

ENFORCEMENT STRATEGY ON RBC

	Risk Level	Required Financial Resources	Notes	Recommended Action/s
A	Low	<ul style="list-style-type: none"> CAR > 120% plus a significant additional margin. (E.g. CAR > 160%) TAC > Rs. 500 million Results consistent and stable over several quarters. 	No concerns have been raised during on-site inspections, in other reviews or elsewhere in the financial statements, spot check calculations on a periodic basis. (taking into account the risk profile of the insurer)	General Review of Returns.
B1	Moderate	<ul style="list-style-type: none"> CAR > 120% plus a significant additional margin. TAC > Rs. 500 million <p>Results vary significantly</p>	The factors that are causing volatility and risks that the company is exposed to needs to be understood and managed.	IBSL will require the Insurer to submit a detailed report along with the quarterly report explaining the causes for the significant changes.
B 2	Moderate	<ul style="list-style-type: none"> CAR > 120% but with little or no margin (e.g. CAR < 160%) TAC > Rs. 500 million Results consistent with previous quarter/results deteriorating from previous quarter. 	<ul style="list-style-type: none"> Company stays on "early warning" watch-list so that assessment of returns is given priority at next review period. Monitor until sufficient margin is restored. 	<ul style="list-style-type: none"> IBSL will require the Insurer to report reasons for the deterioration with the return. IBSL will require the insurer to submit the company's risk management process based on the circumstances and the risk profile of the insurer to comfortably meet the requirements. IBSL may require the Insurer to provide a capital plan to demonstrate that Insurer is in a position to comfortably meet the requirements/plan to ensure that there is no further deterioration in its capital position. <p>(within 45 days from end of the quarter)</p> <ul style="list-style-type: none"> If IBSL is not satisfied with the documents submitted, IBSL may ask for supporting opinion from an Independent Actuary or other skilled person. <p>IBSL – within two weeks after the plan receipt.</p>

				<p>Company – within three weeks after receiving the letter from IBSL.</p> <ul style="list-style-type: none"> Increased supervisory activities and close monitoring, such as onsite inspections, monthly reporting, Issuing appropriate directions, Meeting the Board, appropriate enforcement actions in terms of the provisions of the RII Act may be taken to closely monitor the financial situation. <p>Note: Higher priority will be given to companies with CAR 120 – 140%</p>
C 1	High	<ul style="list-style-type: none"> CAR > 120% plus a significant additional margin. <p>TAC < Rs. 500 million</p> <p>OR</p> <ul style="list-style-type: none"> CAR < 120% TAC > Rs. 500 million Results consistent and stable over several quarters. 	<p>Breach of RBC Rules. The company is required to ensure necessary actions continue to be taken based on both the nature of the problem and the risk profile.</p>	<ul style="list-style-type: none"> IBSL will require the Insurer to report reasons for the deterioration with the return. IBSL will require the insurer to submit the company’s risk management process based on the circumstances and the risk profile of the insurer to comfortably meet the requirements. IBSL will require the Insurer to provide a capital plan to demonstrate that Insurer will be in a position to restore the financial status within 3 months from breach. <p>(within 45 days from end of the quarter)</p> <ul style="list-style-type: none"> If IBSL is not satisfied with the documents submitted, IBSL will ask for supporting opinion from an Independent Actuary or other skilled person. <p>IBSL – within two weeks after the plan receipt. Company – within three weeks after receiving the letter from IBSL. <ul style="list-style-type: none"> Increased supervisory activities and close monitoring, such as onsite inspections, monthly reporting, Issuing appropriate directions, Meeting the Board, may be taken to closely monitor the financial situation. If failed to restore within the period of plan appropriate enforcement actions in terms of the provisions of the RII Act. </p>
C 2	High	<ul style="list-style-type: none"> CAR < 120% TAC < Rs. 500 million 	<p>Breach of RBC Rules; The company will be on a higher priority for</p>	<ul style="list-style-type: none"> IBSL will require the Insurer to report reasons for the deterioration with the return. IBSL will require the insurer to submit the company’s risk

			supervisory activities.	<p>management process based on the circumstances and the risk profile of the insurer to comfortably meet the requirements.</p> <ul style="list-style-type: none"> • IBSL will require the Insurer to provide a capital plan to demonstrate that Insurer will be in a position to restore the financial status within 3 months from breach. <p>(within 45 days from end of the quarter)</p> <ul style="list-style-type: none"> • If IBSL is not satisfied with the documents submitted, IBSL will ask for supporting opinion from an Independent Actuary or other skilled person. <ul style="list-style-type: none"> IBSL – within two weeks after the plan receipt. Company – within three weeks after receiving the letter from IBSL. • Increased supervisory activities and close monitoring, such as onsite inspections, monthly reporting, Issuing appropriate directions, Meeting the Board, may be taken to closely monitor the financial situation. • If failed to restore within the period of plan appropriate enforcement actions in terms of the provisions of the RII Act.
C3	High	Concerns about data accuracy or completeness.	The company will be on a higher priority for supervisory activities.	<ul style="list-style-type: none"> • Require supporting opinion on return from an independent Actuary or other skilled person. <ul style="list-style-type: none"> IBSL – within two weeks after the return receipt Company – within three weeks after receiving the letter from IBSL • If issue continues, IBSL will take appropriate enforcement actions in terms of the provisions of the RII Act.