

PRESS RELEASE

INSURANCE REGULATOR (IBSL) GOES STRICT ON MARKET PLAYERS

The Members of the IBSL agreed at its 95th Board Meeting to take strict action against **Insurance Brokers** who didn't have their processors in place to remit insurance premium collected within two weeks time to the respective insurance companies. This decision was taken in light of the Board having found that several brokers were not complying with section 89 of the Regulation of Insurance Industry Act, No. 43 of 2000, which stipulates that a broker is duty bound to remit premium collected to insurers within two weeks of collection.

The Board also agreed to request all **Insurance Companies** to instruct its auditors the necessity of having to report in the audit report compliances with certain important provisions in the Regulation of Insurance Industry Act by insurers. This reporting will commence from the financial year 2010. Currently an auditor is required to report under the Act, whether the accounting records of an insurer have been maintained in the manner required by the Board so as to clearly indicate a true and fair view of the financial position of the insurer. By this request, the scope of the audit will widen and insurer will have to be more responsible to the Regulator.

Another important market player in the insurance industry is the **Insurance Agent** and the Board requires all insurance agents to act in a professional manner for the growth of the industry. Any wrongful conduct of agents which prejudices the rights of policyholders will be seriously dealt with by the Board.

Insurance Board of Sri Lanka

06th September 2010