

**Kingdom of Cambodia**  
**National Religion King**

**Royal Government of Cambodia**

- Ministry of Economy and Finance
- Ministry of Land Management Urban Planning and Construction
- Ministry of Interior

No. 655 PrKr. SHV. DNS. PH

Phnom Penh, 16<sup>th</sup> October, 2002

Inter-ministerial Prakas  
On  
Compulsory Insurance for Contractor's All Risk Liability

Ministries  
Of  
Economy and Finance –Land Management Urban Planning Construction-Interior

- Referring to the constitution of Kingdom of Cambodia
- Referring to Royal Decree N<sup>o</sup> NS/RKT/1198/96 dated 25 November 1998 on nomination of Prime Minister of the Royal Government of Cambodia.
- Referring to the Royal Decree N<sup>o</sup> NS/RKT/1198/72 dated 30 November, 1998 on formation of Royal Government of the Kingdom of Cambodia
- Referring to Preah Reach Kram N<sup>o</sup> 02/NS/94 dated 20 July 1994 on Promulgation of the Law on organization and Functions of the Council Ministers
- Referring to the Preah Reach Kram N<sup>o</sup> NS/RKM/0196/08 dated January 24, 1996 promulgating the law on formation of the ministry of Interior
- Referring to Preah Reach Kram N<sup>o</sup> NS/RKM/0196/18 dated 24 January 1996 promulgating the law on establishment of the Ministry of Economy & Finance
- Referring to Preah Reach Kram N<sup>o</sup> NS/RKM/ 0699/ 09 dated on 23 July 1999 promulgating the law on Ministry of Land and Management Urban Planning & Construction.
- Referring to Letter permission of Construction N<sup>o</sup> 86/ANkr/BK dated 19 December 1997
- Referring to Preah Reach Kram N<sup>o</sup> NS/RKM/0700/02 dated 25 July 2000 Promulgating the law insurance.
- Referring to Sub-Decree on Insurance N<sup>o</sup>106 ANKr.BK dated 22 October, 2001 Introduction of Implementation of Insurance Law
- Pursuant of the proposal of the Ministry of Economy and Finance

Hereby decides

**Section: 1**

The insurance for Construction Liability is intended to protect the interests of Third Parties living on or around, passing by, or crossing over a construction site.

All physical or legal persons acting as contractors or sub-contractors shall bear liability for accidental bodily injury, death or property damage to third Parties caused by the construction operation.

**Section: 2**

Unless exempted below, every contractor or sub-constructor engaged in construction activity, including the rehabilitation of existing construction, must purchase construction liability insurance.

The following construction activities are exempted from the compulsory insurance requirement:

- Construction activity conducted by a government institution;
- Any part of a construction activity involving a legal person engaged in a public works project if the Ministry of Economy and Finance determines that the contractor is able to quickly and adequately satisfy any liability;
- Small scale construction projects which do not require the approval of any governmental authority.

**Section: 3**

The Minimum amount of insurance required shall be

- \$5,000.00 per person for bodily injury or death per person
- \$25,000.00 per occurrence of an accident for bodily injury or death
- \$10,000.00 for property damage.

**Section: 4**

Upon the authorization of a private construction project, the Ministry of Land Management Urban Planning and Construction or the Provincial-Municipal Department of Land Management Urban Planning and construction and Cadastre shall advise the project owner to deal with a contractor or sub-contractor that has the required construction liability insurance. The construction site shall be not allowed to open until the required insurance is in place.

**Section: 5**

For projects that are not exempted by compulsory insurance as stated in item 2 and funded by the government budget or loans, the successful bidder must submit, together with the bidding documents, the insurance cover note issued by an insurance company authorized to write construction insurance in the kingdom of Cambodia confirming that the required insurance is in place.

If the bidder fails to obtain the required insurance, construction may not begin.

The cover shall be replaced by the insurance policy when the construction site is opened.

The Ministry of Economy and Finance shall not release any fund unless evidence of insurance is attached to the payment voucher for the construction project.

## **Section 6**

On applying for construction, owner shall show insurance policy of insurance company which has license in the Kingdom of Cambodia. Any application without cover not or insurance policy will be rejected by the Ministry of Land Management Urban Planning and Construction and the Province – Municipal Land Management Urban Planning and Construction.

## **Section: 7**

Whenever any construction work is in progress, the Ministry of Land Management Urban Planning and Construction and the Province-Municipal Department of Land Management Urban Planning and Construction and Cadastre and any local competent authorities shall have the duty to inspect the construction site and demand evidence that the required insurance is in effect. Unless the construction project is exempt from the compulsory insurance requirements, the authority shall temporarily suspend the construction work if evidence of the required insurance cannot be shown and the contractor or sub-contractor shall be required insurance. The failure to provide such evidence shall be fined as provided in Article 52 of the Insurance Law.

## **Section: 8**

Whenever any required construction liability insurance is cancelled by the insurer for non-payment, the insurer shall provide notice of such cancellation to the Ministry of Land Management Urban Planning and Construction and the Province-Municipal Department of Land Management Urban Planning and Construction and Cadastre and any local competent authorities

## **Section: 9**

If a construction site accident is caused by an insured motor vehicle, the motor vehicle insurance shall be the primary insurance covering the accident and the construction liability insurance shall be secondary.

## **Section: 10**

Any regulation contradicting this inter-ministerial Prakas shall be deemed null and void to the extent of such contradiction.

## **Section: 11**

All concerned authorities or organizations relating to these three ministries shall respectively and effectively implement this Prakas from the date of its signature.