

REGULATION OF INSURANCE INDUSTRY ACT – CIRCULAR

09th September 2023

No. 01 of 2023

PREMIUM PAYMENT WARRANTY FOR POLICIES OF GENERAL INSURANCE

The Insurance Regulatory Commission of Sri Lanka (IRC SL), at its 238th meeting held on 24th August 2023, has decided to revise Circular # 25 to exclude the applicability of the Premium Payment Warranty on travel insurance, marine insurance, title insurance and on bonds issued by insurance companies, on the basis that credit will not be granted for premium payment on such policies.

Accordingly, all insurance companies are requested to indicate in Policy Documents, Renewal Certificates, Endorsements or Cover Notes etc. in respect of General Insurance (where immediate payment is not effected), other than on travel insurance, marine insurance, title insurance and on bonds, the following clauses where the same shall be an annexure to the prevailing Insurance Policy Documents, Renewal Certificates, Endorsements or Cover Notes from the effective date of this Circular.

1. Notwithstanding anything herein contained but subject to clause 2 and 3 hereof, it is hereby agreed and declared that the full premium due and payable in respect of this insurance is required to be settled to the Insurer (The Company) on or before the premium due date specified in the Schedule of this Policy, Renewal Certificate, Endorsement or Cover Note (which shall be a date not exceeding 60 days from the date of inception of the policy) and in the absence of any such premium due date, the full settlement of the premium is required to be made or effected on or before the expiry of the 60th day from the date of inception of this Policy, Renewal Certificate, Endorsement or Cover Note (hereinafter referred to as the "due date").

For the purpose of this warranty the "due date" shall be recognised from the date of inception or commencement of the coverage.

2. It is also declared and agreed that the settlement of the full premium on or before the due date shall operate as a condition precedent to the insurer's (The Company's) liability or an obligation to settle a claim under this Policy, Renewal Certificate, Endorsement or Cover Note.

In the event any claim arises between date of commencement of this insurance and the "due date" for the settlement of premium, the insurer (The Company) may defer any decision on liability or postpone the settlement of any such claim until full settlement of the premium is effected on or before the "due date".

3. It is also declared and agreed that where the full premium payable hereunder remains outstanding as at the closure of business of the insurer on the "due date", then the cover under this insurance and any obligations assumed or imputed under this insurance shall stand to be cancelled, ceased and revoked immediately.

However, such cancellation will not prejudice the rights of the insurer (The Company) to invoke any legal defenses or to recover the full or any part of the defaulted premium attributable to the expired period of the insurance.

This Circular shall be effective from 9th October 2023. As such, Circular # 25 that was in effect from 1st December 2006 shall have no effect w.e.f. 9th October 2023.



DIRECTOR GENERAL
For and on behalf of the Commission