Sri Lanka Legislative Drafting Workshops

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INSURANCE BILL

OUTLINE OF THE BILL

1. Enactment clause
2. Short title and date of operation
3. Objects of the Bill
4. Application clause (applicable to companies registered under Companies Act)
5. Interpretation

PART 1 (LAW)

Duties of an insurance company, broker and agent

6. Registration with the insurance Board –
   (1) Insurance company
   (2) Broker
   (3) Agent
7. An insurer shall make deposits with the insurance Board.
8. An insurer shall submit insurance policies to the insurance Board for approval.
9. An insurer shall submit annual report, returns and actuarial statement to the insurance board.
10. An insurer shall allow insurance board to examine the insurance company whenever the insurance board requests. An insurer shall keep all the documents available for the examination.
11. An insurer, broker or agent shall not induce consumers to purchase insurance policies by misrepresentation or by fraud.
12. A broker or agent shall charge the maximum commission that the board may specify.
13. A broker shall not delay the remittance of the premiums collected to the insurance board.
An insurer, broker or agent shall possess professional qualification and experience that the insurance board may prescribe.

PART 11 (IMPLEMENTATION)
Establishment of an insurance board

CHAPTER I

15 (1). Establishment of the Insurance Board.
(2) Staff of the Insurance Board.
(3) Powers and duties of the Insurance Board-
(a) licensing, suspension and delicensing of an insurer, broker and agent
(b) the approval or disapproval of insurance policies.
(c) periodic examination of an insurer and auditing of the insurance company’s annual report.
(d) making mandatory requirement regarding deposits from an insurance company and ensuring the payment of the deposit.
(e) making mandatory requirement regarding annual return, actuarial statement on asset and liabilities of long term insurance business.
(f) departmental rule making –
( criteria and procedure to be followed in the rule making taking into consideration of public participation )
(g) granting financial aid with the approval of the minister to promote the activities of the present Institute of Insurance.

Chapter 11

Powers of the minister
16. Powers of the Minister to prescribe regulations on the following matters –
(a) solvency of the insurer
   (including annual financial returns, minimum share capital, deposits and
   solvency margin)
(b) rating of insurance premium
(c) the manner of approval of policy form
(d) licencing, suspension and delicensing
(e) annual report and actuarial statement
(f) manner and form of advertisements of insurer, broker and agent
(g) professional qualification and experience of the insurer, broker and agent
(h) regarding investment-
   (criteria and procedure to be followed by the minister in making regulations)
17. Powers of the minister to appoint a committee to monitor the activities of the insurance board.

   Chapter 111

   Establishment of a reinsurance company

18. Establishment of a reinsurance company

   Chapter 11V

   Issue of licence to an insurer

19. Issue of licence to insurance company, broker and agent
   (criteria and procedure to be followed by the insurance board in issuing licence)

20. Removal of licence
21. Appeal from the decision of the insurance board under section 19 and 20.

PART III
SANCTIONS
22. For the contravention of the provisions of this Act.
23. For the misrepresentation and fraud of the insurer, broker or agent.

PART IV
Complaint to the authority
22. Any person affected by the contract of insurance made with the insurance company broker or agent can complaint to the board.
23. Any person affected by the decision of the board can make representation to the minister.

PART V
FINANCE
25. Payment to the Fund.
PART VI

Miscellaneous

26. Savings

27. Repeals