

The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

No. 1412 / 30 - THURSDAY, SEPTEMBER 29, 2005

(Published by Authority)

PART I : SECTION (I) - GENERAL

Government Notifications

REGULATION OF INSURANCE INDUSTRY ACT, No. 43 OF 2000

RULES made by the Insurance Board of Sri Lanka under Section 105 read with Sections 13, 58, 70, 80, 81, 86, 94, 95 and 103 of the Regulation of Insurance Industry Act, No. 43 of 2000.

Dr. DAYANATH C. JAYASURIYA,
Chairman,
Insurance Board of Sri Lanka.

Colombo,
28th September, 2005.

Rules

1. These rules may be cited as the Insurance Board of Sri Lanka Rules of 2005.
2. Any person who wishes to be registered under this Act to carry on insurance business in Sri Lanka, shall be required to pay as deposit to the Treasury, a sum of Rupees Fifty Thousand for long-term insurance business and Rupees Two Hundred Thousand for general insurance business, as the case may be.
3. A copy or any part of a copy of any return furnished to the Board under the Act other than confidential information may be obtained by any person on the payment of a fee of Rupees Six per page.
4. In the winding up of an insurer, the ascertainment of the value of-
 - (a) the assets of such insurer, shall be in accordance with the Sri Lanka Accounting Standards and any adjustments as determined by the District Court ; and
 - (b) the liabilities of such insurer-
 - (i) in respect of current policies of general insurance business, shall be such portion of the last premium paid as is proportionate to the unexpired portion of the policy in respect of which the premium was paid ; and

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(ii) in respect of current contracts effected in the course of long term insurance business including annuity business, shall be calculated adopting the method and upon the basis to be determined by an actuary appointed by the Board, who shall in determining such method and basis, take into account-

(a) the purpose for which such valuation is to be made ;

(b) the rate of interest, taxation and the rates of mortality and / or morbidity to be used in the valuation ; and

(c) any special directions which may be given by the District Court.

5. Any person who wishes to be registered as a broker under this Act, shall be required to maintain as the paid up share capital of the company, a sum not less than Rupees One Million.

6. An application made to the Board to be registered as a broker under this Act, shall be accompanied by a fee of Rupees Fifty Thousand per each class of insurance business and in addition pay any applicable taxes on such payment.

7. Every broker shall maintain its accounts in such form and in manner as specified in the First Schedule to these Rules.

8. (1) The person to be appointed as the principal officer by an insurer-

(a) shall possess the qualification of an Associate or Fellow of the Chartered Insurance Institute or an equivalent academic or professional qualification acceptable to the Board, and have not less than five years post qualification experience in insurance related activity at managerial level, immediately preceding the date of appointment as principal officer ; and

(b) should not have been declared bankrupt or have been convicted of an offence by any court of law within or outside Sri Lanka.

(2) The person to be appointed as the principal officer by a broker -

(a) shall -

(i) possess the qualification of an Associate or Fellow of the Chartered Insurance Institute, or an equivalent qualification acceptable to the Board, and have not less than five years post qualification experience in insurance related activity at an executive level and carrying on insurance sales related activity or consultancy work, for a period not less than two years prior to being appointed as principal officer;

(ii) have not less than fifteen years of experience in insurance related activity of which not less than ten years is at an executive level and not less than five years at managerial level and carrying on insurance sales related activity or consultancy work for a period not less than two years prior to being appointed as principal officer ;
or

(iii) have not less than ten years of experience in insurance related activity at managerial level and carrying on insurance sales related activity or consultancy work not less than two years prior to being appointed as principal officer ; and

(b) should not have been declared a bankrupt or have been convicted of an offence by any court of law within or outside Sri Lanka.

9. Every insurer and broker shall maintain a register of policies in such form as specified in the Second Schedule to these Rules.
10. Such sums of money as shall be authorized by the Board in that behalf from and out of the money lying to the credit of the Policyholders Protection Fund established by section 103 of the Act, may be utilized for the following specific purposes in so far as it would be for the benefit of the policyholders and potential policyholders-
- (a) defraying the expenditure incurred in creating awareness of the insurance industry amongst the public and other expenditure incurred in the development of the insurance industry ; and
 - (b) defraying the expenditure incurred by the Board in the exercise, discharge and performance of its powers, functions and duties.
11. In these Rules unless the context otherwise requires-
- "Act" means the Regulation of Insurance Industry Act, No. 43 of 2000 ;
- "Actuary", "Insurer" and "Broker" shall have the same meaning as in the Act ; and
- "Board" means the Insurance Board of Sri Lanka, established by Section 2 of the Act.

FIRST SCHEDULE

PART I

INSTRUCTIONS FOR FILLING THE BROKERS QUARTERLY ACCOUNT STATEMENT

1. Item 3. Premium Income Details should give the break up of total premium income booked by the broker. The Column "% to total Prem. Income", shall be furnished for each row where the premium income is furnished. For instance, Premium Income under 'Fire' business is expressed as x % of the Total Premium Income. The premium income is furnished in the last two columns as break-up: Single Premium, and other (non-Single Premium), for each row.
2. Item 4. Commission Details are required to be furnished for the same items for which premium income details have been furnished under item 3.
3. Item 5. Revenue Account for the Quarter is required to be furnished for each quarter showing the profit (excess of income over expenses).
4. Item 6. Placement details. The premium income details given under item 3 for each class/sub-class of business shall be furnished in respect of each insurer.
5. Item 7. Insurance Broking Account Details are required to be furnished for the account kept with the Bank for the purpose of receipts and payments in respect of policyholders.
6. Items 8 and 9 show the particulars in respect of outstanding premium.
7. Certification from the Principal Officer is required for the validity of the statement.

FIRST SCHEDULE

PART II

BROKERS QUARTERLY ACCOUNT STATEMENT

(This statement shall be furnished to the Board within forty- five days from the end of the quarter)

1. Name of the Broker :

2. For the Quarter ended :

3. PREMIUM INCOME DETAILS (To be provided in Rupees)

Class of Business	Premium Income	% to total Premium Income	Break-up of Premium Income	
			Single Premium	Others
(a) Life Insurance				
Individual				
Group Business				
(b) General Insurance				
Fire				
Marine				
Motor				
Miscellaneous				
Employer's Liability				
Total (a + b)				

4. COMMISSION DETAILS (To be provided in Rupees)

	Brokerage	Other Fee	Total Income	% ***	Commission Payable to Insurance Agents	Net Comm. to Broker
(a) Life Insurance						
Individual						
Group Business						
(b) General Insurance						
Fire						
Marine						
Motor						
Miscellaneous						
Employer's Liability						
Total						

*** Total Comm. As a % of Premium Income

5. REVENUE ACCOUNT FOR THE QUARTER

	Rupees
(a) INCOME	
Brokerage Received	
Other Income	
(b) EXPENSES	
Administration Expenses	
Commission paid to Insurance Agents	
Other Expenses	
Excess of Income over Expenses	

6. PLACEMENT DETAILS - Premium Income given under item 3 (To be provided in Rupees)

Name of the Insurer	Life Insurance		General Insurance					Total	Total Premium collected from policy holders
	Individual	Group	Fire	Marine	Motor	Misc.	Employer's Liability		
Total									

7. INSURANCE BROKING ACCOUNT DETAILS

Name of the Bank :

A/C Name :

A/C Number :

	Rupees
Balance B/F at the beginning of the quarter	
Premium Collected & Deposited	
Premium Remitted to Insurers	
Balance C/F at the end of the quarter	

8. PARTICULARS OF OUTSTANDING PREMIUM (To be provided in Rupees)

Source of Business	Amount of Premium	Total Outstanding Premium	O/S Premium <14 days	O/S Premium >14<60 days	Prem. with Bank Guarantee	Premium without Bank Guarantee	Remarks
Direct							
Branch Offices							
Insurance Agents							

9. PARTICULARS OF OUTSTANDING PREMIA OVER 14 DAYS

Name of Insurer	Name of Policyholder by whom Premium is outstanding	Outstanding Premium		Reasons	Action taken
		Amount of Premium outstanding for over 14 days (Rs.)	Number of Days outstanding		

10. CERTIFICATION

I certify that the above information furnished to Board is true and correct.

Name and signature of the Principal Officer of the Broker:

Place :

Date :

Second Schedule
Part I

If partial payment, reason for it																				
If repudiated reason for repudiation and date of repudiation																				
Amount recovered from reinsurers																				
Amount of claim paid																				
Date-claim paid																				
Amount claimed																				
Name and address of claimant and the date of claim application submitted																				
Net reinsurance premium ceded																				
Reinsurance commission																				
Reinsurance Premium																				
Name of Insurance Broker/ Insurance Agent																				
Aquisition cost/commissions to Agents/Brokers																				
Particulars of any transfer, assignment or nomination of which the insurer has notice																				
Is the premium payment covered by Bank guarantee																				
Total premium received																				
Sum Assured																				
Date of commencement																				
Address of the Policyholder																				
Name of the Policyholder																				
Date of Issue																				
Policy No.																				
Serial No.																				

** The amounts should be in Sri Lankan Rupees

Second Schedule
Part II

Name of Insurance Broker :
Type of Policy :

If partial Payment, reason for it																			
If repudiated reason for repudiation and date of repudiation																			
Amount of claim paid																			
Date-claim paid																			
Amount claimed																			
Name and address of claimant and the date of claim application submitted																			
Name of Agent																			
Aquisition cost/commissions to Agents																			
Is the premium payment covered by Bank guarantee																			
Total premium received																			
Sum assured																			
Date of commencement																			
Name of the Insurer																			
Address of the Policyholder																			
Name of the Policyholder																			
Date of Issue																			
Policy No.																			
Serial No.																			

** The amounts should be in Sri Lankan Rupees