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INSURANCE REGULATORY COMMISSION OF SRI LANKA



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Circular # 40

Health Insurance Covers Underwritten by Insurers who carry on Long Term Insurance Business

(25th February 2019)

Having considered the requests from the industry, the Insurance Regulatory Commission of Sri Lanka (the Commission), at its 187th meeting, issues the following clarification pertaining to health insurance covers underwritten by long term insurers:

- (1) long-term insurance companies can issue permanent health insurance policies (stand –alone), which are in effect for a period of more than five years (i.e. the policy term is 5 years or more) and which cannot be cancelled by the insurer, as stipulated in Section 114 (1) (a) (v) of the RII Act;
- (2) stand-alone health covers, where the period is less than 5 years, are not permitted to be issued by long-term insurance companies;
- (3)
 - a) long-term insurance companies can issue health insurance riders/health related benefits embedded to life insurance policies;
 - b) the life cover should contain a significant benefit when compared to the health insurance rider/health related benefit. Further, the life cover should be identified as the main cover of the product; and
 - c) the health insurance rider/health related benefits of a participating/non-participating life cover should form part of non-participating fund.
- (4) all insurance companies are required to take necessary steps to minimize the risk of facing an adverse financial situation by writing health insurance contracts, such as having a proper pricing mechanism, adequate & suitable reinsurance cover and underwriting standards in place etc.

Mano Tittawella (Mr)
CHAIRMAN