



BY REGISTERED POST / FAX

01st April 2016

Ref: IBSL/DG/LEG/16/03/160

Chief Executive Officers of all Long Term Insurance Companies

Dear Madam/ Sir

STANDARD COOLING OFF PERIOD FOR LONG TERM INSURANCE PRODUCTS

The Board of IBSL, at its 159th meeting, has decided to issue the following Direction to all long term insurance companies in terms of Section 96A of the Regulation of Insurance Industry Act, No. 43 of 2000 (RII Act):

Direction No. 8

A policyholder shall have twenty one (21) days from the date of receipt of the policy document to examine its terms and conditions (known as Cooling-off period/Free-look period). A policyholder may terminate the policy within the Cooling-off period/Free-look period and the insurer shall refund:-

- (a) The unallocated premiums;
- (b) Value of units that have been allocated (if any) at unit price at the next valuation date; and
- (c) Any insurance charges and policy fee that have been conducted; less medical expenses which may have been incurred.

The above Direction shall be applicable for all long term insurance products including unit-linked products, and shall come into force with immediate effect.

Please acknowledge receipt of this letter.

Yours faithfully,

Damayanthi Fernando
DIRECTOR GENERAL

RA/PG

Cc: Mr. Dirk Pereira, President, Insurance Association of Sri Lanka
Mr. Rukmal Seneviratne, President, Sri Lanka Insurance Brokers Association