

PRESS RELEASE

"RISK SENSITIVE MINIMUM CAPITAL RULE FOR INSURANCE SUPERVISION"

The Insurance Board of Sri Lanka (IBSL) as the insurance regulator considering the growth in the insurance sector, international developments and the requests made by the insurance industry, has taken a decision to transform the rules-based supervisory system to a risk – based capital model (RBC). This project was funded by FIRST Initiative and the technical assistance was provided by the World Bank. The World Bank and FIRST Initiative had appointed Deloitte Touch Tohmatsu India Pvt. Ltd. to propose a suitable risk sensitive capital regime for the Sri Lankan insurance market. This transformation will help to ascertain varying risk profiles of different insurers and to be consistent with the international best practices and emerging standards of the International Association of Insurance Supervisors (IAIS).

This project comprises of five phases, namely, Market Analysis, Qualitative Report, Quantitative Report, Final Draft Rules and Training. The consultants have already completed the first two phases of the project and the feedback of the insurance industry was obtained for the Qualitative Report. During the seminar organized by the IBSL on 3rd October 2011, the Quantitative Report which is the third phase of the RBC project was presented to the insurance industry with the objective of introducing its basic concepts. This seminar was held at Ceylon Continental Hotel, Colombo with the participation of the Chairperson and the Board Members of the IBSL and representatives of World Bank, Deloitte Touche Tohmatsu India Pvt Limited, all insurance companies and their Auditors. IBSL has granted one month time period to insurance industry participants to comment on the Quantitative Report.