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EXTRAORDINARY

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PART I : SECTION (I) - GENERAL

Government Notifications

L.D.B. 6/2001.

REGULATION OF INSURANCE INDUSTRY ACT, No. 43 OF 2000

REGULATIONS made by the Minister of Finance and Planning under Section 112 of the Regulation of Insurance Industry Act, No. 43 of 2000 read with paragraphs (b) and (d) of Subsection (1) of Section 13, Section 16 and Subsection (3) of Section 25 of that Act.

SARATH AMUNUGAMA,
Minister of Finance and Planning.

Ministry of Finance and Planning,
Colombo 01,
11th October, 2005.

REGULATIONS

1. These regulations may be cited as the Insurance Board Regulations, 2005.
2. (1) any person who wish to be registered as an insurer under the Act to carry on an insurance business, shall be required to-
 - (a) have a paid up share capital of a value not less than rupees one hundred million, for each class of insurance business ; and
 - (b) pay to the Board as a fee a sum of two hundred and fifty thousand rupees for each class of insurance business including the appropriate Government taxes on such amount.

3. An insurer shall pay to the Board as an annual fee-

- (a) a sum of one hundred thousand rupees, in respect of each class of insurance business ; or
- (b) (i) one twentieth of one per cent (0.05%) of the gross written premium of long term insurance business of the preceding year ; and
- (ii) one twentieth of one percent (0.05%) of the gross written premium of general insurance business of the preceding year,

Whichever amount is higher.

4. (1) The Board may grant permission to an insurer to keep the assets of an insurer, whether forming part of the technical reserve or the Long Term Insurance Fund being maintained by an insurer under the Act, outside Sri Lanka, upon the Board being satisfied :-

(a) That the value of assets permitted to be kept outside Sri Lanka-

- (i) will not exceed twenty per centum of the total value of assets of an insurer at any given time ;
- (ii) with any single person or with a person and its related parties, will not exceed five per centum of the value of assets permitted to be kept outside Sri Lanka at any given time ; and

(b) on written assurance given by such insurer, that it shall keep safe in Sri Lanka documents showing evidence of the insurer's title to such assets to be kept outside Sri Lanka.

(2) The assets of an insurer to be kept outside Sri Lanka shall not be invested in any one or more of the following unless specific written approval of the Board is obtained in that respect :-

- (a) investments in commodities, futures and options ;
- (b) investments in real estate ;
- (c) investments for the purpose of gaining management control of a company ;
- (d) investment in unlisted securities ;
- (e) investment in any asset which involves the assumption of unlimited liability ; or
- (f) such other investments as may be determined by the Board from time to time.

5. In these Regulations unless the context otherwise requires :-

"Act" means the Regulation of Insurance Industry Act, No. 43 of 2000 ;

"Board" means the Insurance Board of Sri Lanka, established by the Regulation of Insurance Industry Act, No. 43 of 2000 ;

"class of insurance business" means general insurance business and long term insurance business ;

"futures" includes the purchase and sale of physical commodities or financial instruments, for future delivery on an exchange ;

"insurer" and "insurance business" shall have the same meanings assigned to it under the Act ;

"options" includes a legally binding agreement that confers the right but not the obligation to the holder, to buy or sell an underlying asset (which may be a financial instrument, commodity, or futures contract) at an agreed price by a specified expiry date in the future ; and

"related party" shall have the same meaning and description as stated in the Sri Lanka Accounting Standards adopted by the Institute of Chartered Accountants of Sri Lanka under Section (2) of the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995 and published in the Gazette from time to time.