry of Economy and Finance, all insurance companies may transfer partly or totally the unexpired insurance portfolios which are acceptable to one insurance company or more.

Article 70: If a life insurance company has been dissolved and declared bankrupt in accordance with laws, the life insurance contract and reserved fund under its possession shall be transferred to other life insurance companies. In the event that the concerned company is unable to take this measure the Ministry of Economy and Finance shall point out one or more names of life insurance companies to accept the currency of such life insurance contract.

Article 71: License given to an insurance company, agent and broker, and loss adjuster may be revoked at any time if each:

- does not fully meet the required conditions;
- or cannot accomplish within an agreed period all planned measures in accordance with redirection program;
- or is seriously fails in fulfillment of obligations required by the existing regulation.

The branch office of the foreign insurance company that is operating its business in the kingdom of Cambodia shall timely provide the Ministry of Economy and Finance with necessary information in respect of capital change, composition of shareholders, and bankruptcy of its parent company in the foreign country.

In the case that a license has been revoked from a foreign parent insurance company by competent authorities, the Ministry of Economy and Finance would also immediately revoke a license issued to such company's branch office in the Kingdom of Cambodia to have the branch office winded up under laws.

Reasons for decision to withdraw the license or postponement of operation shall be clearly specified in writing and sent to the concerned parent company.

Decision to withdraw the license shall be published in the Royal Journal.

Article 72: Decision to ultimately revoke the license from an insurance company will lead to a legal dissolution of the company.

Article 73: Apart from compliance with the Insurance Law, all types of insurance companies including branch offices of foreign insurance companies shall be subject to the provisions of relevant laws on management of commercial companies, public enterprises, the State-private joint ventures, taxation, and administration of the Kingdom of Cambodia.

Section 2: Insurance Agent, Broker and Loss Adjuster

Article 74: Each insurance company shall specify the scope of liability and functioning as well as other conditions of the insurance agent and broker operating the insurance business in accordance with the lawful agreement.

Article 75: A legal entity or natural person who intends to operate the insurance business as an insurance agent or broker or loss adjuster in the Kingdom of Cambodia shall submit the application form with attached documents required by and to the Ministry of Economy and Finance for the business license, and shall be apply for commercial registration under the laws.

Article 76: All insurance agents and brokers and loss adjuster cannot operate the insurance business in the Kingdom of Cambodia without a license granted by the Ministry of Economy and Finance.

Article 77: A license to be granted to the insurance agent and loss adjuster shall be valid for three (3) years from the date of issuance. These licenses are not alienable for any reason.

Article 78: A license granted to the insurance broker shall be valid for one (1) year from the date of issuance. This license is not alienable for any reason.

Article 79: Within one month at the latest prior to the invalidity of the license, the insurance agent and broker and loss adjuster shall submit an application for license renewal to the Ministry of Economy and Finance. During this period, the concerned company still has rights to operate its usual business up to the date of receiving a new license or a notice of rejection with or without condition from the Ministry of Economy and Finance following a comprehensive study of the application form for the license renewal.

Article 80: In case of documents falsification or providing false information pertaining to the application for the first license or the license renewal, the Ministry of Economy and Finance has the rights to refuse the consideration, suspend activities and/or finally revoke the license and may sue the Court according to de facto mistakes against the concerned company that is the applicant.

Article 81: Fees for the first license issuance and license renewal to be paid by the insurance agent and broker and loss adjuster shall be determined by a Prakas of the Ministry of Economy and Finance.

Article 82: A legal entity or natural person that obtained a license to act as an insurance agent on behalf of a insurance company or more shall give a notice of its business operation to the Ministry of Economy and Finance.

Article 83: Any loss or damage to the insured caused by misconduct of the insurance broker, the latter shall bear liability to settle a claim according to the actual damage.

Article 84: The insurance agent and broker and loss adjuster that acquired the license shall set up its office in the Kingdom of Cambodia with its office address clearly specified in the granted license. If it needs to change the office address in the Kingdom of Cambodia, a letter in writing on this purpose shall be delivered to the Ministry of Economy and Finance within one (1) month prior to the change.

Article 85: The insurance agent and loss adjuster that acquired the license shall put a deposit equivalent to US\$ 10,000 (ten thousand US dollars) at the National Treasury of the Kingdom of Cambodia.

Article 86: All insurance brokers that have obtained the license shall make a deposit equivalent to US\$ 50,000 (fifty thousand US dollars) at the National Treasury of the Kingdom of Cambodia.

In addition, the insurance broker prior to the commencement of its business shall have professional liability insurance with a sum insured equivalent to US\$500,000 (five hundred thousand US dollars) evidenced by a copied insurance certificate to be sent to the Ministry of Economy and Finance.

Article 87: The insurance agent, broker and loss adjuster shall make a clear accounting rule with a prior approval from the Ministry of Economy and Finance to manage the revenue and expense of its respective profession in an accurate manner.

CHAPTER V: STATE CONTROL

Article 88: The control of all types of insurance companies in the Kingdom of Cambodia shall be under the competence of supervisory officer appointed by the Ministry of Economy and Finance based on their abilities, skills and experience in such sector.

Article 89: The Ministry of Economy and Finance shall set forth a minimum tariff to be applied to major risks to ensure the market stability and direct the market competition. The minimum tariff shall be not applied to the life insurance class.

The minimum tariff as provided in the first paragraph of article 89 may be adjustable to the economic situation by a Prakas of the Ministry of Economy and Finance.

Article 90: All classes of the insurance companies shall deposit as a proof the sample of the insurance application form, general conditions of insurance policy, sample of the insurance certificate, and other printed documents to be distributed to the public or for the purpose of advertisement to the Ministry of Economy and Finance.

The Ministry of Economy and Finance may require changes of content of any documents as prescribed in the above paragraph inappropriately used for the insurance operation or of the company's capitalization.

Article 91: If the statute of any insurance company has been changed, the concerned company shall submit to the Ministry of Economy and Finance within fifteen (15) days after the general meeting of the company the text of amendment to such statute and other relevant documents.

All insurance companies firstly shall submit to the Ministry of Economy and Finance the list of tariff the company prepared to apply with customers to ensure the transparency of its competition in the insurance market.

Article 92: All insurance companies, agents, brokers and loss adjuster subject to the state control shall be under monitoring of the supervisory officer appointed by the Ministry of Economy and Finance. At any time, in addition to the reports examination, the supervisory officer may conduct a site inspection of operations of each insurance business.

Article 93: Every legal entity or natural person that obtained mandate to enter into contracts or supervise insurance companies, agents or brokers and loss adjuster shall be controlled by the insurance supervisory officers. The officers may verify accounting agendas and records, other accounting documents whether by simple method or information system, and all types of documents of the company which are required for study and investigation.

Article 94: All insurance companies, agents, - brokers, and loss adjuster shall provide the supervisory officers who perform these duties with documents as described in Article 93 of this sub-decree and relevant persons in order to facilitate attainable inspection and verification in a high transparent and accurate manner.

The supervisory officers shall report the result of their inspection or verification and note to the Ministry of Economy and Finance to timely take appropriate measures according to the de facto mistakes.

Article 95: Within three (3) months from the end of each accounting period, the insurance company, agent, broker, and loss adjuster shall submit to the Ministry of Economy and Finance the resolution of the ordinary general meeting, the report of executive body, auditor and board of directors, and financial statements as well as other necessary documents of the company for recently ended accounting period.

Article 96: At the beginning of each month, the insurance company, agent, broker, and the loss adjuster shall prepare business statistics in previous month and submit as a regular report to the Ministry of Economy and Finance for examination.

Article 97: The insurance companies, agents, brokers, and the loss adjuster shall prepare its business statistics and monthly submit to the Ministry to the Ministry of Economy and Finance by reflecting:

1. Business Transaction:
 - a. number of insurance policies issued to clients dividing into classes of business.
 - b. inception date of each insurance policy.
 - c. expiry date of each insurance policy.
 - d. total sum insured.
 - e. insurance premium rate.
 - f. discount rate.

2. Claim Settlement
 - a. number of insurance policies with loss records.
 - b. nature of loss and claim amount paid.
 - c. nature of loss occurred and outstanding claim amount.

CHAPTER VI: PENALTY

Article 98: Any person who violates Article 31, 40 or 43 of this Sub-decree shall be punished as provided in Article 52 of the insurance law.

Article 99: Any person who violates Article 46 of this Sub-decree shall be punished as provided in Article 54 of the insurance law.

CHAPTER VII: TRANSITIONAL PROVISIONS

Article 100: Construction owners, contractor or subcontractor, from the date this Sub-decree takes effect, as provided in Article 40 of this Sub-Decree shall have the insurance on its liability. Such insurance contract shall be entered into with any insurance company that has the license to operate the business in the Kingdom of Cambodia and cannot be made with any insurance company operating outside Cambodia.

Article 101: As of January 1, 2002, owners of all types of commercial motor vehicles as provided in Article 31 of this Sub-decree shall purchase the liability insurance for their motor vehicles. Such insurance policy shall be purchased from any insurance company licensed to operate the business in the Kingdom of Cambodia and cannot be purchased from any company outside Cambodia.

Article 102: As of January 1, 2002, owners of means of passenger transport of all types as provided in Article 43 of this Sub-decree shall have the liability insurance for passengers transported by their means of transport. Such insurance policy shall be purchased from any insurance company licensed to operate the business in the Kingdom of Cambodia and cannot be purchased from any company outside Cambodia.

CHAPTER VIII: FINAL PROVISIONS

Article 103: The Minister in charge of the Office of the Council of Ministers, the Minister of Economy and Finance, and the Ministers of Ministries, Secretariats of State and concerned institutions shall comply with this sub-decree accordingly to its respective duties.

Article 104: Any provisions contrary to this sub-decree shall be null and void.

Article 105: This sub-decree comes into effect from the date of signature onward.

The Prime Minister
Signed and sealed
Hun Sen

Copied to:

- The Cabinet of the King
- General Secretariat of the Senate
- General Secretariat of the National Assembly
- The Cabinet of Samdech Prime Minister
- Archives - records