

ENFORCEMENT RULE OF THE ACT ON THE INDEMNIFICATION FOR FIRE-CAUSED  
LOSS AND THE PURCHASE OF INSURANCE POLICIES

# ENFORCEMENT RULE OF THE ACT ON THE INDEMNIFICATION OF FIRE-CAUSED LOSS AND THE PURCHASE OF INSURANCE POLICIES

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Ordinance of the Ministry of Finance No. 956, Jun. 6, 1973  
Amended by Ordinance of the Ministry of Finance No. 998, Jan. 10, 1974  
Ordinance of the Ministry of Finance No. 1100, Apr. 25, 1975  
Ordinance of the Ministry of Finance No. 1248, Mar. 30, 1977  
Ordinance of the Ministry of Finance No. 1590, Dec. 15, 1983  
Ordinance of the Ministry of Finance No. 1862, Oct. 21, 1991  
Ordinance of the Prime Minister No. 645, Jul. 10, 1997  
Ordinance of the Ministry of Finance and Economy No. 16, Apr. 21, 1998  
Ordinance of the Prime Minister No. 875, Mar. 3, 2008  
Ordinance of the Prime Minister No. 885, Aug. 4, 2008

## **Article 1 (Purpose)**

The purpose of this Rule is to provide for detailed matters necessary for the enforcement of the Act on the Indemnification of Fire-Caused Loss and the Purchase of Insurance Policies (hereinafter referred to as the "Act"). *<Amended by Ordinance of the Ministry of Finance No. 998, Jan. 10, 1974; Ordinance of the Prime Minister No. 645, Jul. 10, 1997>*

**Article 1-2 Deleted.** *<by Ordinance of the Prime Minister No. 645, Jul. 10, 1997>*

## **Article 2 (Actual Damages)**

(1) The actual damage under Article 5 (1) 1 of the Decree shall be the amount calculated by multiplying monthly wages, actual monthly wages or average wages that a victim has received at the time of his/her death from an accident fire caused by of his/her employable period in the future, and aggregating the funeral expenses amount to 100 days of men's average wages. *<Newly Inserted by Ordinance of the Prime Minister No. 645, Jul. 10, 1997>*

(2) The actual damage under Article 5 (1) 2 of the Decree shall be the amount of all expenses incurred for the treatment of a physical injury from

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an accident fire caused by. *<Amended by Ordinance of the Ministry of Finance No. 1862, Oct. 21, 1991; Ordinance of the Prime Minister No. 645, Jul. 10, 1997>*

**Article 2-2 (Determination of Market Price of Special Building)**

(1) The market price of a special building provided for in Article 18 (1) 1 of the Act shall be determined in the manner described in any of the following subparagraphs: *<Amended by Ordinance of the Ministry of Finance No. 1590, Dec. 15, 1983; Ordinance of the Ministry of Finance No. 1862, Oct. 21, 1991; Ordinance of the Prime Minister No. 645, Jul. 10, 1997; Ordinance of the Prime Minister No. 885, Aug. 4, 2008>*

1. In cases where an appraisal business operator under the Public Notice of Values and Appraisal of Lands, etc. Act has conducted the appraisal and assessment on a special building during the latest one year, the market price of such building shall be the value shown on the appraisal certificate;
2. In cases where the owner of a special building is a listed corporation under the Capital Market and Financial Investment Business Act, the market price of such building shall be the book value or balance sheet value;
3. Deleted. *<by Ordinance of the Prime Minister No. 645, Jul. 10, 1997>*

(2) Where the value of a special building cannot be calculated pursuant to paragraph (1), it shall be the amount calculated under each of the following subparagraphs: *<Amended by Ordinance of the Prime Minister No. 645, Jul. 10, 1997>*

1. Value of a newly constructed building: The amount calculated by using the most recent construction cost index of the specialized appraisal institution the Government invested;
2. Reinstatement value of machinery and equipment: The transaction prices of machinery and equipment of identical or similar type, purpose of use, manufacturing company, form and capability to those of the relevant machinery and equipment;
3. Amount of depreciation of a building and machinery and equipment: The amount calculated by multiplying the value falling under either of the following items by the depreciation rate based on the insurance value and appraisal standards of losses determined by the General Insurance Association of Korea, established under Article 198 of the Insurance Business Act:
  - (a) In cases of a building and subsidiary facilities, the value provided for in subparagraph 1;

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(b) In cases of machinery and equipment, the value provided for in subparagraph 2.

(3) In determining the market value of a special building pursuant to paragraph (2), the determined market value of such building may be increased or decreased by up to 20 percent with agreement between the parties to the insurance contract. *⟨Amended by Ordinance of the Prime Minister No. 645, Jul. 10, 1997⟩*

(4) and (5) Deleted. *⟨by Ordinance of the Prime Minister No. 645, Jul. 10, 1997⟩*  
*[This Article Newly Inserted by Ordinance of the Prime Minister No. 645, Jul. 10, 1997]*

**Article 3 (Basis for Calculation of Membership Fees)**

(1) The revenue under Article 10 (1) of the Decree shall accrue from the insurance premiums jointly underwritten by the Korea Fire Insurance Association (hereinafter referred to as the “Association”) according to mutual agreements provided for in Article 17 (1) of the Insurance Business Act. *⟨Amended by Ordinance of the Ministry of Finance No. 1862, Oct. 21, 1991⟩*

(2) In terms of the membership fees to be obligatorily contributed by all non-life insurance companies pursuant to Article 10 (2) of the Decree, 70/100 of the total membership fees shall be contributed by each non-life insurance company in proportion to the insurance sales rate based on net premiums (referring to the amount calculated by deducting the sum total of outward reinsurance premiums, surrender value and maturity repayment from the sum total of original premiums, inward reinsurance premiums and reinsurance return premiums) of which each non-life insurance company informs the General Insurance Association of Korea each month, and 30/100 of the total membership fees shall be contributed equally by each non-life insurance company. *⟨Amended by Ordinance of the Prime Minister No. 645, Jul. 10, 1997⟩*

(3) The Association shall submit to the Financial Services Commission a report on the total amount of membership fees to be obligatorily contributed by non-life insurance companies pursuant to paragraph (2) along with its business plan. *⟨Amended by Ordinance of the Prime Minister No. 645, Jul. 10, 1997; Ordinance of the Ministry of Finance and Economy No. 16, Apr. 21, 1998; Ordinance of the Prime Minister No. 875, Mar. 3, 2008⟩*

*[This Article Wholly Amended by Ordinance of the Ministry of Finance No. 1590, Dec. 15, 1983]*

**Article 4 (Time of Contribution)**

(1) The membership fees under Article 10 (1) of the Decree shall be

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contributed quarterly by not later than 10 days from the last day of the relevant quarter. *⟨Amended by Ordinance of the Ministry of Finance No. 1100, Apr. 25, 1975; Ordinance of the Ministry of Finance No. 1590, Dec. 15, 1983; Ordinance of the Ministry of Finance No. 1862, Oct. 21, 1991⟩*

(2) The membership fees under Article 10 (2) of the Decree shall be contributed monthly by not later than 10 days from the relevant month. *⟨Amended by Ordinance of the Ministry of Finance No. 1862, Oct. 21, 1991; Ordinance of the Prime Minister No. 645, Jul. 10, 1997⟩*

ADDENDUM

This Rule shall enter into force on the date of their promulgation.

ADDENDUM *⟨Ordinance of the Ministry of Finance No. 998, Jan. 10, 1974⟩*

This Rule shall enter into force on the date of their promulgation.

ADDENDUM *⟨Ordinance of the Ministry of Finance No. 1100, Apr. 25, 1975⟩*

This Rule shall enter into force on the date of their promulgation.

ADDENDUM *⟨Ordinance of the Ministry of Finance No. 1248, Mar. 30, 1977⟩*

This Rule shall enter into force on April 1, 1997.

ADDENDUM *⟨Ordinance of the Ministry of Finance No. 1590, Dec. 15, 1983⟩*

This Rule shall enter into force on January 1, 1984.

ADDENDUM *⟨Ordinance of the Ministry of Finance No. 1862, Oct. 21, 1991⟩*

This Rule shall enter into force on the date of their promulgation: *Provided*, That the amended provisions of Article 1-2 shall enter into force six months after this Rule enters into force.

ADDENDA *⟨Ordinance of the Prime Minister No. 645, Jul. 10, 1997⟩*

(1) (Enforcement Date) This Rule shall enter into force on the date of their promulgation: *Provided*, That the amended provisions of Article 1-2 shall take effect on the enforcement date under the proviso to paragraph (1) of the Addenda of the Amendment to Presidential Decree No. 15392, the Enforcement Decree of the Act on the Indemnification for Fire-Caused

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(2) (Applicability to Contribution of Membership Fees) The amended provisions of Article 3 (2) shall apply, starting with the portion contributed for the month following the month in which the enforcement date of this Rule is included.

(3) (Applicability to Payment of Amount of Insurance) The amended provisions of Article 2-2 shall apply to the amount of insurance that covers accident occurring on or after the date when this Rule enters into force.

ADDENDUM *⟨Ordinance of the Ministry of Finance and Economy No. 16, Apr. 21, 1998⟩*

This Rule shall enter into force on the date of their promulgation.

ADDENDA *⟨Ordinance of the Prime Minister No. 875, Mar. 3, 2008⟩*

**Article 1 (Enforcement Date)**

This Rule shall enter into force on the date of their promulgation.

**Articles 2 through 5** Omitted.

ADDENDA *⟨Ordinance of the Prime Minister No. 885, Aug. 4, 2008⟩*

**Article 1 (Enforcement Date)**

This Rule shall enter into force on February 4, 2009.

**Articles 2 through 6** Omitted.