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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

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PART I : SECTION (I) — GENERAL

Government Notifications

L. D. B. 6/2001

REGULATION OF INSURANCE INDUSTRY ACT, No. 43 OF 2000

RULES made by the Insurance Board of Sri Lanka under Section 105 read with Section 26 of the Regulation of Insurance Industry Act, No. 43 of 2000.

Chairperson,
Insurance Board of Sri Lanka.

20th July, 2012,
Colombo.

Rules

1. The Solvency Margin (General Insurance) Rules, 2004 published in *Gazette Extraordinary* No. 1341/8 of May 17, 2004 amended by *Gazette Extraordinary* No. 1697/27 of March 18, 2011 are hereby further amended as follows :-

(1) in sub-rule (1) of rule 4 thereof -

(a) by the substitution for sub-paragraph (iv) of paragraph (c) thereof, of the following :-

“(iv) asset backed securities where the capital and interest or the maturity value, - 10%
as the case may be, is guaranteed by a licensed commercial bank or
a licensed specialized bank which has in investment grade rating ;
or asset backed securities issued by a Company listed in a stock
exchange and carrying an investment grade rating to the instrument”

(b) by the insertion immediately after paragraphs (d) thereof, of the following :-

“(dd) balances in current accounts with any bank : - 4%

Provided that the Chief Financial Officer of the insurer submits a certification in writing to the Board along with its quarterly and annual returns and whenever required by the Board its monthly returns confirming the current account balances considered for solvency margin computation”.

(2) by the substitution for paragraphs (a) and (b) of Rule 5A thereof, of the following :-

“(a) outside Sri Lanka or issued by an entity incorporated outside Sri Lanka, such asset shall be considered as admissible only if such asset or the entity, as the case may be, is rated by -

(i) a credit rating agency and which meets the minimum international requirements as specified in Part I of the Schedule or other investment grade rating classification given by the respective credit rating agency, from time to time, as the minimum international requirement ; or

(ii) any other internationally recognized credit rating agency approved by the Board, from time to time, which meets the minimum investment grade rating classification given by such credit rating agency ; and

(b) in Sri Lanka or issued by an entity incorporated in Sri Lanka, such asset shall be considered as admissible only if such asset or the entity, as the case may be, is rated by -

(i) a credit rating agency and meets the minimum requirements as specified in Part II of the Schedule or other investment grade rating classification given by the respective credit rating agency, from time to time, as the minimum requirement ; or

(ii) any other person registered as a credit rating agency under the Securities and Exchange Commission of Sri Lanka Act, No. 36 of 1987 and meets the minimum investment grade rating classification given by such credit rating agency.”.

(3) in Rule 8 thereof by the substitution for the definition of the expression “Investment grade rating” of the following definition :-

“investment grade rating” means a credit rating assigned by a credit rating agency within the preceding period of eighteen months ;”.

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L. D. B. 6/2001

REGULATION OF INSURANCE INDUSTRY ACT, No. 43 OF 2000

RULES made by the Insurance Board of Sri Lanka under Section 105 read with Section 26 of the Regulation of Insurance Industry Act, No. 43 of 2000.

Chairperson,
Insurance Board of Sri Lanka.

20th July, 2012,
Colombo.

Rules

1. The Solvency Margin (Long Term Insurance) Rules, 2002 published in *Gazette Extraordinary* No. 1255/12 of September, 24, 2002 amended by *Gazette Extraordinary* No. 1697/27 of March 18, 2011 are hereby further amended as follows :-

(1) in sub-rule (1) of rule 13 thereof -

(a) by the substitution for sub-paragraph (iv) of paragraph (c) thereof, of the following :-

- “(iv) asset backed securities where the capital and interest or the maturity value, - 10%
as the case may be, is guaranteed by a licensed commercial bank or
a licensed specialized bank which has in investment grade rating ;
or asset backed securities issued by a company listed in a stock
exchange and carrying an investment grade rating to the instrument”

(b) by the insertion immediately after paragraphs (d) thereof, of the following :-

- “(dd) balances in current accounts with any bank : - 4%

Provided that the Chief Financial Officer of the insurer submits a certification
in writing to the Board along with its quarterly and annual returns and whenever
required by the Board its monthly returns confirming the current account
balances considered for solvency margin computation”.

(2) by the substitution for paragraphs (a) and (b) of Rule 14A thereof, of the following :-

“(a) outside Sri Lanka or issued by an entity incorporated outside Sri Lanka, such asset shall be considered as
admissible only if such asset or the entity, as the case may be, is rated by -

- (i) a credit rating agency and which meets the minimum international requirements as specified in Part I of
the Schedule or other investment grade rating classification given by the respective credit rating
agency, from time to time, as the minimum international requirement ; or
(ii) any other internationally recognized credit rating agency approved by the Board, from time to time,
which meets the minimum investment grade rating classification given by such credit rating agency ;
and

(b) in Sri Lanka or issued by an entity incorporated in Sri Lanka, such asset shall be considered as admissible
only if such asset or the entity, as the case may be, is rated by-

- (i) a credit rating agency and meets the minimum requirements as specified in Part II of the Schedule or
other investment grade rating classification given by the respective credit rating agency, from time to
time, as the minimum requirement ; or
(ii) any other person registered as a credit rating agency under the Securities and Exchange Commission
of Sri Lanka Act, No. 36 of 1987 and meets the minimum investment grade rating classification given by
such credit rating agency.”.

(3) in Rule 17 thereof by the substitution for the definition of the expression “Investment grade rating” of the following
definition :-

“investment grade rating” means a credit rating assigned by a credit rating agency within the preceding
period of eighteen months ;”.