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The Gazette of the Democratic Socialist Republic of Sri Lanka
EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

REGULATION OF INSURANCE INDUSTRY ACT, No. 43 OF 2000

L.D.B. 6/2001.

Rules made by the Insurance Board of Sri Lanka under section 105 read with paragraphs (b) and (d) of subsection (1) of section 80, 86 and 94 of the Regulation of Insurance Industry Act, No. 43 of 2000.

UDAYASRI KARIYAWASAM,
Chairman,
Insurance Board of Sri Lanka.

Insurance Board of Sri Lanka,
Colombo,
18th February, 2010.

Rules

The Insurance Board of Sri Lanka Rules of 2005 published in *Gazette Extraordinary*, No. 1412/30 of September 29, 2005, are hereby amended as follows :—

1. by the substitution for Rule 7 thereof of the following Rule :—

“7. Every broker shall, for every quarter commencing from the first day of April Two Thousand and Ten, furnish to the Board within forty five days after the close of the quarter, its quarterly returns in accordance with the instructions as set out in the First Schedule to these Rules.

2. (a) in Rule 8(1)(a) by the substitution for the words “an equivalent academic or professional qualification” of the words “an academic or professional qualification”;

(b) in Rule 8(2) thereof by the repeal of Sub-Rule (b) and the substitution thereto of the following -

“(b) shall —

- (i) have passed the certificate programme for brokers conducted by the Insurance Board of Sri Lanka or any other body approved by the Insurance Board of Sri Lanka;
- (ii) not have been convicted by any competent court in Sri Lanka or of any other country, for a crime committed in connection with financial management or of any offence involving moral turpitude;

- (iii) not have been declared an undischarged insolvent or a bankrupt, under any law in Sri Lanka or of any other country;
- (iv) not have been declared by a competent court in Sri Lanka or of any other country, to be of unsound mind;
- (v) not have failed to satisfy any judgement or order given by any competent court in Sri Lanka or of any other country, pertaining to the re-payment of a debt, if any;
- (vi) not have been removed or suspended by an order of a regulatory or supervisory authority from serving as a Chief Executive Officer, Director or any other position of authority in any insurance company, insurance broker, bank, financial institution or corporate body, within or outside Sri Lanka; and
- (vii) not have been a Chief Executive Officer, Director, Principal Officer, Specified Officer or held any other position of authority in any insurance company, insurance broker, bank, financial institution or corporate body -
 - (a) whose licence or other authority granted for operating as an insurance company or insurance broker or bank or financial institution, has been suspended or cancelled or refused; or
 - (b) which has been wound up or is being wound up or which is being compulsorily liquidated

within or outside Sri Lanka.

3. by the insertion immediately after Rule 10 thereof of the following new Rule:-

"11. Subject to the provisions of section 80 of the Act, a person shall not be eligible to be registered as an insurance broker, if any member of the Board of Directors of such person:-

- (1) does not possess academic or professional qualifications or effective experience in insurance, finance, business or of any other relevant discipline;
- (2) has been convicted by any competent court in Sri Lanka or of any other country, for a crime committed in connection with financial management or of any offence involving moral turpitude;
- (3) has been declared undischarged insolvent or bankrupt, under any law in Sri Lanka or of any other country;
- (4) has not been able to satisfy any judgment or order given by any competent court in Sri Lanka or of any other country, pertaining to the re-payment of a debt;
- (5) has been declared by a competent court in Sri Lanka or of any other country, to be of unsound mind;
- (6) has been removed or suspended by an order of a regulatory or supervisory authority from serving as a Chief Executive Officer, Director or any other position of authority in any insurance company, insurance broker, bank, financial institution or corporate body, within or outside Sri Lanka ; or

(7) has been a Chief Executive Officer, Director, Principal Officer, Specified Officer or has held any other position of authority in any insurance company, insurance broker, bank, financial institution or corporate body-

(i) whose licence or other authority granted for operating as an insurance company or insurance broker or bank or financial institution, has been suspended, cancelled or refused; or

(ii) which has been wound up or is being wound up or which is being compulsorily liquidated within or outside Sri Lanka”.

4. by the renumbering of Rule 11 thereof as Rule 12.

5. in the renumbered Rule 12 thereof, by the insertion immediately after the definition of “Board”, of the following definition -

‘person’ includes a body, corporate or unincorporated.

6. the First Schedule thereof is hereby repealed and the following substituted therefore.

FIRST SCHEDULE

PART 1

INSTRUCTIONS FOR COMPLETING BROKERS’ QUARTERLY RETURNS

1. Every Broker shall prepare and submit the following information to the Board within forty-five days from the end of the quarter : —

(a) Form 1 - Premium Income and Commission Income Details

(b) Form 2 - Placement Details

(c) Form 3 - Insurance Broking Accounts Details

(d) Form 4 - Particulars of insurance premia collected by insurance brokers and pending remittance to insurance companies

(e) Form 5 - Statement of Income

(f) Form 6 - Balance Sheet

(g) Form 7 - Statement of Changes in Equity

2. Financial Statements are required to be prepared on accrual basis of accounting. Under this basis the effect of the transaction and other events are recognized when they occur (and not as cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the financial statement of the period to which they relate.

3. A quarter will be constituted in the following manner :—

(a) 1st Quarter - 1st January to 31st March

(b) 2nd Quarter - 1st April to 30th June

(c) 3rd Quarter - 1st July to 30th September

(d) 4th Quarter - 1st October to 31st December

FIRST SCHEDULE

PART II

BROKERS' QUARTERLY RETURNS

NAME OF THE BROKER : -----
 FOR THE QUARTER ENDED : -----

FORM 1 : PREMIUM INCOME AND COMMISSION INCOME DETAILS

(1) Class of Business	(2) Premium Income (Rs.)	(3) As a % of Total Premium Income	(4) Commission Income (Rs.)	(5) Commission Income as a % of Premium Income	(6) Commission to Insurance Agents (Rs.)	(7) Net Commission to Broker (Rs.)
(a) Life Insurance						
Individual						
Group Business						
Others						
Total (a)						
(b) General Insurance						
Fire						
Marine						
Motor						
Miscellaneous						
Employer's Liability						
Others						
Total (b)						
Total (a+b)						

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

Name and signature of the Principal Officer:

Date:

Explanatory Notes:

- (a) Column 2 - Break up of total Premium Income transacted by the broker for the quarter.
- (b) Column 3 is required to be furnished for the same items for which Premium Income Details have been furnished under Column 2.
- (c) Column 5 should be expressed, as a percentage of Commission Income, to Premium Income for each row. For instance, in Column 5, Commission Income under 'Fire' business is expressed as a % of the Premium Income for 'Fire'.

FORM 3: INSURANCE BROKING ACCOUNT/S DETAILS:

Name of the Bank/s:

Account Name/s:

Account Number/s:

	Current Quarter (Rs.)	Preceding Quarter (Rs.)
Balance B/F at the beginning of the Quarter		
Insurance Premium Collected & Deposited		
Insurance Premium Remitted to Insurers		
Balance C/F at the end of the Quarter		

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

Name and signature of the Principal Officer:

Date:

Explanatory Notes:

- (a) Insurance Broking Account Details are required to be furnished for the account/s kept with the Licensed Commercial Bank/s for the purpose of receipts and payments in respect of policyholders.
- (b) The above information should be given separately if more than one broking account is maintained.
- (c) Current Quarter - Reporting period for any given quarter, considered as 1st, 2nd, 3rd or 4th quarter.
- (d) Preceding Quarter - Information relevant to the previous quarter.

FORM 4: PARTICULARS OF INSURANCE PREMIA COLLECTED BY INSURANCE BROKERS AND PENDING REMITTANCE TO INSURANCE COMPANIES.

(1) Name of the Insurer	(2) Total Insurance Premium collected and Payable to Insurers (Rs.)	(3) Total Insurance Premium Payable to Insurers, less than two weeks of collection (Rs.)	(4) Total Insurance Premium Payable to Insurers, more than two weeks of collection (Rs.)	(5) Reasons for not remitting Insurance Premium within two weeks of collection
Total				

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

Name and signature of the Principal Officer:

Date:

Explanatory Notes :

- (a) Total Insurance Premium recorded in Column 2 should equal to the total Insurance Premium recorded in Column 3 and Column 4.
- (b) Total of Column 2 should agree with the amount recorded as outstanding premiums received by insurance broker and payable to insurance companies (Premium Payable) appearing in the Balance Sheet of the Company as at that date.

FORM 5: STATEMENT OF INCOME

For the Quarter Ended:

(1)	(2) Current Quarter (Rs.)	(3) Cumulative for the Period (Rs.)
Revenue		
Commission Income		
Other Income		
Total Income		
<i>Less</i> : Administrative Expenses		
Selling & Distribution Expenses		
Finance Expenses		
Other Expenses		
Profit before Taxation		
Taxation		
Net Profit/ (Loss) after Taxation		

Certified correct to the best of our knowledge.

Name:

Signature:

Principal Officer

Director

Date:

Explanatory Notes:

- (a) Column 2 - Current Quarter is the quarter for which the Quarterly Return is submitted.
- (b) Column 3 - Cumulative value for the period. *i.e.* if the Quarterly Return is submitted for the second quarter of the year, then cumulative value for the period from 1st January to 30th June will be the cumulative value for the period.

FORM 6: BALANCE SHEET AS AT:

	<i>Current Quarter (Rs.)</i>	<i>Preceding Quarter (Rs.)</i>
ASSETS		
Non-Current Assets		
Property, Plant and Equipment		
Long Term Investments		
Others		
Current Assets		
Commission receivable		
Prepayments and other receivables		
Short Term Investments		
Other Current Assets		
CASH AND CASH EQUIVALENTS:		
Insurance Broking Account/s		
Others		
Total Assets		
EQUITY AND LIABILITIES		
Equity		
Stated Capital		
General Reserves		
Retained Earnings		
Others		
Total Equity		
Non-Current Liabilities		
Interest-bearing loans and borrowings		
Retirement benefits obligations		
Current Liabilities		
Premium payable		
Agents Commission payable		
Sundry payables and accruals		
Income Tax payable		
Interest-bearing loans and borrowings		
Short term borrowings		
Others		
Total Liabilities		
Total Equity and Liabilities		

Certified correct to the best of our knowledge.

Name:

Signature:

Principal Officer

Director

Date:

Explanatory Notes:

The Balance Sheet should be prepared as follows:—

- (a) Insurance premium to be collected from policyholders and payable to Insurance Companies should not be shown as receivables or debtors under current assets in the Balance Sheet.
- (b) Similarly insurance premium, which is outstanding from policyholders in respect of insurance policies and payable to Insurance Companies should not be shown as payables or creditors under current liabilities in the Balance Sheet.
- (c) However, insurance premiums, which have been collected from policyholders and pending remittance to the insurance companies should be shown as premium payables under Current Liabilities in the Balance Sheet and this amount should agree with the total figure of Column 2 (Premium Payable) of Form 4 as at that date.
- (d) Current Quarter - Reporting period as at any given quarter end, considered as 1st, 2nd, 3rd or 4th quarter.
- (e) Preceding Quarter - Data relevant to the previous quarter end.

FORM 7: STATEMENT OF CHANGES IN EQUITY

For the Quarter Ended:

	Share Capital (Rs.)	General Reserve (Rs.)	Retained Earnings (Rs.)	Other Reserves (Rs.)	Total (Rs)
Balance as at .. (Beginning of the previous Quarter)					
Add : Net profit for the Quarter					
Transfer to general reserve					
Less: Dividend paid					
Balance as at .. (End of the previous Quarter)					
Add : Net profit for the current Quarter					
Transfer to general reserve					
Less: Dividend paid					
Balance as at .. (End of the current Quarter)					

Certified correct to the best of our knowledge.

Name:

Signature:

Principal Officer

Director

Date: