



INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

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INSURANCE REGULATORY COMMISSION OF SRI LANKA

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කොළඹ 01, ශ්‍රී ලංකාව.
+94 11 2396184-9

11 මායි, කිරුකු කොපුරු
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කොළඹ 01, ඇලංකාව.
+94 11 2396190

Level 11, East Tower
World Trade Centre
Colombo 01, Sri Lanka.
www.ircsl.gov.lk



3rd June 2020

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Principal Officers of all Insurance Brokering Companies

Dear Sir / Madam

Direction #19 (Amendment) - Compliance with minimum net capital requirement

With reference to the IRCSL Direction dated 24th July 2019 on the above matter. The Commission, at its 197th meeting, having considered the continuous non-compliance with the minimum net capital requirement of Rs. 2.5 Mn of few Insurance Brokering Companies, has decided to include the following highlighted provision to Direction # 19 and hence Direction #19 is amended as below:

1. That insurance brokering companies should demonstrate compliance with net capital requirement within one month from the quarter it became non-compliant by submitting Audited Financial Statements, Form 6 (if capital is infused) and Bank Statements to support the same (if capital is infused); and
2. If the company does not demonstrate as above the IRCSL will suspend the licence of the respective insurance brokering company in terms of the provisions of the Regulation of Insurance Industry Act, No. 43 of 2000.
3. **If the company is suspended for a period of 6 months and the company has not demonstrated compliance with the minimum net capital requirement within this period of 6 months, the licence granted to the said brokering company will be cancelled, without any further notice to the brokering company.**
4. **If a brokering company is suspended for more than two times within the immediately preceding 4 quarters for non-compliance with the minimum net capital requirement, the IRCSL will cancel the licence granted to the said brokering company if the said non-compliance is repealed, without any further notice to the brokering company.**

This Direction shall come into force with immediate effect.

Kindly acknowledge receipt of this Direction.

Yours faithfully

Damayanthi Fernando

DIRECTOR GENERAL

GRN

Cc: Mr. Nalin Dharmasinghe, President - Sri Lanka Insurance Brokers Association