

Amendments to Circular No. 24 of 17th July 2006

BY HAND

1st August 2006

Mr. Upali Wickremaratne

President

Sri Lanka Insurance Brokers Association

C/o ICIB

100, Glennie Street

Colombo 02

Dear Sir,

Circular No. 24 of 17/07/2006

We refer to your letter dated 27th July 2006 and to the discussions we had on 26th and 28th July 2006 on the above subject. As per the discussions that took place we confirm the following:

1. It was decided to include the 60 day cancellation clause in all general insurance policies issued by insurers. In terms of Section 35 of the RII Act, insurers could give credit up to 60 days provided that a bank guarantee has been provided by the insured or the broker to the insurance company guaranteeing the payment of premia.
2. If there is a claim during this period, the insurer is liable to meet the claim.
3. The broker should not take the risk of meeting a claim at any stage under a contract of insurance.

In view of the above, we have revised Section 8 and 9 of the above Circular, a copy of which is enclosed herewith. We would appreciate if you could circulate the revision to the members of SLIBA along with this letter.

Yours truly,

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Director General

Source of Business	Total Premium to be collected Rs.	Premium to be collected 1-60 days Rs.	Premium to be collected 60 days – 1	Premium to be collected more than 1 year Rs.	Premium to be collected with Bank guarantee Rs.	Premium to be collected without Bank Guarantee Rs.
1	2	3	4	5	6	7
a. Direct						
b. Branch Offices						
c. Insurance Agents						
D. Total						

Instructions

1. Total of Column 2 should equal to the total of Column 3, Column 4 and Column 5 and separately to the total of Column 6 and Column 7
2. Total of Column 2 should agree with the outstanding premiums to be collected by Broking Companies on behalf of Insurance Companies.
3. Columns 4 and 5 do not need to be completed once the 60 day cancellation clause is implemented by the Insurance Companies.

Name of the Company	Total Payable Rs.	Total Payable less than 14 days Rs.	Total Payable more than 14 days Rs.	Reasons for not remitting the premium within 14 days Rs.
1	23	3	4	5
a.				
b.				
c.				
d.				
e.				
f.				
g.				
h.				
i.				
j.				
k.				
l.				
m.				

n.				
o.				
p.				
q. Total				

Instructions

- 1. Total of Column 2 should equal to the total of Column3 and Column 4
- 2. Total of Column 2 should agree with the outstanding premiums receivedby insurance brokerand payable to insurance companies (Creditors) figure appearing in the Balance Sheet of the Company as at that date.