

By Email

Ref: IRCSL/DG/SUP/2026/04/177

9th April 2026

To: Principal Officers of all Long Term Insurance Companies

Dear Sir/Madam,

Re: Clarification Issued on Treatment of Reinsurance Receivables in Solvency Margin (RBC) Template

The Insurance Regulatory Commission of Sri Lanka (IRC SL) writes with reference to the above subject.

In view of enhancing consistency among Long Term Insurance Companies in treatment of Reinsurance Receivables in the Solvency Margin (RBC) template provided by the IRC SL under Determinations 12 and 14, all Companies are hereby required to record the Reinsurance Receivables in line with the clarification provided below.

(I) Worksheet [Table 2C - Reinsurance Details]

- a. The value of Reinsurance Receivables only in respect of claims already paid by the Insurer shall be included in column (5) – “Balance Sheet value of claims recoverable on claims paid and amounts due from Re-insurer”.

Insurer shall ensure that the said value reconciles with the total reinsurance receivables value in respect of claims paid as disclosed under “Note 14 - Reinsurance Receivables” (Note 15, as per Annual Return Format) in the Balance Sheet and Statement of Income Statement.

- b. The above amount shall be split between;
- Amount receivable from Reinsurers for no longer than 6 months (shall be included in column (6)); and
 - amount receivable for a period greater than 6 months (shall be included in column (7))
- c. Amount payable by the Insurer to the Reinsurer shall be included in column (8).
- d. Amount receivable from Reinsurers for a period of no longer than 6 months (as identified in column (6)) shall be used to set-off against amounts payable by the Insurer to the Reinsurer.
- If the Receivable value is greater than the payable value, the resulting value (i.e. value after setting-off) shall be included in column (9); whereas
 - If the payable value is greater than the receivable value, the resulting value (i.e. value after setting-off) shall be included in column (11).
- e. Value included in Column (10) shall always be equal to the value of Reinsurance Receivable for a period greater than 6 months, included in Column (7).

(II) Worksheet [Market Consistent Balance Sheet]

Table 1: Balance Sheet – Assets

- a. Item XIII shall reconcile with the value reported in column (9) of Worksheet: [Table 2C – Reinsurance Details].
- b. Item XVIII, sub-item 13 – “Positive net amounts receivable from a reinsurer, overdue for more than 6 months” shall be equal to the sum of column (10) of worksheet [Table 2C - Reinsurance Details] and shall also include the value of reinsurance receivables in respect of outstanding claims as per “Note 14 - Reinsurance receivables” (note 15, as per the Annual Return Format) provided in Balance-Sheet-and-Income-Statement.

Table 2: Balance Sheet - Liabilities

Item III – Other liabilities shall include an item for reinsurance payables which shall reconcile with the value as per column (11) of the worksheet [Table 2C - Reinsurance Details].

Please note that the Annual Returns and quarterly returns submitted to the IRCSL from the date hereof, shall reflect the treatment of Reinsurance Receivables in line with the below clarification.

Yours faithfully



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Director General

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