LEX LOCALIS-JOURNAL OF LOCAL SELF-GOVERNMENT
ISSN:1581-5374 E-ISSN:1855-363X
VOL. 24, NO. 1(2026)

THE OBLIGATIONS ARISING FROM THE MANDATORY INSURANCE CONTRACT AGAINST NATURAL DISASTERS IN ALGERIAN LEGISLATION

Rekai Ghenima[1], Boudia Radia [2]

[1]Faculty of Law and Political Science, Lounici Ali University of Blida 2, Law and Real Estate Inspector, Algeria. g.rekai@univ-blida2.dz
[2]Lounici Ali University of Blida 2, Laboratory of Law and Digitization in Algeria, Algeria. r.boudia@univ-blida2.dz
Corresponding author: Rekai Ghenima

Received: 17/07/2025 Accepted: 21/01/2026 Published: 22/05/2026

Abstract
Natural disasters are associated with sudden risks that affect humans and their lives. To confront these risks and mitigate their impact, the legislator has mandated insurance coverage for them.
Insurance against natural disaster risks aims to repair losses affecting properties, governed in all its forms by the indemnity principle. Legislators have mandated that all property owners, whether individuals or legal entities, insure built real estate properties used for residential or professional purposes against natural disaster risks, as well as insurance for industrial and commercial establishments.
Since the insurance contract for natural disaster risks is a bilateral contract, it establishes legal effects based on reciprocal obligations for both the insured and the insurer. Each party must fulfill its obligations to the other party.

Keywords: Insurance; Natural Disasters; Insurer; Insured; Risk.

Introduction

Natural disaster risks are among the most severe threats to humans, given the catastrophic losses they cause in lives and property, with repercussions that extend to damage the national economy of the affected country. In response, humans have attempted to manage these risks by employing insurance as the most effective technique to mitigate their impact by compensating for the resulting damages.
The Algerian legislator enabled insurance against natural disaster risks beginning in 1980, under the repealed Insurance Law No. 80-07, as part of fire insurance contracts. The Algerian legislator also endorsed the possibility of voluntary insurance against natural disaster risks through Ordinance 95-07 concerning insurance. However, this ordinance did not achieve its intended goals, as individuals were reluctant to participate in a voluntary scheme. Consequently, in the event of a natural disaster, the state would compensate victims through the public treasury.
A specialist insurance scheme for natural catastrophe risks was created by the Algerian parliament following the devastating losses brought on by the Boumerdes earthquake in 2003 and the Bab El Oued floods in 2001. Ordinance 03-12, which mandated victim compensation and natural catastrophe insurance, was used to achieve this. By taking this action, the Algerian lawmaker made great strides in instituting this kind of insurance, which is now a top concern for everybody who owns real estate in Algeria.
Reducing public spending that the state had previously borne as a result of the significant losses brought on by natural disasters is the main objective of this required insurance. The Algerian lawmaker aimed to boost the country's economy by requiring property owners to obtain insurance against the risks of natural catastrophes and forcing insurance companies to cover and guarantee these risks, given Algeria's geographic location, which makes it especially susceptible to such calamities.
Due to its bilateral nature, the natural disaster insurance contract imposes legal ramifications on both the insured and the insurer based on reciprocal duties. If these responsibilities are not met, the non-compliant party will be subject to the penalties imposed by the law. This brings up the main query: what responsibilities result from the contract for natural disaster insurance? By looking at the responsibilities placed on the insured and the insurer and studying pertinent legal laws, we used both analytical and descriptive approaches to address this subject. The obligations of the insured are

covered in the first section of this study, while the obligations of the insurer are covered in the second. The investigation and its conclusions will be summarized in the conclusion.

Section I: Obligations of the Insured

The general regulations outlined in Article 15 of Ordinance 95-07 on insurance, as revised and supplemented, govern the insured's obligations because the insurance contract is a damage insurance contract.[1]Furthermore, Ordinance 03-12's special legal rules pertaining to mandatory insurance against natural catastrophes and victim compensation regulate these obligations,[2]together with Executive Decree No. 04-270, which outlines the typical provisions that should be found in contracts for natural disaster insurance.[3]

Both at the completion of the contract and during its term, the insured is required to furnish all information pertaining to the risk to be insured. The first subsection will deal with this. The insured's duty to pay the premium will be covered in the second subsection, and the insured's duty to inform the insurer of the occurrence of an insured event will be covered in the third.

A) Disclosure of Information Related to the Risk:

A key component of the insurance contract, the risk is what determines the insurer's position on insuring that risk. The insurer chooses whether to accept or reject coverage based on the real risk. Before discussing the repercussions of non-compliance, we shall look at the content of this commitment. But first, it's important to specify who is insured.

1- Definition of the Insured

The individual who signs an insurance contract with the insurer in order to receive payment for any losses that might arise as a result of the insured risk is known as the insured.[4]

In legal doctrine, there has been discussion on the phrase used to refer to the contracting party. Others call this party the "policyholder," some the "contracting party," and yet others the "insured." The several functions the insured may play are the cause of this terminology dispute.[5]The word "policyholder" comes from the fact that the insured is frequently the one making the insurance request and is responsible for fulfilling the duties outlined in the insurance contract that match those of the insurer. The person confronting the risk, whether it be to their person or property, may also be the insured; in this case, they are called the "insured." In other situations, they might be the beneficiary, the person who gets the money that the insurance company is required to pay out when the risk materializes.

The insured is the one who applies for and contracts for insurance with the company, taking on the responsibilities that result.

from the agreement, regardless of whether these three functions are fulfilled by a single person or by several people.

Either directly or through an agent, the insured may sign a contract with the insurance provider. If this representative is an agent, the relationship between the insured and the agent is governed by agency law, and the principal, not the agent, is directly impacted by the terms of the contract. As an alternative, the representative may serve as an intervenor, and if the requirements for intervention are satisfied, the insured is still subject to the consequences of the contract if they continue to approve it after the risk has materialized. The contract's effects are nullified if the insured rejects it, and the

[1]- Order 95-07 dated 01/25/1995 concerning insurance, Official Gazette, issue 13, published on 03/08/1995, amended and supplemented by Law 06-04 dated 02/20/2006, Official Gazette, issue 15, published on 03/12/2006.

[2]- Order No. 03-12 dated 08/26/2003 concerning mandatory insurance against natural disasters and compensation for victims, Official Gazette, issue 52, published on 08/27/2003.

[3]- Executive Decree No. 04-270 dated 08/29/2004, specifying the standard clauses to be included in insurance contracts covering the effects of natural disasters, Official Gazette, issue 55, published on 09/01/2004.

[4]-Saa'd bin Abdulaziz Al-Ghamdi, Insurance Issues in the Kingdom of Saudi Arabia: A Comparative Study, University Book Publishing and Distribution House, 1st ed., Kingdom of Saudi Arabia, 2016, p. 45.

[5]- Ahmad Sharaf Al-Din, Provisions of Insurance: A Study in Comparative Law and Judiciary, 3rd ed., publisher not mentioned, 1991, p. 84.

insurance company may pursue legal action against the party that entered into the contract under ordinary third-party contracting regulations.[6]

The insured in a natural disaster insurance contract is any private individual or legal entity that insures their Algerian real estate, whether for residential or commercial use, or their Algerian industrial and/or commercial activity against natural disaster risks as specified in Article 02 of Executive Decree No. 04-268, with reference to Article 01 of Ordinance 03-12 on mandatory insurance against natural disasters and victim compensation.[7]

2- Content of the Disclosure Obligation Regarding the Risk

The following precise information must be provided by the insured both at the end of the contract and during its term:

2-1 Disclosure of Information at the Time of Contract Conclusion

In order for the insurer to properly evaluate the risks they are taking on, it is essential that the insured notify them of all relevant conditions at the time of contract conclusion.[8]

"The insured is required, upon entering into the contract, to declare all known data and circumstances on the questionnaire form which allows the insurer to assess the risks they undertake," according to Article 15, Paragraph 1 (15.1) of Ordinance 95-07 on insurance."

Although the insurer can use their own methods, such as expert evaluations, to determine some parts of the risk, their expertise is frequently restricted, especially when it comes to concealed flaws in the covered object that the insured may be the only one aware of.[9]

2-2 Disclosure of Information During the Contract Duration

The duration of natural disaster insurance cannot be less than one year.[10]As a result, the insured's responsibilities regarding the risk do not cease with the original information supplied at the conclusion of the contract; rather, they resurface following the signing of the contract and during its implementation. Emerging events could affect the insured risk by raising the possibility of an event or the possible severity of damages. As a result, the insured is required to keep the insurer updated on any events that can increase the insured risk. This requirement is an expansion of their need to reveal the risk's preliminary information.[11]

Article 15, Paragraph 3 (15.3) of Ordinance 95-07, as amended and supplemented, states that, unless there is an emergency or a force majeure event, the insured must accurately disclose any changes or aggravating circumstances in risk within seven (07) days of becoming aware of them, provided that they are beyond their control. Theinsured is required to provide prior disclosure if their actions cause the risk to alter or worsen. The insured should notify the insurer in both situations by sending a registered letter acknowledging receipt.

According to Ordinance 95-07's Article 18, the insurer has thirty (30) days from the date of discovery to suggest a new premium rate if the covered risk's chance increases. After receiving the proposal for the new rate, the insured has thirty (30) days to pay the additional premium. The insurer may end the contract if they don't pay.

---

[6]- Ghazi Khaled Abu Arabi, Provisions of Insurance: A Comparative Study, 2nd ed., Wael Publishing and Distribution House, Jordan, 2016, p. 262.

[7]- Executive Decree No. 04-268 dated 08/29/2004, concerning the identification of natural disasters covered by mandatory insurance for the effects of natural disasters and specifying the procedures for declaring a natural disaster, Official Gazette, issue 55, published on 09/01/2004.

[8]- Miraj Jaidi, Introduction to the Study of Algerian Insurance Law, 6th ed., DMG, Algeria, 2010, p. 69.

[9]- Maryam Amara, op. cit., p. 96.

[10]- Article 09 of Executive Decree No. 04-269 dated 08/29/2004, regulating the procedures for determining tariffs, exemptions, and coverage limits for the effects of natural disasters, Official Gazette, issue 55, published on 09/01/2004.

[11]- Ghazi Khaled Abu Arabi, op. cit., p. 297.

The insurer takes on the increased risks without raising the premium if they don't suggest a rate adjustment within the allotted time. If the aggravation lessens, the insured may also receive a premium decrease, which would take effect on the day the insurer is notified.[12]

3- Penalties for Non-Disclosure of Information Related to the Risk

The insurer may choose to change or cancel the contract if the insured does not carry out their responsibility to give truthful information about the risk. In this context, the Algerian lawmaker distinguishes between two situations: when the insured party fails to reveal the necessary information or makes a false statement in good faith, and when they fail to disclose information in bad faith.

3-1 Case of Good Faith

In situations of good faith, the penalty for breach of obligation is governed by Article 19 of the Insurance Law. It enables the insurer to ask for a premium increase to reflect the true level of risk. In the event that the insured disagrees, the insurer may end the policy and reimburse the insured for the premiums paid during the remaining time that the policy is void. The insurer may modify the contract for the remaining period and lower the payout in accordance to the actual premiums paid if they find the disparity prior to the incident.[13]

3-2 Case of Bad Faith

"Any deliberate concealment or false declaration by the insured, intended to mislead the insurer in assessing the risk, results in the nullification of the contract, subject to the provisions of Article 75 of this ordinance," reads Article 21 of Ordinance 95-07, the first paragraph of which provides the legal foundation for this case.

This article makes the assumption that the insurer has demonstrated the insured's bad faith by proving that the insured purposefully withheld information or made false assertions. "The insured's deliberate omission to disclose any act that could alter the insurer's assessment of the risk" is the definition of concealment given in paragraph 2 of the same article.

The onus of demonstrating the insured's bad faith is with the insurer, who must demonstrate that the insured purposefully concealed material or made false or misleading claims that would have impacted the risk assessment. The insurance contract will be canceled as a result of willful concealment or false statements. If the risk materializes, the insurer refuses the insured the insurance amount and keeps the premiums paid for the remaining period as an acquired right. In addition, the insured is responsible for any damages incurred by the insurer and must return any compensation received.[14]

B) Obligation to Pay the Premium:

The premium is the sum of money that the insured must pay the insurer in return for the insurer agreeing to take on the risk that the insurance covers. As a technical requirement, it is one of the most important components of the insurance contract and indicates the financial consideration for the insured risk. The insured risk's monetary expression is the premium amount, which is determined by the extent of that risk.[15]

According to Article 06 of Ordinance 03-12, the insurance coverage specified in Article 05, Paragraph 1 (05/1) of the sameordinance can only be granted in exchange for a premium or subscription fee that is determined by the covered assets and the level of risk exposure. Additionally, regulations define and modify prices, exemptions, and coverage limitations based on how risk evolves.

Below, we will explore the content of the obligation to pay the premium and the penalties for non-compliance with this obligation.

---

[12]- Amal Saadi, Insurance Against Natural Disaster Risks in Algerian Law, Master's thesis in Private Law, Business Law specialization, Department of Private Law, Faculty of Law and Political Sciences, Lounici Ali University - Blida 02, Algeria, 2017/2018, p. 216

[13]- Miraj Jaidi, op. cit., pp. 71-72.

[14]- Maryam Amara, op. cit., p. 100.

[15]- Ghazi Khaled Abu Arabi, op. cit., p. 185.

1- Content of the Obligation to Pay the Premium
The following covers the specifics of premium assessment and the place of payment:

1-1 Specificity of Premium Assessment
The assessment of premiums in natural disaster insurance contracts is based on basic guidelines that apply to other insurance kinds, such as tying the premium to the expected amount of compensation due to the impacted party, which is determined by the property value and level of risk exposure.[16]Two criteria for determining risk exposure are the exposure zone and the building's susceptibility to risk, as stated in Article 02 of Executive Decree No. 04-269, which regulates the procedures for establishing rates, exemptions, and restrictions for natural disaster coverage.
The premium or subscription due is calculated by applying the rate to the insured assets, depending on the situation.[17]However, a 20% surcharge on the required premium or subscription applies to properties constructed without a building permit and operations carried out without a business registration prior to the publication of Ordinance 03-12 on mandatory insurance against natural catastrophes and victim compensation.[18]

1-1-1 Degree of Risk Exposure
According to the seismic zoning criterion,[19]According to the seismic zones established by the Algerian earthquake resistance rules (RPA99), 2003 edition, earthquake risk is categorized throughout the country depending on how susceptible each zone is to earthquakes. Notably, the Algerian legislator's amendment to the decree dated March 19, 2017, which amends the decree dated October 31, 2004, only takes earthquake risk into account when determining the rate grid that applies to real estate and commercial/industrial facilities, ignoring other possible natural hazards.
Additionally, it has been noted that the premium amount increases with the probability of an earthquake. On the other hand, the premium amount drops in proportion to the likelihood.
The following methods are used to assess the compliance criterion for earthquake resistant standards, as per Article 02 of the decree dated March 19, 2017, which replaces Article 03 of the decree dated October 31, 2004:
- Buildings compliant with Algerian earthquake resistance regulations.
- Buildings non-compliant or with unverifiable compliance with Algerian earthquake resistance regulations.

1-1-2 Determining Property Value
The premium for residential or professional properties is calculated based on the actual value of the property.[20]The built-up area multiplied by the equivalent per-square-meter rate established by a decision of the Finance Minister yields this figure. According to Article 06, Paragraph 1 (06.1) of Executive Decree No. 04-269, whichspecifies the procedures for calculating rates, exemptions, and coverage limits for the effects of natural disasters, the insured amount for real estate cannot be less than the outcome of this multiplication.
According to Article 04 of the decree dated March 19, 2017, which amends Article 06 of the decree dated October 31, 2004, the standard per-square-meter rate, which is applied to determine the value of insured assets concerning built real estate in Algeria, is determined based on the type of housing and the area's level of risk exposure.

---

[16]- Article 02 of Executive Decree No. 04-269, regulating the procedures for determining tariffs, exemptions, and coverage limits for the effects of natural disasters.
[17]- Article 03 of Executive Decree No. 04-269.
[18]- Article 05 of Executive Decree No. 04-269.
[19]- This standard is stipulated in Article 03 of the Decision dated 10/31/2004, concerning the criteria for tariffs, rates, and exemptions applicable in the field of insurance against the effects of natural disasters, *Official Gazette*, issue 81, published on 12/19/2004, and was not amended by the Decision dated 03/19/2017, as amended, Official Gazette, issue 45, published on 07/30/2017.
[20]- Jamal Boushnafa, Mandatory Insurance of Property Against Natural Disaster Risks, Journal of Research and Scientific Studies, Yahia Fares University Center, Medea, Algeria, issue 5, July 2011, p. 142.

Up to 80% of the insured amount is covered for direct losses and damages on built real estate used for either residential or commercial purposes.[21]
The structures that house the activity, the equipment, and the commodities inside them are included in the insured amounts for commercial and/or industrial facilities. Reconstruction value is used to evaluate buildings, replacement value is used to evaluate equipment, and market value is used to evaluate items.[22] Insurance coverage for these facilities is limited to 50% of the insured amount.[23]

1-2 Place of Premium Payment
General guidelines state that premiums should be paid at the insured's home if the contract is silent on the subject. This indicates that the premium is regarded as a collection debt, which means that the insurer is in charge of getting the insured to pay the premium. The Algerian Civil Code's Article 282, Paragraph 2 (282.2) states that payment must be made at the debtor's address at the time of payment or, if the obligation is to an institution, at the institution's headquarters. The contractual parties may, however, agree that this regulation is not required. The insured's domicile is the address listed in the policysince insurance companies usually include a condition requiring premium payment at the company's headquarters.[24]

2- Penalties for Non-Payment of the Premium
If one party in a bilateral contract defaults, the other party may, after informing the debtor, demand either contract enforcement or, if required, termination with compensation. This complies with Algerian Civil Code Article 119.[25]
According to Article 16 of Ordinance 95-07 on insurance, as modified, nonpayment of premiums carries penalties, and the insurer has the authority to suspend coverage and dissolve the contract after informing the insured.
In contracts that are automatically renewed, the insurer must notify the insured by registered mail with an acknowledgment of receipt if the insured does not pay the premium within fifteen (15) days of the due date. The insurer also requires that the premium be paid within thirty (30) days after the fifteen-day grace period.
The insurer may immediately and without further notice discontinue coverage once the thirty (30) days have passed. Only after the past-due premium is paid can coverage resume. Ten (10) days after halting coverage, the insurer may also discontinue the agreement. The insured must be informed of the termination via registered letter, and receipt must be acknowledged. The insured is still responsible for paying the premium for the duration of the policy in the event of termination. According to Article 51 of Ordinance 95-07 on insurance, the effects of the non-terminated insurance contract resume going forward at 12:00 p.m. on the day after the past-due premium payment.[26]

C) Notification of the Occurrence of the Insured Event:
When the insured risk materializes as a disaster, the insurer becomes obligated to pay the insurance amount.[27]Nonetheless, there are requirements that must be fulfilled, such as verifying that the event corresponds with the risk that is covered. This necessitates that the insured tell the insurer of the incident as soon as possible so that the insurer can investigate its causes and effects. Therefore, it is crucial for both the insured and the insurer to inform the other of the calamity.[28]

---

[21]- Article 07, paragraph 1 of Executive Decree No. 04-269, regulating the procedures for determining tariffs, exemptions, and coverage limits for the effects of natural disasters.
[22]- Article 06, paragraph 2 of Executive Decree No. 04-269.
[23]- Article 07, paragraph 2 of Executive Decree No. 04-269.
[24]- Maryam Amara, op. cit., p. 106.
[25]- Order No. 75-58 dated 09/26/1975 containing the Civil Code, as amended and supplemented, Official Gazette, issue 78, published on 09/30/1975.
[26]- Article 16 of Order 95-07 concerning insurance, as amended and supplemented.
[27]- Abdel-Razzaq Ahmed Al-Sanhouri, Al-Wasit fi Sharh al-Qanun al-Madani (The Intermediate in Explaining Civil Law), Part 7, Volume 2, Dar Ihya al-Turath al-Arabi, Beirut, Lebanon, 1964, p. 1319.
[28]- Ghazi Khaled Abu Arabi, *op. cit.*, p. 331.

Before discussing the consequences for non-compliance, it is necessary to define the scope of the duty to notify when a disaster occurs.

1- Content of the Obligation to Notify the Occurrence of the Insured Event

Notifying the insurance of the disaster entails providing them with all pertinent background information, including the date, location, causes, and consequences. Therefore, notification entails giving the insurance all pertinent facts or declarations regarding the disaster.

No specific format is needed because the Algerian lawmaker did not specify what form the notification should take. It may take the shape of a conventional letter, oral communication, or any other manner that both parties agree upon, or it may take the form of a registered letter with acknowledgment of receipt as solid proof of notification.[29]

Regarding the legal deadlines for notification, the Algerian legislator established a different notification period for mandatory insurance against natural disaster risks, deviating from the general rule in Article 15, Paragraph 5 (15.5) of Ordinance 95-07 on insurance, which sets a seven (07) day notification period except in cases ofemergency or force majeure. Clause Five under the insured's obligations states that "the insurer must be notified of any event that entails coverage within a period not exceeding thirty (30) days following the issuance of the regulatory text declaring the state of natural disaster, except in cases of emergency or force majeure," in accordance with Article 02 of Executive Decree 04-270, which defines the standard clauses for natural disaster insurance contracts.[30]

Section II: Penalty for Breaching the Obligation to Notify the Occurrence of the Insured Event

One of the insured's contractual duties will be broken if they neglect or postpone informing the parties of the risk within the allotted time.[31]

The Algerian legislator, citing Ordinance 03-12 on mandatory insurance against natural disasters and victim compensation, deferred to the general regulations governing contractual breaches, specifically Article 119 of the Algerian Civil Code, rather than imposing a specific penalty for violating the notification obligation. After informing the insured, this article permits the insurer to request the enforcement of the contract or its termination, with the potential for reimbursement in both situations.

It's also important to remember that insurance firms usually contain fines for failure to fulfill responsibilities in the policy documentation. It is customary for the insurance contract to include a provision that states that if the insured does not notify the insurer within the legally mandated timeframes and does not follow the notification timelines, they forfeit their claim to the insurance amount.[32]

A) Obligations of the Insurer:

Mandatory insurance contracts have different responsibilities than voluntary insurance contracts. The insurer is subject to a number of particular duties that must be met under mandatory insurance contracts.

An obligatory insurance contract that establishes mutual responsibilities for both parties is the natural catastrophe insurance contract. The insurer is required to offer coverage against the effects of natural disasters and to pay the insurance amount in the event of a disaster in exchange for the insured party's premium payments.

As a result, the first subsection will discuss the insurer's duty to offer insurance coverage, and the second subsection will address the insurer's duty to pay the insurance amount.

B) The Insurer's Obligation to Provide Coverage Against the Effects of Natural Disasters:

---

[29]- Maryam Amara, op. cit., pp. 109-110.

[30]- Executive Decree No. 04-270 dated 08/29/2004, specifying the standard clauses to be included in insurance contracts covering the effects of natural disasters, *Official Gazette*, issue 55, published on 09/01/2004.

[31]- Ghazi Khaled Abu Arabi, op. cit., p. 336.

[32]- Amal Saadi, op. cit., p. 218.

The contract for natural catastrophe insurance is classified as an obligatory contract. This kind of insurance is tied to public policy and is subject to mandatory regulations imposed by lawmakers that cannot be broken or depart from accepted legal norms.
Therefore, after talking about the content of the obligation to provide coverage in the first branch, we will talk about the forfeiture of that commitment. However, it's crucial to define the insurer first:
The basic tenet of insurance is that a group of people should share losses, with the insurer stepping in to coordinate this contribution. Only a legally formed corporation is permitted to serve as an insurer since this organization requires specific procedures and skills that a natural person cannot handle. Regardless of its structure, the lawmaker mandates that the business create reserves and technical funds, get a license to practice insurance, and follow the same bankruptcy and judicial restructuring procedures as any other business.[33]
"Insurance and/or reinsurance companies shall be formed under Algerian law and take one of the following forms: a joint-stock company or a mutual company," reads Article 215 of Ordinance 95-07 on insurance. However, organizations involved in insurance activities without a profit motive may choose to become mutual companies at the moment this ordinance is published."
According to this clause, an insurance business is typically either a mutual company or a joint-stock corporation, with the latter being an exception.

- The Insurance Company as a Joint-Stock Company: In accordance with the general rules of commercial law as well as particular guidelines set forth in the insurance code, an insurance company may choose to operate as a joint-stock company. Article 592 of the revised and expanded Commercial Code states,[34]Unless its capital is held publicly, a joint-stock corporation is one whose capital is divided into shares and requires a minimum of seven stockholders.

When an insurance company is set up as a joint-stock company, its shareholders are referred to as "shareholders" and are solely held accountable for the amount of money they have contributed to the business, or the value of the shares they own in the firm's capital.[35]

- The mutual insurance company is a business that combines the traits of a solely mutual company and a joint-stock company. Since its members have similar professional interests—for example, being farmers, employees, or workers in the transportation, health, or education sectors—it is a civil company that offers protection to its members without.pursuing financial gain. Because mutual firms are not profit-oriented, they are not regarded as commercial enterprises under Article 215 bis of Ordinance 95-07 on insurance.[36]

Furthermore, according to the previously cited article, a mutual insurance organization needs to have at least 5,000 members.

- Mutual Insurance Companies: As an exception, organizations conducting insurance business at the time of law 95-07's issuing may choose to take the structure of a mutual company in accordance with Article 215 of the law.

In contrast to a business with a mutualistic structure, a mutual firm may only engage in distributive insurance as opposed to savings insurance. It is up to its articles of association to decide on a minimum requirement for its foundation capital, as the legislature has not done so. Unlike a corporation with a mutualistic structure, a mutual firm's foundational funds are made up of variable contributions. Furthermore, mutual companies only borrow money under very specific conditions.[37]
Although qualified persons permitted to sign insurance contracts on the insurer's behalf—known as insurance intermediaries—may also do so, the insurer usually enters into contracts directly with the insured. This is outlined in Ordinance 95-07, as amended, Book III, Chapter I, Part Three.

---

[33]- Abdel-Razzaq bin Khrouf, Special Insurance in Algerian Legislation, Vol. 1: Land Insurance, 3rd ed., Radkol Press, Algeria, 2002, p. 47.
[34]- Order No. 75-59 dated 09/26/1975, containing the Commercial Code, as amended and supplemented, Official Gazette, issue 101, published on 12/19/1975.
[35]- Ammar Amoura, Explanation of Algerian Commercial Law: Commercial Activities – The Merchant – Commercial Companies, Dar Al-Ma'arifa, Algeria, 2010, p. 186.
[36]- Maryam Amara, op. cit., p. 52.
[37]- Ibid., p. 54.

1- Content of the Obligation to Provide Coverage

Contracts for natural disaster insurance may be signed by any of Algeria's authorized insurance and reinsurance firms. "Licensed insurance companies must provide the persons referred to in Article 01 above with coverage for the effects of natural disasters as stipulated in the same article," according to Article 05 of Ordinance 03-12 on mandatory natural disaster insurance and victim compensation, which requires these businesses to offer coverage.

1-1 Forfeiture of the Obligation to Provide Coverage

2 The insured must give specific details about the property to be insured when they contact an insurance company to sign a natural catastrophe insurance policy. The property ownership deed is one of the documents needed to confirm the property's legitimacy and ownership. Inquiries are also made on whether a building permit was obtained for the property's development. The purpose of these procedures is to determine whether the property complies with laws and regulations.

3 Beginning with the publication of Ordinance 03-12, the licensed insurance firms' duty to offer coverage is waived for real estate properties and commercial and/or industrial operations carried out in contravention of relevant laws and regulations.[38]

4 However, as stated in Article 07, Paragraph 2 (07.2) of the same legislation, insurance firms are only permitted to waive this requirement at the time of first subscription or contract renewal.

2- The Insurer's Obligation to Pay the Insurance Amount

1. The insurance amount is the sum the insurer is obligated to pay when the insured risk materializes, representing the counterpart to the insured's premium payments.[39] Compensation in natural disaster insurance has unique characteristics that distinguish it from other types of insurance.[40]
2. After discussing how to determine the insurance amount the insurer is required to pay, we will first examine the content of the responsibility to pay the insurance amount.

2-1 Content of the Obligation to Pay the Insurance Amount

The insurer is obligated to compensate the insured for the damage incurred from the insured risk.[41]"The insurer must pay the compensation due under the guarantee within three (03) months fromthe date of delivery of the damage assessment report," according to Clause Six of Article 02 of Executive Decree No. 04-270, which describes the standard clauses for natural disaster insurance contracts.

In a natural catastrophe insurance contract (Cat-Nat), the insurer must execute its commitment to compensate the insured in a number of steps, which can be summed up as follows:

- First, the Minister of Finance and the Minister in charge of local communities must jointly decide to proclaim a state of natural disaster,[42] within a maximum of two (02) months from the occurrence of the natural event.[43]
- Except in emergency or force majeure situations, the insured must inform the insurer of the risk that requires coverage within thirty (30) days of the regulatory text announcing the state of a natural disaster.[44]

---

[38]- Article 07, paragraph 01 of Order 03-12 concerning mandatory insurance against natural disasters and compensation for victims.

[39]- Miraj Jaidi, op. cit., p. 50.

[40]- Jamal Boushnafa, *op. cit.*, p. 145.

[41]- Ghazi Khaled Abu Arabi, op. cit., p. 359.

[42]- Article 03 of Executive Decree No. 04-268, concerning the identification of natural disasters covered by mandatory insurance for the effects of natural disasters and specifying the procedures for declaring a natural disaster, Official Gazette, issue 55, published on 09/01/2004.

[43]-Article 04 of Executive Decree No. 04-268.

[44]- Clause 5 of Article 02 of Executive Decree No. 04-270, specifying the standard clauses to be included in insurance contracts covering the effects of natural disasters.

- Within a maximum of seven (07) days of receiving the incident report, the insurer designates an expert to evaluate the direct damages resulting from the incident.[45]Within three (03) months following the regulatory text announcing the situation of a natural catastrophe, the damage assessment report must be delivered.[46]
- Within fifteen (15) days of learning about the initial assessment, the insured may request a counter-assessment attheir own expense if they are unhappy with the findings. The parties may also decide to contact a qualified court or designate a third expert.[47]
- The insured will get payment within three months of the assessment report being delivered.[48]

2-2 Determining the Insurance Amount the Insurer is Obligated to Pay

According to Executive Decree No. 04-269's Article 07, a natural disaster insurance policy only covers direct losses and damages up to 80% of the insured value for property used for either residential or commercial purposes.

Direct loss and damage coverage for commercial and/or industrial buildings and their contents is capped at 50% of the insured amount.

"An exemption applies to an event within the limits set by the Minister of Finance by decree," according to Article 08 of Executive Decree No. 04-269, which governs the procedures for defining prices, exemptions, and coverage limits for natural disaster insurance.

A 2% exemption of the damage amount per occurrence is applicable to residential real estate under Article 07 of the Ministerial Decree of 10/31/2004, which establishes tariff criteria, rates, and exemptions for natural disaster insurance. This exemption must always be at least thirty thousand Algerian dinars. 10% of the damage value per occurrence is waived for commercial and/or industrial buildings and real estate utilized for work-related activities.

An insurance company may look for assistance from another insurance company or a reinsurance company to cover the difference between the allocated reserve and the compensation owed to the insured if it is unable to cover the damages from a natural disasterafter using up all of its natural disaster insurance reserve. The state steps in as a guarantee for the Central Reinsurance Company (CCR), which is in charge of overseeing this kind of insurance, if neither the insurance nor the reinsurance businesses can cover the risk by providing reimbursement for the insured damages.[49]

In order to ensure that the insured receives the compensation that is required by law and regulation, the state carries out this guarantee by paying the remaining compensation sum after the contributions of the insurance and reinsurance companies. This framework provides a contemporary legal foundation for protecting constructed real estate properties from the danger of natural disasters, whether they are used for residential purposes, business purposes, or professional endeavors.[50]

Conclusion

According to Algerian law, damage insurance includes natural catastrophe insurance. Ordinance 03-12, which deals with mandatory insurance against natural catastrophes and victim compensation, was legislated by the Algerian legislator. According to the principle that special provisions restrict general ones, this insurance, like other insurance contracts, is subject to the provisions specified in the

[45]- Article 13, paragraph 02 of Order 95-07 concerning insurance. This provision, considered a general rule, has been relied upon due to the absence of a specific provision establishing the date by which the insurer must commission the assessment necessary for compensating direct damages resulting from natural disaster risks, within the framework of Order 03-12 concerning mandatory insurance against natural disasters and compensation for victims.

[46]- Article 12, paragraph 02 of Order 03-12 concerning mandatory insurance against natural disasters and compensation for victims.

[47]- Clause 7 of Article 02 of Executive Decree No. 04-270, specifying the standard clauses to be included in insurance contracts covering the effects of natural disasters, and Article 12, paragraph 03 of Order 03-12.

[48]- Clause 6 of Article 02 of Decree No. 04-270.

[49]- Article 09 of Executive Decree No. 04-271 dated 08/29/2004, outlining the conditions for granting and implementing state guarantees within the framework of reinsurance operations for risks arising from natural disasters, Official Gazette, issue 55, published on 09/01/2004.

[50]- Jamal Boushnafa, op. cit., pp. 147-148.

amended Ordinance 95-07 on insurance as well as the general rules in the Civil Code, to the extent that they do not conflict with its specific provisions.
This study has led to the following findings:
- Gaining information and data about the risk from the insured is the only way for any insurer to acquire the knowledge they need to determine the premium that corresponds to the risk. In order to help the insurer decide whether to accept or reject the insurance contract, the insured must supply all relevant information.
- The insured's duty to divulge risk-related information is carried out in two stages: first, at the completion of the insurance contract, and then, throughout its execution. The insured is compelled to submit particular information that satisfies three requirements: it must affect the insured risk, be known to the insured, and be unknown to the insurer. The insured is not required to reveal all known information concerning the risk.
- A penalty has been created by the legislator for the insured's failure to disclose information linked to risk. This penalty gives the insurer the authority to ask for the insurance contract to be terminated; however, this termination has a unique purpose because it is intended to benefit the insurer, which means that the insured forfeits the insurance amount and the insurer is released from covering the risk.Notably, if the insured acted in good faith, termination is not always the best course of action in insurance. Both parties may decide to keep the contract in place and modify it to reflect changing circumstances, like raising premiums in line with the elevated risk, as an alternative to terminating it. This strategy is in line with insurance's primary goal of offering security.
- There are no penalties specified in the Algerian Insurance Law or the Civil Code for failing to inform when a danger materializes. Consequently, in order to identify the proper remedy, general principles regulating contractual liability must be consulted.

Bibliography:

A - Books:
1. Ahmed Sharaf al-Din, Insurance Provisions: A Study in Comparative Law and Jurisprudence, 3rd edition, no publishing house mentioned; 1991.
   Saad bin Abdulaziz Al-Ghamdi, Insurance Issues in the Kingdom of Saudi Arabia: A Comparative Study, Dar Al-Kitab
2. Al-Jami'i Publishing and Distribution, 1st edition, Saudi Arabia; 2016.
3. Abdul-Razzaq bin Khrouf, Private Insurance in Algerian Legislation, Vol. 1: Land Insurance, 3rd edition, Radkol Printing House, Algeria; 2002.
4. Ghazi Khaled Abu Arabi, Insurance Provisions: A Comparative Study, 2nd edition, Dar Wael for Publishing and Distribution, Jordan; 2016.
5. Mariam Amara, Introduction to the Study of Algerian Insurance Law, Dar Balqis, Algeria; 2014.
6. MearajJdeidi, Introduction to the Study of Algerian Insurance Law, 6th edition, DMG, Algeria; 2010.
7. Abdul-Razzaq Al-Sanhouri, Al-Waseet in Explaining Civil Law, Vol. 7, 2nd volume, Dar Ihyaa Al-Turath Al-Arabi, Beirut, Lebanon; 1964.
8. Ammar Amoura, Explanation of Algerian Commercial Law "Commercial Transactions - The Trader - Commercial Companies", Dar Al-Maarifa, Algeria; 2010.

B - Theses:
1. Amal Saadi, The Insurance of Natural Disaster Risks in Algerian Law, Master's Thesis in Private Law, Business Law specialty, Department of Private Law, Faculty of Law and Political Science, Lounici Ali University - Blida 02, Algeria; 2017/2018.

C - Journal Articles:
1. Jamal Bouchanfa, "Mandatory Insurance on Properties against Natural Disaster Risks," Journal of Scientific Research and Studies, Yahia Fares University Center, Algeria, Vol. 5; July 2011.

D - Executive Orders:

1. Executive Order No. 75-58 dated 26/09/1975, related to the Civil Code, Official Gazette No. 78, amended and supplemented.
2. Executive Order No. 75-59 dated 26/09/1975, related to the Commercial Code, Official Gazette No. 101, issued on 19/12/1975.
3. Executive Order No. 95-07 dated 25/01/1995, related to Insurance, Official Gazette No. 13, issued on 08/03/1995, amended and supplemented by Law No. 06-04 dated 20/02/2006, Official Gazette No. 15, issued on 12/03/2006.
4. Executive Order No. 03-12 dated 26/08/2003, regarding Mandatory Insurance on Natural Disasters and Compensation for Victims, Official Gazette No. 52, issued on 27/08/2003.

E - Executive Decrees:
1. Executive Decree No. 04-268 dated 29/08/2004, regarding the Identification of Natural Disasters Covered by Mandatory Insurance and Procedures for Declaring Natural Disaster Status, Official Gazette No. 55, issued on 01/09/2004.
2. Executive Decree No. 04-269 dated 29/08/2004, setting the Procedures for Determining Rates, Exemptions, and Coverage Limits for Natural Disaster Effects, Official Gazette No. 55, issued on 01/09/2004.
3. Executive Decree No. 04-270 dated 29/08/2004, determining the Model Clauses Required in Insurance Contracts on Natural Disaster Effects, Official Gazette No. 55, issued on 01/09/2004.

F - Decisions:
1. Decision dated 31/10/2004, related to Tariff Standards and Exemptions Applicable in the Field of Insurance on Natural Disaster Effects, Official Gazette No. 81, issued on 19/12/2004, amended by the Decision dated 19/03/2017, Official Gazette No. 45, issued on 30/07/2017.