



INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

ශ්‍රී ලංකා රක්ෂණ නියාමන කොමිෂන් සභාව
இலங்கை காப்புறுதி ஒழுங்குமுறைப்படுத்தல் ஆணைக்குழு
INSURANCE REGULATORY COMMISSION OF SRI LANKA



11 වන මහල, නැගෙනහිර කුළුණ,
ලෝක වෙළඳ මධ්‍යස්ථානය,
කොළඹ 01, ශ්‍රී ලංකාව.

+94 11 2396184-9

11ம் மாடி, கிழக்கு கோபுரம்
உலக வர்த்தக மையம்,
கொழும்பு 1, இலங்கை.

+94 11 2396190

Level 11, East Tower
World Trade Centre,
Colombo 1, Sri Lanka.

www.ircsl.gov.lk

BY REGISTERED POST / FAX

Ref: IRCSL/DG/LEG/18/12/527

17th December 2018

Chief Executive Officers of all Insurance Companies

Dear Madam/ Sir

Corporate Governance Framework for Insurers: Direction # 17-17.12.2018 issued under Section 96A of the Regulation of Insurance Industry Act, No. 43 of 2000

With the intention of ensuring greater transparency in the conduct of the affairs of insurance companies, the Insurance Regulatory Commission of Sri Lanka, has decided to issue the attached Direction on Corporate Governance Framework, in terms of Section 96A of the Regulation of Insurance Industry Act, No. 43 of 2000.

The Direction shall come into force with effect from 01st January 2019.

Please acknowledge receipt of same.

Yours faithfully

Damayanthi Fernando
DIRECTOR GENERAL

RA/PG

Cc: President, Insurance Association of Sri Lanka

INSURANCE REGULATORY COMMISSION OF SRI LANKA

Corporate Governance Framework for Insurers

- A. Insurers are recommended to adhere to the Code of Best Practice on Corporate Governance, 2017 (the Code), issued by the Securities and Exchange Commission of Sri Lanka jointly with the Institute of Chartered Accountants of Sri Lanka, with a view to facilitate effective, entrepreneurial and prudent management that can deliver the long-term success of the company, and further to promote corporate fairness, transparency and accountability.**
- B. Insurers are required to comply with the following:**
- 1. the Board of an insurer must be comprised of a minimum of two Directors who are citizens of Sri Lanka and also residents of Sri Lanka;**
 - 2. (a) the total period of service of a director of an insurer, other than an executive director, shall not exceed nine years, and such period in office shall be inclusive of the total period of service served by such director up to 1st January 2019.**
(b) in this context, the following transitional provision shall apply:

A director who has completed nine years as at January 1, 2019, or who completes such term at any time prior to December 31, 2019, may continue for a further maximum period of 2 years commencing January 1, 2019.
 - 3. (a) the age of a person who serves as director shall not exceed 70 years;**
(b) in this context, the following general exemption shall apply:

(i) A director who is over 75 years of age as at January 1, 2019, such director may continue to serve as a director for a further period that shall not extend beyond December 31, 2019, and shall be deemed to have vacated office on December 31, 2019.

(ii) A director who is between 70 to 75 years of age as at January 1, 2019, such director may continue to serve as a director for a further period that shall not extend beyond December 31, 2020, and shall be deemed to have vacated office on December 31, 2020.

(iii) A director who would reach the age of 70 years by January 1, 2019, such director may continue to serve as a director for a further period that shall not extend beyond December 31, 2021, and shall be deemed to have vacated office on December 31, 2021.

4. the Board of an insurer must adhere to Section 7.10 of the Listing Rules of the Colombo Stock Exchange (or any amendments made thereto), pertaining to Corporate Governance.

5. A person shall not hold office as a director of more than 20 companies/entities/institutions inclusive of subsidiaries or associate companies of the insurer. Of such 20 companies/entities/ institution, not more than 10 companies shall be those classified as Specified Business Entities in terms of the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995

C. The above will come into effect from 01st January 2019.