



INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

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INSURANCE REGULATORY COMMISSION OF SRI LANKA

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BY E-MAIL

Ref: IRCSL/DG/LEG/2024/01/012

09th January 2024

To: Principal Officers of All Insurers and Brokers

Dear Sir/Madam,

Enforcement Procedures of the Insurance Regulatory Commission of Sri Lanka
Circular No. 02 Of 2024

The Insurance Regulatory Commission of Sri Lanka (IRCSL), at its 241st meeting, has decided to revise Circular # 41, mainly on delayed return submission (attached).

In view of the above, Circular # 41 issued on 04th November 2019 is hereby repealed and shall have no effect w.e.f. 9th January 2024.

Yours faithfully

Damayanthi Fernando
Director General
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GRN/MA/TW

ENFORCEMENT PROCEDURES OF THE INSURANCE REGULATORY COMMISSION OF SRI LANKA

REGULATION OF INSURANCE INDUSTRY ACT – CIRCULAR

09th January 2024

No 02 of 2024

The Insurance Regulatory Commission of Sri Lanka (IRCSL), at its 241st meeting, held on 18th October 2023, has decided to revise Circular # 41 as follows:

Action of IRCSL in terms of these procedures shall not in any manner:

- I. prevent IRCSL from exercising its powers under the Regulation of Insurance Industry Act, No. 43 of 2000 (RII Act) considering the severity of the violation and/or non-compliance; and
- II. absolve any of its Directors' and persons mentioned in Sec. 104 the Regulation of Insurance Industry Act, No. 43 of 2000 from the violation and/or non-compliance.

These procedures are applicable to insurance companies and insurance brokering companies and shall come into effect immediately.

- a) Non-compliance with Statutory Reporting Requirements (Annual reports, Audited Financial Statements, Returns, etc.) of the IRCSL – Non submission on or before the due date stipulated by IRCSL

Step 1: IRCSL will provide an opportunity of being heard from the Principal Officer regarding the non-compliance. The Principal Officer shall respond within 7 days informing the reasons for non-compliance along with the proposed/agreed date of submission, which shall not be more than two weeks from the due date of submission.

If the Principal Officer fails to respond, the IRCSL shall issue a warning to the Principal Officer.

Step 2: If the Principal Officer responds, but fails to submit the returns within the proposed/agreed date of submission, the IRCSL shall take the following actions:

- 1) The IRCSL shall issue a warning to the Principal Officer;
- 2) Summon the Board of Directors to IRCSL and reprimand them for the delay. Further, obtain a written agreement from the directors giving the date of submission of return, which date shall not be more than four weeks from the due date of submission. If the company fails to submit the return on or before the agreed date, a warning shall be issued to the company and all directors of the company.

Step 3: If the 1st warning has been issued to the Principal Officer of the company, within the immediately preceding 4 quarters for non-compliance, the 2nd warning shall be issued to the Principal Officer, the company and to all directors of the company.

Step 4: If warnings have been issued to the same Principal Officer on two (2) separate occasions, within the immediately preceding 4 quarters, IRCSL may direct the company to remove the Principal Officer and nominate a suitable Principal Officer for its approval.

Notwithstanding anything stated above, the Commission has the discretion to decide whether to issue a warning to the insurer and /or Principal officer for the delayed /non-submission of regulatory returns, having considered the reasons provided by the Company on same.



b) Violation and/or Non-compliance with provisions of the RII Act, other than on Reporting Requirements

If the IRCSL is of the view that a company is in a violation and/or non-compliance with any provision of the RII Act, it shall inquire from the Principal Officer about the reasons for same immediately of becoming aware of such fact, and, shall give fourteen (**14**) days to provide a satisfactory reply and/ or to rectify the said issue.

If the Principal Officer fails to provide a satisfactory reply and/ or fails to rectify the said issue, the IRCSL shall immediately, upon the expiry of seven (**7**) days after the deadline, issue a warning to the Principal Officer and direct the company to refrain from continuing such act or omission and/ or to rectify the consequences resulting from such act or omission.

In view of above, the Circular # 41 issued on 4th November 2019 is hereby repealed and shall have no effect w.e.f. 09th January 2024.


DIRECTOR GENERAL

For and on behalf of the Commission