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இலங்கை காப்புறுதி ஒழுங்குமுறைப்படுத்தல் ஆணைக்குழு
INSURANCE REGULATORY COMMISSION OF SRI LANKA



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BY REGISTERED POST/E-MAIL

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5th October 2020

Principal Officers of all Insurance Companies & Insurance Brokering Companies

Dear Madam/Sir

Direction # 22 -Issued under Section 96 (A) of the Regulation of Insurance Industry Act, No. 43 of 2000 - Procedure to be followed when conducting inquiries in relation to insurance agents

We refer to the guidelines issued "Good practices in conducting inquiries on insurance agents" issued by the IRCSL in 2016.

Please be informed that the Commission has decided to issue the said procedure as a direction (attached) to all insurance companies and insurance brokering companies.

The direction shall come in to force with **immediate effect**.

In view of the direction, the said guideline has been cancelled.

Yours faithfully

Damayanthi Fernando
DIRECTOR GENERAL
GRN

Cc: President, Insurance Association of Sri Lanka
President, Sri Lanka Insurance Brokers Association

Procedure to be followed by all insurers/brokers when conducting inquiries in relation to Insurance Agents

All Insurers and Brokers shall comply with the procedure laid down below when conducting inquiries on Insurance Agents.

All insurers/brokers shall

- a) Provide equal opportunity to all Insurance Agents.
- b) Act in a fair and reasonable manner.
- c) Be transparent in all Agent related transactions.
- d) Ensure that all grievances are addressed fairly & speedily regardless of the nature of the alleged wrongful act.

Procedure on conducting inquiries for which complaints have been received against an Insurance Agent

- a) The insurer/broker shall inquire into the complaint upon verifying the genuineness of the complaint.
- b) All complaints received shall be date stamped and shall be brought to the notice of the Principal Officer or an Authorized Officer nominated by the Principal Officer of the respective company immediately upon receipt.
- c) The Principal Officer/Authorized Officer shall appoint an Officer to inquire in to complaints received in relation to agents.
- d) A complaint shall be acknowledged by the Company in writing within seven (7) working days of receipt.
- e) The Agent shall be granted fourteen (14) days of notice to submit his/her written explanation on the complaint so received.
- f) In the event the company considers appropriate that the code of the agent may be temporarily withdrawn by the insurer/broker until the conclusion of the inquiry.
- g) Complaints shall be inquired in a fair manner and concluded with the least possible delay, within three (3) months of receipt of the complaint.
- h) The insurer /broker shall record the statements of relevant persons/witnesses and retain the proceedings in writing or electronically in the Agent's file for further reference.
- i) Upon receipt of Agent's explanation as per (e) above, the Agent concerned shall be notified by registered post to attend the proceedings and to defend himself/herself if necessary in a language of his/her choice. A minimum notice period of seven (7) working days shall be provided.
- j) At the conclusion of the inquiry, the Inquiring Officer shall forward his/her report to the Principal Officer/Authorized Officer, based on the findings of the inquiry as to whether the Agent is guilty or not.
- k) The Agent shall be notified in writing immediately (in any event, within 14 days of the

report of the Inquiring Officer), by registered post, of the decision of the Company based on the report of the Inquiring Officer.

- l) If the agency is to be terminated, the letter informing such termination shall be notified to the Insurance Agent with the right to appeal within fourteen (14) days of receipt of such letter, if he/she disagrees with the decision of the Company. The letter will also specify the name, the designation, address and telephone number of the officer of the company to whom the appeal can be made.
- m) In the event that there is no response within fourteen (14) days of receipt of the letter conveying the decision, the Company may refuse to entertain a request for review of its decision.

The above procedure, shall *mutatis mutandis* be followed for inquiries held without a complaint.

Procedure on appeals

- a) The insurer/broker shall set up an Appeals Committee consisting of three (3) members, at minimum, including persons not below the grade of manager, outside the departments who have no direct contact with the Agents concerned: Further, the Appeals Committee should not consist of any member who conducted the initial inquiry.
- b) All material related to the Agent's personal data and performance and any other material available with the Company in relation to the reason(s) for its decision should be made available to the Appeals Committee.
- c) The Agent must be communicated in writing by registered post of the hearing of the appeal by the company. A minimum notice period of seven (7) working days will be given.
- d) Based on the findings, after the hearing, the final decision of the Appeals Committee/Company must be communicated to the Agent in writing, within seven (7) days from the date of the final report by the Principal Officer of the company.