
INSURANCE REGULATIONS IN THE MT. KUMGANG SPECIAL ZONE FOR INTERNATIONAL TOURISM

Adopted by Resolution No. 94 of the Presidium of the Supreme People's Assembly on June 27, 2012

Article 1 (Objective)

These Regulations are formulated for the purpose of providing strict guidelines for the insurance work, thereby contributing to protecting the rights and interests of the parties involved in an insurance contract.

Article 2 (Applicability)

These Regulations shall be applicable to the businesses (branches and offices included) established in the Mt. Kumgang Special Zone for International Tourism (the SZIT) and the individuals entering, staying or residing therein.

Article 3 (Classification of insurance)

Insurance in the SZIT shall, depending on the object of insurance, include personal insurance, property insurance and liability insurance.

Personal insurance shall include life insurance, accident insurance, juvenile insurance and passenger insurance, while property insurance include fire insurance, marine insurance, agriculture insurance, technology insurance, automobile accident insurance and credit insurance, with liability insurance including automobile third party liability insurance, gas compensation liability insurance, construction and assembling compensation liability insurance and shipowner civil liability insurance.

Article 4 (Insurance organ)

Insurance business in the SZIT shall be undertaken by insurance companies, or branches, representative offices or agencies thereof (the insurance companies) established in the SZIT.

Insurance companies shall be set up in the SZIT subject to the agreement between the SZIT guidance organ and the central insurance guidance organ.

Article 5 (Principle of conducting insurance business)

Insurance business in the SZIT shall be conducted on the principle of voluntariness, compulsoriness and trustworthiness to suit the nature of voluntary insurance and compulsory insurance.

Businesses and individuals in the SZIT that wish to be insured shall take out an insurance policy of the insurance company established therein.

Article 6 (Object of compulsory insurance)

The following shall be the object of compulsory insurance in the SZIT:

1. Insurance to cover the damage caused to buildings, machinery, equipment and other property due to fire accident;

2. Insurance to cover the damage caused to the life, body or property of a third party due to gas accident, automobile accident or accidents occurred in the process of construction or assembly, or business operation;

3. Insurance to cover the damage caused by a tourist to cultural relics and natural monuments; and

4. Insurance to cover the loss suffered by the DPRK nationals employed in the businesses due to labour accidents.

Article 7 (Conclusion of insurance contract)

Insurance contract shall be concluded in writing between the insurance company (the insurer) and the business or individual that wishes to be insured (the policy holder).

Article 8 (Presentation and explanation of insurance conditions and clauses)

The insurer shall, when concluding an insurance contract, present to the policy holder the conditions and clauses of insurance and explain the contents thereof.

Article 9 (Obligation of policy holder to report)

The policy holder shall, when concluding an insurance contract, shall truthfully inform the insurer of the important matters that may affect the latter in accepting the risk or determining the insurance premium.

Article 10 (Completion of insurance contract)

An insurance contract shall be completed when an insurer grants an application for insurance contract and issues an insurance policy to the applicant.

An insurance policy is a paper confirming the conclusion of an insurance contract.

Article 11 (Re-issuance of insurance policy)

Where an insurance policy is lost or soiled, the policy holder may apply for the re-issuance thereof.

The insurer may re-issue an insurance policy upon application by the policy holder. In this case the expenses incurred for the re-issuance of an insurance policy shall be borne by the policy holder.

Article 12 (Payment of insurance premium)

A policy holder shall pay the insurance premium before the term of the insurance policy starts.

Insurance premium may be paid by installment if so stipulated in the contract. In this case the first part of the installment shall be paid before the term of the insurance policy starts and the rest within the prescribed period of time.

Article 13 (Liability of insurer)

An insurer shall, unless stipulated otherwise in the contract, bear liability for the insured accident during the term of insurance prescribed in the insurance policy. The insurer may, however; be released from liability in case the policy holder fails to pay the premium within the prescribed period of time.

Article 14 (Notification of change in insurance risk)

A policy holder or an insured shall, without delay, notify the insurer of any change in the risk that may affect the contract during the period of insurance policy. In this case the insurer may, within 1 month of receiving the notification, refund a certain amount or charge an additional amount of premium calculated at the reduced or increased risk rate during the remaining term of insurance policy.

The insurer shall not be liable for the damage caused through failure to discharge an obligation to make notification of risk change.

Article 15 (Inspection of maintenance and safety of insured object)

The insurer may inspect the status of maintenance and safety of the insured object, and have the defects, if any, remedied.

The insurer shall not be liable for the damage caused through failure of the policy holder or the insured to remedy the defects.

Article 16 (Notification of insured accident, preservation of scene of accident)

A policy holder or an insured shall, immediately upon occurrence of an insured accident, make notification thereof to the insurance company, as well as preserving the scene of accident so that the cause and scope thereof may be clarified.

Article 17 (Obligation by policy holder and insured to prevent damage)

A policy holder or an insured shall, upon occurrence of an insured accident, take measures to prevent or reduce further damage. In this case the insurer shall cover the reasonable expenses spent by the policy holder or an insured to prevent or reduce further damage.

Where a policy holder or an insured fails to discharge his obligation to prevent damage, the insurer may deduct a prescribed amount from the insurance money or indemnity.

Article 18 (Assessment of insured accident)

An insurer may organize assessment of an insured accident that occurred.

Assessment shall be conducted by a specialized assessment agency or a person duly qualified.

Article 19 (Invalidity of insurance contract)

An insurance contract that is detrimental to the public interests or concluded in an illegal manner or after an insured accident has occurred shall not take any effect.

Article 20 (Revocation of insurance contract)

A policy holder may cancel an insurance contract where it is deemed that the insurer has failed to fully discharge his obligation to present or explain the terms and clauses of insurance.

Article 21 (Cancellation of insurance contract)

An insurance contract shall be cancelled in cases where:

1. A policy holder failed to properly discharge the obligation to report;
2. The insured object disappeared during the term of insurance policy;
3. A policy holder failed to pay the insurance premium within the prescribed period of time;
4. A policy holder or insured failed to make notification of change in insurance risk during the term of insurance policy;
5. A policy holder or an insured refused to render cooperation in reasonable inquiries conducted by the insurer or failed to take measures for the rectification of defects;
6. One of the parties to an insurance contract is merged, separated, dissolved or bankrupt; and
7. There are other justifiable reasons.

Article 22 (Submission of claim for indemnity)

A policy holder or an insured shall, upon ascertaining an insured accident, submit a claim for indemnity to the insurer within the prescribed period of time.

The claim shall be accompanied by data that may help confirm the cause and extent of the insured accident.

Article 23 (Payment of insurance money or indemnity)

An insurer shall, upon receipt of a claim for indemnity, determine the amount of indemnity with the policy holder or the insured and make payment thereof within the prescribed period of time. In this case the indemnity shall not be more than the insurable value of the insured object.

Where it is impossible to pay the insurance money or indemnity within the prescribed period of time, the insurer shall notify the reason thereof and the expected date of payment.

Article 24 (Period of prescription for claim)

Period of prescription for the claim for insurance money, indemnity or premium shall be 2 years from the date of occurrence of the cause thereof.

Article 25 (Refusal by insurer to pay indemnity)

Where a policy holder or an insured caused an insured accident deliberately or fabricated the cause thereof, an insurer shall not pay insurance money or indemnity.

Article 26 (Reinsurance)

An insurer may conclude a reinsurance contract with another insurer.

The reinsurance contract shall not affect the original contract.

Article 27 (Sanction)

Where hindrance is caused to insurance work or the rights and interests of the parties involved in a contract are infringed upon through violation of these Regulations, the business concerned shall be suspended or a fine of up to 10,000€ shall be imposed.

Article 28 (Settlement of disputes)

Disputes concerning insurance work in the SZIT shall be resolved through consultation between the parties concerned.

In case of failure in consultation, the disputes shall be settled through arbitration or legal procedures.