

Insurance for Entrepreneurs

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Presentation Agenda

- Torts – Introduction into New Cambodian Civil Code
 - Negligence
 - Case Studies
- Types of Insurance from an Entrepreneur Perspective
 - General Liability Insurance
 - Property Insurance
 - Life Insurance
 - Personal Automobile Insurance
 - Director Officers Insurance

Torts

- With the passage of the new civil code on 21 December 2011, Tort is defined as a personal injury or as a civil action other than a breach of contract as follow:
 - A person who suffers a tortious injury is entitled to receive compensation for "damages", usually monetary, from the person or people responsible — or liable — for those injuries.
 - Tort law defines what is a legal injury and legal injuries are not limited to physical injuries.
 - Legal injury can be in the form of emotional, economic, or reputational injuries as well as violations of privacy, property, or constitutional rights.
 - Although intentional torts is also introduced into Cambodian Law, we will focus mainly on negligence which is one of the most recognized and used tort.

Torts - Negligence

- If the injured party can prove that the person believed to have caused the injury acted negligently – that is, without taking reasonable care to avoid injuring others – tort law will allow compensation.
- Elements of a claim for negligence are:
 - The tortious actor had a duty of care;
 - The tortious actor was negligent in exercising reasonable care;
 - The negligent act caused harm; and
 - The injured party suffered damages.

Torts – Case Study

- Hotel or Guest House is under a duty to exercise reasonable care to keep steps and stairs in a reasonably safe condition. This duty includes providing adequate lighting, keeping stairs and steps in a reasonable state of repair, and to keep them dry and unobstructed.
- A guest who is injured because inadequate lighting caused an injury can hold the hotel liable for his injuries. Often, inadequate lighting is a contributing cause to an accident and is used in conjunction with other facts to prove a hotel's negligence.
- In the case where a guest who slipped and fell in a stairway due to inadequate lighting and the stairs were slippery, worn, and slanted.

Torts – Case Study

- Employer Negligence is a legal situation in which an employer fails to provide a work environment that is safe and supportive of employee rights.
- For example, an employer may be considered negligent for failing to train employees properly or neglecting to set and uphold safety standards.

Torts – Case Study

- Garment Factory In Bangladesh: Last Saturday, more than 120 people died after a fire broke out in a nine-store garment factory just outside of Bangladesh. The cause of the fire seems to be an electrical short circuit and the flames spread quickly from the ground floor upwards.
- Not enough emergency exits and some had locks on, which had to be broken in order for workers to escape. The factory had three staircases that were inside the building and went through the heart of the fire on the ground floor so workers could not get out when the blaze started.

Source: <http://www.waronwant.org/news/latest-news/17752-123-garment-workers-killed-in-a-factory-fire>

Insurance for Entrepreneurs

- As you contemplate the prospect of your fledgling business taking off and becoming successful, keep in mind one of the downsides to operating a business: **Risk**.
- This is where insurance comes in. Similar to the way you protect your car and home with insurance, you also must protect your business's assets in the event of a natural disaster, legal liability or any other any other risk you can't afford to cover.



Types of Insurance

- **General Liability Insurance:** Every business, even if home-based, needs to have liability insurance. The policy provides both defense and damages if you, your employees or your products or services cause or are alleged to have caused Bodily Injury or Property Damage to a third party.
- **Property Insurance:** If you own your building or have business personal property, including office equipment, computers, inventory or tools you should consider purchasing a policy that will protect you if you have a fire, vandalism, theft, smoke damage etc. You may also want to consider business interruption/loss of earning insurance as part of the policy to protect your earnings if the business is unable to operate.

Types of Insurance Cont.

- **Life Insurance:** Life insurance protects an individual against death. If you have life insurance, the insurer pays a certain amount of money to a beneficiary upon your death. You pay a premium in exchange for the payment of benefits to the beneficiary. This type of insurance is very important because it allows for peace of mind. Having life insurance allows you to know that your loved ones will not be burdened financially upon your death.
- **Personal Automobile Insurance:** Another very important type of insurance is auto insurance. Automobile insurance covers all road vehicles (trucks, cars, motorcycles, etc.). Auto insurance has a dual function, protecting against both physical damage and bodily injury resulting from a crash, and also any liability that might rise from the collision.

Types of Insurance Cont.

- **Directors and Officers Insurance:** this type of insurance protects the directors and officers of a company against their actions that affect the profitability or operations of the company. If a director or officer of your company, as a direct result of their actions on the job, finds him or herself in a legal situation, this type of insurance can cover costs or damages lost as a result of a lawsuit.

P&A Asia Legal Services

- **P&A Asia Legal & Tax Advisors** can assist insurance companies and entrepreneurs to review/revise their insurance policy and put into place the relevant insurance policy to be inline with Cambodian Law.
- Our services include but are not limited to:
 - Legal advice to reduce legal/business risks focusing on prevention instead of taking a reactionary approach
 - Filing insurance claims
 - Due diligence into the claim
 - Dispute resolution for resolving claims
 - Negotiation
 - Mediation
 - Arbitration

Conclusion

Recommendation

Question & Answer



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