



INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

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INSURANCE REGULATORY COMMISSION OF SRI LANKA

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REGULATION OF INSURANCE INDUSTRY ACT - CIRCULAR

23rd March 2021

No. 01 of 2021

Clearance of insurance products prior to launch

(A) The Insurance Regulatory Commission of Sri Lanka (IRCSL), at its 205th meeting, having considered the requirements stipulated in section 37 (1) & (2) of the Regulation of Insurance Act, No. 43 of 2000 i.e.

37(1) *For the purpose of examining whether the interests of policy holders are being adequately safeguarded every insurer shall be required to file with the Commission; -*

- (a) *all policy forms to be issued by such insurer, prior to its issue;*
- (b) *any amendments to be made to any policy forms already issued; and*
- (c) *where required to do so by a notice in writing, copies of any policy forms already issued.*

37(2) *The Commission may having regard to the need to ensure that the terms of the contract of insurance covered by such policy form are fair and equitable, direct amendments to any policy form furnished to the Commission under subsection (1), and it shall be the duty of the insurer furnishing such forms to give effect to such amendments.*

has decided to inform all insurance companies that they could launch products/policy forms as referred to in section 37(1) only after the IRCSL confirms that products/policy forms are in the opinion of the IRCSL fair and equitable.

(B) The said requirement applies to Long Term and General Insurance products.

(C) All insurance companies are required to keep the IRCSL informed of the proposed date of launch of insurance products as referred to in section 37(1);

(D) General Insurance Products

All General insurance companies are required to submit documents in relation to its insurance products (policy documents, proposal forms, advertising materials, etc.) at least 30 days prior to the proposed date of launch;

(E) Long-Term Insurance Products

(1) All Long-Term insurance companies are required to submit the following documents in relation to its insurance products at least 45 days prior to the proposed date of launch:

- a. Actuarial Certificate [including but not limited to an Overview of the Product; Pricing Assumptions including the basis for setting same; Results of Profit Testing and Sensitivity / Scenario Testing; Premium Rates and any Other Charges; Surrender Values; Details of information looked at during the Product Pricing Process; Certification stating that the Premium Rates, Charges and Surrender Values are sound, workable and fair & equitable; Details of the Actuary (Name, Qualifications, Contact Details)];

- Exceptions:
1. Group Products: Overview of the Product; Method used for Pricing; Pricing Assumptions including the basis for setting same; Premium Rates (if standard rates are applicable), Details of the person computing the Premiums (Name, Qualifications)
 2. Riders: Overview of the Rider; Pricing Assumptions including the basis for setting same; Results of the Profit Testing; Premium Rates; Details of the person computing the Premiums (Name, Qualifications)

The IRCSL may ask for Actuarial Certificates if deemed necessary for Riders and Group Products.

- b. Policy Document (Policy Term & Conditions and Schedule);

- c. Proposal Form.

- (2) All Long-Term insurance companies are required to submit the following documents in relation to an insurance product at least 2 weeks prior to the proposed date of launch:

- a. Any other documents to be signed by policyholders at the point of sale in addition to the Proposal Form;
- b. Brochures and any other Sales / Marketing material (e.g. Quotations, Illustrations);
- c. An undertaking from the Principal Officer confirming that all relevant information has been made available to the Actuary providing the Actuarial Certification for the product and that details given in all documents submitted to the IRCSL are consistent with the information contained in the Actuarial Certificate; and
- d. A written undertaking from the Principal Officer, confirming that no material change has been made to the documents submitted in (2) above.

(F) In view of above, Circular # 38 & 39 are hereby repealed.

(G) The above Circular will come into effect immediately.



Damayanthi Fernando

Director General

GRN

Signed for and on behalf of the Commission