



សម្ព័ន្ធមណ្ឌលធានារ៉ាប់រងកម្ពុជា

Insurance Association of Cambodia

Insurance – Why It Is Essential?

In developed countries, insurance is a must have product as one's safety net and some insurance such as auto insurance is required by law. In Cambodia most people are not yet aware of the benefits of insurance and consider it as an extra expense rather than an investment. People don't have full trust and confident in insurance because it's not a tangible product. Generally, in a less developed country, people will face more risks such as accident or high expenses on medical treatment leading to sudden economic shock

When taking a closer look at insurance, it is clear that there are many desirable benefits unthought-of. Firstly, insurance can and will make life better. Those without insurance face consequences such as financial instability. For example, Reaksmeay had an accident on her way to work this morning and damaged her car extensively. Could she pay a hefty repair bill right now? Or if Socheat's shop burn down today, could he easily come up with the thousands of dollars that he would need to rebuild the shop and buy new stocks?

The answer is very obvious. They might face with a bit of struggle or maybe even possible significant financial loss. For someone with insurance, on the other hand, they would be able to get their money back. Their family's current financial standing would not be compromised, and their future plans to perhaps buy a new car can remain intact. People can benefit from insurance even if they do not claim from it. By knowing that insurance exists to protect them against certain risks provides people peace of mind. This means anxiety is reduced if an insured knows that insurance is available to indemnify him when a loss occurs.

Besides the general insurance, there is Life Insurance which provides financial protection in case of the loss of life for the policy owner. The life insurance companies shall pay the sum assured to the beneficiaries in the event of death or total disability on the life assured. Life insurance helps the people to overcome financial difficulties in the occurrence of insured events and provide maturity benefits. Currently, life insurance is available and is becoming increasingly acceptable by Cambodian people for their financial protection and planning. Life insurance products usually have both protection and saving components.

Beyond the commercial world, insurance (both general and life) is vital to individuals. Lack of insurance coverage would leave individuals and families without protection from the uncertainties of everyday life. Life, health, property and other insurance coverages are essential to the financial stability, well-being and peace of mind of the average person.

