

**Memorandum of Understanding  
between the  
Insurance Regulatory Commission of Sri Lanka  
and the  
Sri Lanka Accounting and Auditing Standards Monitoring Board**

WHEREAS the Insurance Regulatory Commission of Sri Lanka (IRCSL), established under the Regulation of Insurance Industry Act No. 43 of 2000 and the Amendment Acts, No's. 27 of 2007, 03 of 2011 and 23 of 2017, and the Sri Lanka Accounting and Auditing Standards Monitoring Board (SLAASMB) established under Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 as amended or revised have been vested with certain powers and responsibilities in relation to the annual reports of entities;

Hereinafter IRCSL and SLAASMB are collectively referred to as the "**Parties**" and each referred to as a "**Party**".

AND WHEREAS it is important for the above-mentioned Parties to co-ordinate their regulatory functions to the extent feasible with a view to preventing any overlap or duplication in activities;

Hereinafter the entities whose financial statements are subject to scrutiny by the Parties include the Insurance Companies which fall within the purview of SLAASMB under Act No. 15 of 1995 as amended or revised and such entities are collectively referred to as "**Entities**".

**The Parties Mutually Agree as Follows:**

1. That the IRCSL shall scrutinize quarterly returns, annual returns, audited financial statements and other regulatory reports of Entities;
2. That the SLAASMB shall scrutinize annual reports and financial statements of Entities in respect of their compliance with Sri Lanka Accounting Standards ("SLASs") and Sri Lanka Auditing Standards ("SLAuS"); and
3. That the IRCSL may inform SLAASMB if consider relevant specific disclosure/s stated in the Audited Financial Statement (AFS) or management letter issued by the external auditor of an insurer.
4. That the IRCSL, if it considers necessary for the SLAASMB to be aware of, shall share with SLAASMB its final decisions or rulings following its review of quarterly returns, annual returns, audited financial statements and other regulatory reports of Entities;
5. That the IRCSL, if it is considered relevant, shall keep the SLAASMB informed of
  - a. matters relating to audits, change in auditors or conduct of auditors of Entities, when the IRCSL becomes aware of;
  - b. any major changes relating to the Entities' shareholding, structure, management change or any change that would possibly have a bearing on the financial statements of such Entity.
6. That IRCSL shall keep the SLAASMB promptly informed of any investigations carried out on Entities which IRCSL considers would have a possible impact on the annual financial statements;
7. That SLAASMB shall keep the IRCSL informed of any noncompliance with SLASs or SLAuS by Entities and their auditors, which SLAASMB considers relevant for the IRCSL to be aware of;

8. That SLAASMB shall keep the IRCSL promptly informed of any investigations it initiates on Entities that SLAASMB considers relevant for the IRCSL to be aware of at the stage of commencement of such investigation;
9. That the final findings by SLAASMB on matters mentioned in paragraph Eight (8) above which shall be conveyed to IRCSL promptly;
10. That the SLAASMB shall keep the IRCSL informed of any directions issued to Entities or agreements reached with such Entities to amend, update or disclose any item in their annual financial statements, interim reports or any other publications;
11. The IRCSL and SLAASMB shall comply with provisions of Personal data Protection Act, No. 09 of 2022 appropriately when they exchange information in respect of insurance companies.
12. That the IRCSL shall refer to any complaints on non-compliance with SLASs and SLAuS in relation to Entities to SLAASMB. SLAASMB shall address such complaints promptly and take action under the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and keep the IRCSL informed of its outcome, if SLAASMB considers such notification to be relevant for the IRCSL to be aware of; and
13. That the IRCSL and the SLAASMB shall engage in joint public awareness activities pertaining to transparency in financial reporting (by SLAASMB) and good Corporate Governance practices (by IRCSL) as and when required.
14. Performance of any terms and obligations under this MoU by either Party shall not be deemed to waive any present or future obligations under any other law.
15. This MoU shall be on a non-exclusive basis and the Parties acknowledge that nothing in this MoU shall prevent either Party from pursuing similar initiatives with other Parties or exchanges without involving the other Party.
16. The Parties agree to keep all sensitive matters coming to their attention or that of their personnel who are involved in any project or work carried out in terms of this MoU, arising from, or pursuant to, or in the course of performance of the terms of this MoU, secret and confidential. The Parties will not disclose such Confidential Information or permit such Confidential Information to be disclosed to any third party except with the prior written consent of the respective Party.
17. Neither any alteration, modification, or addition to this MoU nor any waiver of any of the terms hereof shall be valid unless made in writing and signed by the duly authorized representatives of both Parties.
18. This MoU shall commence on the signature by both Parties and remain in force until termination and either Party may terminate this MoU by giving at least not less than three months' notice in writing to the other Party.
19. Any notice required to be given by one Party to the other in respect of this shall be deemed to have been delivered and sent to the following address unless the Parties otherwise agree in writing:

**To the Sri Lanka Accounting and Auditing Standards Monitoring Board**

Contact Person : Director General  
Address : 3<sup>rd</sup> Floor, 293 Galle Road, Colombo 3  
Telephone: : +9412301210  
Email: : dg@slaasmb.gov.lk


**To the Insurance Regulatory Commission of Sri Lanka**

Contact Person: Director General  
Address : Level 11, East Tower. World Trade Centre, Colombo 1  
Telephone: : +9411-2396181  
Email: : dg@ircsl.gov.lk

Signed on the 25<sup>th</sup> (day) of October 2024

On behalf of:

Insurance Regulatory Commission of Sri Lanka

  
x Chairman

Sri Lanka Accounting and Auditing Standards  
Monitoring Board

  
Chairman