



INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

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இலங்கை காப்புறுதி ஒழுங்குமுறைப்படுத்தல் ஆணைக்குழு
INSURANCE REGULATORY COMMISSION OF SRI LANKA



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BY REGISTERED POST / FAX

Ref: IRCSL/DG/LEG/19/11/473

04th November 2019

**Principal Officers of all Insurance Companies
Principal Officers of all Insurance Brokering Companies
Principal Officer, NITF**

Dear Madam/Sir,

Procedure for Taking Enforcement Action by the Insurance Regulatory Commission of Sri Lanka - Circular # 41

We wish to inform you that the Insurance Regulatory Commission of Sri Lanka has issued Circular # 41 and a copy of same is attached for your information and compliance.

Yours faithfully,

Damayanthi Fernando

DIRECTOR GENERAL

KP/TW

Cc: President, Insurance Association of Sri Lanka
President, Sri Lanka Insurance Brokers Association



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Circular # 41

Enforcement Procedures of the Insurance Regulatory Commission of Sri Lanka

(04th November 2019)

The IAIS Insurance Core Principles (ICPs) provide a globally accepted framework for the regulation and supervision of the insurance sector. ICP 11 focuses on enforcement, wherein, the supervisor enforces corrective action and, where needed, imposes sanctions based on clear and objective criteria that are publicly disclosed.

This document sets out the IRCSL's Enforcement Procedures on violations / non-compliances with Reporting Requirements (Returns, etc.) stipulated by the IRCSL and violations / non-compliances with the provisions of the Regulation of Insurance Industry Act, No. 43 of 2000 (RII Act) and all its subsidiary legislations.

This issuance of the IRCSL's Enforcement Procedure or action of the IRCSL in accordance with the said procedures will not in any manner:

- I. prevent the IRCSL from exercising its powers under the RII Act, considering the severity of the violation and/or non-compliance; and
- II. absolve any of its Directors and persons mentioned in Sec. 104 the RII Act from the violation and/or non-compliance.

The above procedures are applicable to insurers and insurance brokers and will be applicable with immediate effect.

- a) Violation and/or non-compliance with Reporting Requirements (Returns, etc.) of the IRCSL – Non submission on or before the due date stipulated by the IRCSL

Step 1: The Principal Officer shall inform the reasons for the delay and the date of submission of Return etc. (The date of submission should be justified based on reasons provided) to the IRCSL within a period of one (1) week from the due date.

- (a) If the Principal Officer fails to inform the reasons for the delay and / or the date of submission of Return etc., within the specified date, the IRCSL shall, immediately, issue a warning to the Principal Officer.*

(b) *If the reasons provided by the Principal Officer for the delay is not acceptable to the IRCSL, the IRCSL shall, immediately, issue a warning to the Principal Officer.*

(c) *If the date of submission of Return etc., provided by the Principal Officer, is not justifiable to the IRCSL based on the reasons provided, the IRCSL shall, immediately, issue a warning to the Principal Officer.*

(d) *If the Principal Officer informs the reasons for the delay and the date of submission of Return, but fails to submit such Return, etc. on or before the date informed by him/her, the IRCSL shall immediately, issue a warning to the Principal Officer.*

Step 2: Warnings issued to the Principal Officer, on more than two (2) separate occasions within the immediately preceding 4 quarters with regard to delayed submissions, the IRCSL will direct the company to nominate a suitable Principal Officer for its approval and to remove the existing principal Officer from his/her position.

b) *Violation and/or Non-compliance with provisions of the RII Act, other than on Reporting Requirements*

If the IRCSL is of the view that a company is in a violation and/or non-compliance with any provision of the RII Act, it shall inquire from the Principal Officer about the reasons for same immediately of becoming aware of such fact, and, shall give seven (7) working days to provide a satisfactory reply and/ or to rectify the said issue.

If the Principal Officer fails to provide a satisfactory reply and/ or fails to rectify the said issue, the IRCSL shall immediately, upon the expiry of five (5) working days after the deadline, issue a warning to the Principal Officer and require the company to refrain from continuing such act or omission and/ or to rectify the consequences resulting from such act or omission. The Principal Officer shall be required to demonstrate the requirements of the IRCSL within the period specified in the said letter of warning.

In the event that the Principal Officer fails to comply with the terms of the said letter of warning, the IRCSL shall suspend the company immediately upon the expiry of five (5) working days after the deadline. The provisions of the RII Act relating to suspension and / or cancellation will apply accordingly.