

PARLIAMENT OF CEYLON

1st Session 1960-61



Insurance Corporation Act, No. 2 of 1961

Date of Assent : January 10, 1961

Printed on the Orders of Government

Printed at the GOVERNMENT PRESS, CEYLON. To be purchased at the GOVERNMENT PUBLICATIONS BUREAU, COLOMBO Annual Subscription (including Bills) Rs. 25, payable in advance to the SUPERINTENDENT, GOVERNMENT PUBLICATIONS BUREAU, POST OFFICE BOX 500, Secretariat, Colombo 1

Price: 60 cents

Postage: 10 cents

Insurance Corporation Act, No. 2 of 1961

L. D.—O. 29/60.

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF AN INSURANCE CORPORATION FOR CARRYING ON EXCLUSIVELY THE BUSINESS OF LIFE INSURANCE AND CARRYING ON IN ADDITION INSURANCE BUSINESS OF EVERY OTHER DESCRIPTION ; TO TERMINATE THE TRANSACTION OF NEW BUSINESS BY OTHER INSURERS CARRYING ON LIFE INSURANCE BUSINESS ; TO PROVIDE THAT SUCH INSURERS SHALL MAINTAIN IN CEYLON SUFFICIENT ASSETS TO DISCHARGE THEIR OBLIGATIONS UNDER POLICIES OF INSURANCE NOT PAID OR MATURED ; TO PROVIDE FOR CERTAIN MATTERS IN RELATION TO INSURERS CARRYING ON THE BUSINESS OF INSURANCE OTHER THAN LIFE INSURANCE ; TO PROVIDE FOR THE TRANSFER TO THE CORPORATION OF THE INSURANCE BUSINESS CARRIED ON BY THE CO-OPERATIVE WHOLESALE ESTABLISHMENT ; TO AMEND THE CO-OPERATIVE WHOLESALE ESTABLISHMENT ACT, NO. 47 OF 1949 ; AND TO MAKE PROVISIONS FOR PURPOSES CONNECTED WITH THE MATTERS AFORESAID.

(Date of Assent : January 10, 1961)

BE it enacted by the Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Representatives of Ceylon in this present Parliament assembled, and by the authority of the same, as follows :—

1. (1) This Act may be cited as the Insurance Corporation Act, No. 2 of 1961.

Short title
and operation
of the Act.

(2) The provisions of sections 2, 7, 8, 17, 18, 30, 31 and 34 shall come into operation on the date of commencement of this Act, and the other provisions of this Act shall come into operation on such date (hereinafter referred to as "the appointed date") as may be appointed by the Minister by Order published in the *Gazette*.

PART I

*Establishment of the Insurance Corporation
of Ceylon*

2. (1) There shall be established a Corporation which shall be called the Insurance Corporation of Ceylon (hereinafter referred to as the "Corporation"). The Corporation shall consist of five members appointed by the Minister, one of whom shall be designated Chairman of the Corporation.

Establishment
of the Insurance
Corporation of
Ceylon.

(2) A person shall be disqualified for being appointed or being a member of the Corporation if he is a Senator or a Member of Parliament.

(3) A member of the Corporation who is in any way directly or indirectly interested in a contract made or proposed to be made by the Corporation shall disclose the nature of his interests at a meeting of the Corporation and such disclosure shall be recorded in the minutes of the Corporation and the member shall not take part in any deliberation or decision of the Corporation with respect to that contract.

(4) Every member of the Corporation shall, subject to the provisions of sub-sections (5) and (6), hold office for a period of five years from the date of his appointment.

(5) A member of the Corporation may resign from the Corporation by letter addressed to the Minister.

(6) Any member of the Corporation may be removed from office by the Minister if such member is absent from the meetings of the Corporation for a period exceeding three months for any cause which does not appear to the Minister to be reasonable, or if the Minister considers that it is expedient to remove such person from office.

(7) Where any member of the Corporation resigns or is removed from office or dies, the Minister may appoint another person to be a member in place of the member who resigns or is removed from office or dies, and the person so appointed shall hold office during the unexpired period of the term of office of the member last-mentioned.

(8) Where any member of the Corporation becomes, by reason of illness or other infirmity or absence from Ceylon, temporarily unable to perform the duties of his office, the Minister may appoint another person to act in the place of such member.

(9) All or any of the members of the Corporation may be paid such remuneration from the Fund of the Corporation as may be determined by the Minister with the concurrence of the Minister of Finance.

(10) No act or proceeding of the Corporation shall be invalid by reason only of the existence of any vacancy among its members or any defect in the appointment of a member thereof.

(11) The quorum for any meeting of the Corporation shall be three members of the Corporation, and, subject as aforesaid, the Corporation may regulate its own procedure.

3. The Corporation shall, by the name given to it by section 2, be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in such name.

Corporation to be a body corporate.

4. (1) The seal of the Corporation shall be in the custody of such person as the Corporation may from time to time determine.

Seal of the Corporation.

(2) The seal of the Corporation may be altered in such manner as may be determined by the Corporation.

(3) The seal of the Corporation shall not be affixed to any document except by the authority of the Corporation and in the presence of two members of the Corporation who shall sign the document in token of their presence.

5. The Corporation shall carry on insurance business of every description in Ceylon or outside Ceylon, including—

Functions of the Corporation.

(1) the business of insuring—

(a) any property of the Crown or of any corporation the entirety of whose capital is provided by the Government, or any property held in trust by any public officer in his official capacity, against the loss of, or any damage to, such property caused by fire, accident, theft, flood or any malicious act or any other cause ;
or

(b) the Head of any Government Department, or any such corporation as aforesaid,—

(i) against any loss caused to such Head in his official capacity or to

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such corporation by the default or fraud of any employee of the Crown in such Department or any employee of such corporation or any person transacting any business or performing any work for such Head in his official capacity or for such corporation ; or

(ii) in respect of any liability which may be incurred by the Crown or such corporation in consequence of the death of, or any bodily injury to, any employee of the Crown in such Department or any employee of the corporation, or any other person, or in consequence of the loss of, or any damage to, any property in the custody of any employee of the Crown in such Department in his official capacity or in the custody of such corporation ; or

(c) the Secretary to the Treasury, or the Head of any Government Department, on behalf of the Government against any loss which may be incurred by the Government as a result of the failure of any public servant employed in that Department to repay the whole or any part of any sum of money lent to him by the Government ; or

(d) the Secretary to the Treasury, or the Director of Education, on behalf of the Government against any loss which may be incurred by the Government as a result of the failure of any teacher in any

Assisted School to repay the whole or any part of any sum of money lent to him by the Government ; or

(e) any employee of any such corporation as aforesaid in respect of third party risks in conformity with the requirements of Part VI of the Motor Traffic Act, No. 14 of 1951 ; or

(f) the Head of any Department in respect of any risks arising out of any work undertaken by a contractor in pursuance of a contract entered into between the Head of the Department and such contractor ; and

(2) such other business of insurance as may be authorised by a resolution of the House of Representatives.

6. The Corporation may exercise all or any of the following powers :—

Powers of the Corporation.

(a) to acquire, hold and dispose of any movable or immovable property ;

(b) to reinsure with any insurer any liability arising out of any policy of insurance issued by the Corporation ;

(c) to accept reinsurance of any liability arising out of any policy of insurance issued by any other insurer carrying on insurance business of any kind that is carried on by the Corporation ;

(d) to transact such other business as may seem to the Corporation to be capable of being conveniently carried on in connection with the insurance business carried on by the Corporation and to be conducive, directly or indirectly, to render profitable the latter business ;

(e) to invest the moneys of the Corporation in such manner as may be determined by the Corporation with the approval of the Minister given with the concurrence of the Minister of Finance and to take

- all such steps as may be necessary or expedient for the protection or realisation of any investment including the management of any property offered as security for an investment ;
- (f) to advance or lend money to holders of policies of insurance on the security of such policies ;
 - (g) to transfer the whole or any part of the business of life insurance carried on outside Ceylon to any other person if in the interests of the Corporation it is expedient so to do ;
 - (h) to borrow money for the purposes of the Corporation in such manner and upon such security as the Corporation may, with the approval of the Minister given with the concurrence of the Minister of Finance, determine ;
 - (i) to delegate, subject to the general or special direction of the Corporation, to any member or officer of the Corporation any such function of the Corporation as the Corporation may consider necessary so to delegate for the efficient transaction of business ;
 - (j) to establish and maintain a provident fund for persons employed by the Corporation and to make contributions to such fund ;
 - (k) to enter into and perform all such contracts as may be necessary for the exercise of the general functions and powers of the Corporation ; and
 - (l) to do all other things, which in the opinion of the Corporation are necessary, to facilitate the proper carrying on of its business.

Appointment
of officers,
servants and
agents of the
Corporation.

7. (1) The Corporation shall, subject to the provisions of sub-section (3), have the power to appoint such officers and servants as may be necessary for the purposes of the Corporation and to exercise disciplinary control over and dismiss any officer or servant of the Corporation :

Provided that the Corporation shall not, without the approval of the Minister, dismiss any such

officer or servant of the Corporation as is appointed to the staff of the Corporation in accordance with the provisions of sub-section (5).

(2) The officers and servants of the Corporation shall be remunerated at such rates as the Corporation may determine.

(3) In the appointment of officers and servants, preference shall be given by the Corporation to persons who have been employed under insurers and who have lost their employment by reason of retrenchment effected by the insurers in consequence of their not being able to transact any new business of life insurance.

(4) The Corporation may appoint any person, who has been employed in the capacity of agent or canvasser under any insurer carrying on the business of life insurance, as an agent of the Corporation for the purpose of procuring new life insurance business and for servicing such business. Every person so appointed by the Corporation shall be entitled only to commission at such rates as the Corporation may determine.

(5) At the request of the Corporation any officer in the public service may, with the consent of that officer and of the Secretary to the Treasury, be temporarily appointed to the staff of the Corporation for such period as may be determined by the Corporation with like consent, or be permanently employed in such staff.

(6) Where any officer in the public service is temporarily appointed to the staff of the Corporation, sub-section (2) of section 26 of the Government-Sponsored Corporations Act, No. 19 of 1955, shall *mutatis mutandis* apply to and in relation to him.

(7) Where any officer in the public service is permanently appointed to the staff of the Corporation, sub-section (3) of section 26 of the Government-Sponsored Corporations Act, No. 19 of 1955, shall *mutatis mutandis* apply to and in relation to him.

8. In the exercise of its powers and the performance of its duties under this Act, the Corporation shall be subject to and act in accordance with such general or special directions as the Minister may issue from time to time.

Minister's
directions
to the
Corporation.

Transfer to the Corporation of the assets, liabilities and contracts of the Co-operative Insurance Department.

9. With effect from the appointed date, all the assets, liabilities and contracts of the Co-operative Insurance Department shall be transferred to the Corporation and upon such transfer—

(a) such assets shall vest in and be deemed to be the assets of the Corporation ;

(b) such liabilities shall be deemed to be the liabilities of the Corporation ; and

(c) such contracts shall be deemed to be the contracts of the Corporation and all subsisting rights and obligations of the Co-operative Insurance Department under such contracts shall be deemed to be the rights and obligations of the Corporation.

PART II

Provision relating to Insurance Business carried on by Insurers other than the Corporation

Corporation to be the sole insurer authorised to transact life insurance business in Ceylon on and after the appointed date.

10. (1) On and after the appointed date, notwithstanding anything in any other law,—

(a) the Corporation shall be the sole insurer authorised to transact new business of life insurance, and to issue policies of life insurance, in Ceylon, and

(b) no other insurer shall transact any new business of life insurance, or issue any new policy of life insurance, in Ceylon.

(2) Every policy of life insurance issued on and after the appointed date by any insurer other than the Corporation shall be deemed to be invalid and accordingly shall be of no force or effect in law.

(3) No insurer shall be entitled to compensation for any loss incurred by him, whether directly or indirectly, by reason of the fact that he is unable to transact any new business of life insurance or to issue any new policy of life insurance by virtue of paragraph (b) of sub-section (1).

11. (1) Subject to the provisions of sub-section (3), it shall be the duty of every insurer who is carrying on the business of life insurance and who has issued any policies of life insurance under which liabilities have not been discharged by him on the appointed date to have in Ceylon assets of such value as will be sufficient to discharge the liabilities under such policies valued in the prescribed manner.

Duty of insurers who are carrying on business of life insurance and who have issued any policies of life insurance under which liabilities have not been discharged on the appointed date to have assets in Ceylon sufficient to discharge such liabilities.

(2) At least half of the assets which an insurer is required to have in Ceylon for the purposes of sub-section (1) shall consist of investments in securities of the Government of Ceylon and the remainder of such assets shall be of such kind as are notified to, and approved in writing by, the Corporation.

(3) An insurer shall comply with the provisions of sub-section (1) before the expiry of a period of five years after the appointed date :

Provided that he shall at the end of one year after the appointed date have in Ceylon not less than one-fifth of the assets required for the purposes of sub-section (1), and shall thereafter before the end of each subsequent year increase such assets by at least one-fifth until the total value of such assets is reached at the end of five years after the appointed date.

12. Every insurer to whom section 11 applies shall, not later than January 31 in each year, furnish to the Chairman of the Corporation a return which shall be in the prescribed form, and which shall be certified in the prescribed manner, of his assets and liabilities in Ceylon on the last day of December in the previous year ; and shall thereafter furnish similar returns to the Chairman of the Corporation in respect of the assets held by him in Ceylon on March 31, June 30, and September 30, such returns being furnished not later than one month after the expiry of each of the said dates :

Returns to be furnished by insurers to whom section 11 applies of their assets and liabilities.

Provided that the Chairman of the Corporation may, upon an application being made by any such insurer, grant an extension of time not exceeding one month to furnish any such return.

Power of Chairman of the Corporation to cause investigations to be made for verifying particulars in returns furnished by insurers under section 12.

13. The Chairman of the Corporation may cause such investigation as he may consider necessary to be made for the purpose of verifying the particulars contained in any return furnished by an insurer under section 12, and such insurer shall, upon being requested so to do by notice in writing by the Chairman, furnish before the date specified in the notice such information or explanations as the Chairman may require for such investigation.

Insurers carrying on life insurance business may transfer to the Corporation such business if the Corporation is satisfied after an investigation of the financial condition of the insurer's business that the assets of the business are more than, or equal to, the liabilities.

14. (1) Where any insurer who is carrying on life insurance business is of the opinion that, by reason of his inability to transact any new business of life insurance on or after the appointed date, it is beneficial to him to transfer such business to the Corporation, he may make an application in writing in that behalf to the Corporation.

(2) Upon an application being made by any insurer under sub-section (1), the Corporation shall cause an investigation into the financial condition of such insurer's life insurance business, including a valuation of the assets and liabilities appertaining to such business, to be made by an actuary. The expenses of such investigation shall be defrayed by such insurer.

The actuary shall, on completion of the investigation, submit his report to the Corporation and such report shall contain a detailed statement of the assets and liabilities appertaining to the life insurance business of the insurer together with a statement whether the assets are more than, equal to, or less than, the liabilities.

(3) If the report of the actuary reveals that the assets appertaining to the life insurance business of the insurer are more than, or equal to, the liabilities, then, the Corporation may direct the insurer by notice in writing to transfer all the assets referred to in the statement of the actuary and the policies of life insurance under which liabilities have not been discharged on the date of such notice to the Corporation. Upon such transfer the Corporation shall notify in writing the holder of each such policy that the rights and obligations of the insurer under such policy have been transferred by the insurer to the Corporation and such rights and obligations shall be exercised and discharged by the Corporation as if such policy had been issued by the Corporation.

15. (1) Every insurer shall, notwithstanding anything to the contrary in any agreement or in any instrument relating to his functions, reinsure with the Corporation a prescribed percentage of the liability under every contract of general insurance entered into or renewed by him on and after the appointed date, and every such insurer shall be entitled to receive from the Corporation a commission calculated at such rates as the Corporation may determine for such reinsurance.

Duty of every insurer to reinsure with the Corporation a prescribed percentage of the liability under every contract of insurance entered into or renewed by him on and after the appointed date.

(2) Every insurer shall from time to time furnish to the Corporation such returns as the Corporation may require in regard to the reinsurance business done by such insurer with the Corporation in conformity with the provisions of sub-section (1).

(3) Every insurer shall settle the accounts in respect of the reinsurance business done with the Corporation during each period of three months ending on March 31, June 30, September 30 and December 31 in each year, not later than six months after the expiry of each of the aforesaid dates.

(4) The Corporation may authorise any officer of the Corporation to enter at all reasonable hours any premises or place at which an insurer is carrying on his business of insurance and examine any books, registers or documents of such insurer relating to such business, other than life insurance business, for the purpose of verifying whether the provisions of sub-section (1) are being complied with by such insurer, and such insurer shall permit such officer to enter such premises or place and make such examination.

16. (1) Every insurer who does not make an application under section 14 to transfer his life insurance business to the Corporation, or whose application under that section has been rejected by the Corporation after an investigation of the financial condition of his life insurance business, shall keep the assets relating to his life insurance business separate from the assets relating to any other business carried on by him.

Duty of insurer whose life insurance business is not transferred to the Corporation to keep the assets relating to his life insurance business separate from the assets relating to other business.

(2) For the purpose of verifying whether an insurer complies with the provisions of sub-section (1), the Corporation may—

(a) call upon such insurer to furnish from time to time a return, in such form as

may be prescribed, within such time as may be specified in such return,

- (b) authorise an officer of the Corporation to enter at all reasonable hours the premises or place at which such insurer is carrying on his business of life insurance and examine any books, registers or documents of such insurer relating to such business,

and such insurer shall furnish such return or permit such officer to enter such premises or place and make such examination.

PART III

Provisions relating to Finances and Accounts of the Corporation.

Capital of the Corporation.

17. (1) The initial capital of the Corporation shall be ten million rupees.

(2) The amount of the initial capital of the Corporation shall be paid to the Corporation out of the Consolidated Fund of Ceylon in such instalments as the Minister of Finance may, in consultation with the Minister, determine.

(3) The capital of the Corporation may be increased from time to time by such amount as may be determined by the Corporation with the approval of the Minister given with the concurrence of the Minister of Finance.

The Fund of the Corporation.

18. (1) The Corporation shall have its own Fund.

(2) There shall be paid into the Fund of the Corporation—

(a) the sum paid to the Corporation under section 17,

(b) all sums of money transferred to the Corporation under section 9 or section 14,

(c) all sums received by the Corporation as premiums in respect of the policies issued by the Corporation or transferred to the Corporation under this Act, and

(d) all sums of money received by the Corporation in the exercise of its powers, functions and duties under this Act.

(3) There shall be paid out of the Fund of the Corporation—

(a) all sums of money required for the discharge of the liabilities of the Corporation under the policies of insurance issued by the Corporation or transferred to the Corporation under this Act, and

(b) all sums of money required to defray any expenditure incurred by the Corporation in the carrying on of its business or in the exercise of its powers, functions and duties under this Act.

19. (1) The Corporation shall cause its accounts to be kept in such form and in such manner as may be prescribed.

Accounts of the Corporation.

(2) The books and the accounts of the Corporation shall be kept at the head office of the Corporation.

20. The Corporation shall cause its books to be balanced on the thirty-first day of December in each year and shall, as soon as may be thereafter, cause to be prepared separate accounts in respect of each of the following, namely, life insurance business, fire insurance business, marine insurance business, general accident insurance business and the reinsurance business, and a profit and loss account and a balance sheet containing a summary of the assets and liabilities of the Corporation made up to date aforesaid. The aforesaid accounts and the balance sheet shall be signed by the officer responsible for the preparation of such accounts and balance sheet.

Accounts and balance sheet for each year.

21. The Corporation shall have its accounts audited each year by an auditor appointed by the Permanent Secretary to the Ministry. The auditor shall receive such remuneration from the Fund of the Corporation as the Permanent Secretary to the Ministry may in consultation with the Corporation determine.

Audit of accounts.

The auditor's report.

22. (1) The auditor appointed under section 21 shall examine the accounts of the Corporation and ascertain the correctness of the balance sheet and furnish a report stating—

(a) whether he has or has not obtained all the information and explanations required by him, and

(b) whether the accounts referred to in the report are properly drawn up so as to exhibit a true and correct view of the Corporation's affairs.

(2) The report of the auditor shall be transmitted to the Corporation.

Annual accounts with auditor's report and a report of the annual activities of the Corporation to be transmitted to the Minister.

23. The Corporation shall, on receipt of the auditor's report in each year, transmit such report together with the profit and loss account and the balance sheet to which the report relates, and a statement by the Corporation of its activities during the financial year to which such report relates, and of the activities (if any) which are likely to be undertaken by the Corporation in the next financial year, to the Minister who shall cause copies thereof to be laid before the Senate and the House of Representatives, before the end of the year next following the year to which such report and accounts relate.

Actuarial investigation into the financial condition of the life insurance business of the Corporation to be made once at least in every five years.

24. The Corporation shall, once at least in every five years, cause an investigation to be made by an actuary or actuaries into the financial condition of the life insurance business of the Corporation including a valuation of the liabilities of the Corporation relating to its life insurance business. The Corporation shall transmit the report of the actuary or actuaries to the Minister who shall cause copies thereof to be laid before the Senate and the House of Representatives.

Allocation or reservation of a certain percentage of the surplus to holders of policies of life insurance.

25. If as a result of any investigation made under section 24 there is a surplus, the Corporation shall allocate to, or reserve for, the holder of life insurance policies issued, or deemed to be issued, by the Corporation a sum not less than ninety-five per centum of such surplus.

Application of the profits.

26. The net annual profits of the Corporation for each financial year in respect of its general insurance business and its reinsurance business, and the balance five per centum of the surplus

referred to in section 25, may be applied to such purposes as may be determined by the Corporation with the approval of the Minister, and any such profits which are not so applied shall be credited to a general reserve fund maintained by the Corporation.

27. The net profits of the Corporation in each year shall be exempt from income tax.

Exemption of profits from income tax.

28. A receipt signed by two members of the Corporation or by an officer expressly authorised by the Corporation to give receipts shall be an effectual discharge of moneys paid to the Corporation.

Receipts on behalf of the Corporation.

PART IV

General

29. (1) Where any immovable property is required to be acquired for the purpose of the business of the Corporation and the Minister, by Order published in the *Gazette* approves of the proposed acquisition, that property shall be deemed to be required for a public purpose and may accordingly be acquired compulsorily under the Land Acquisition Act, No. 9 of 1950, and be transferred to the Corporation.

Acquisition of immovable property under the Land Acquisition Act for the Corporation.

(2) Any sum payable for the acquisition of any immovable property under the Land Acquisition Act, No. 9 of 1950, for the Corporation shall be paid by the Corporation.

30. When on or after the twenty-first day of July, 1960, a person carrying on the business of life insurance has wound up, or takes steps to wind up, such business and where the assets relating to such business have not been, or are not, sufficient to meet the liabilities subsisting under any policies of life insurance issued by such person, then, every holder of such a policy shall have the right, by action instituted in a court of competent jurisdiction, to proceed against—

Right of holders of life insurance policies to have recourse in certain circumstances to other assets of persons carrying on the business of life insurance.

(a) if such person is an individual, any other assets held by such individual on or after that date; or

(b) if such person is a body corporate, any other assets held by each director of such body corporate on or after that date; or

- (c) if such person is a firm, any other assets held by each partner of that firm on or after that date,

and recover any sum outstanding under such policy of insurance.

Provisions relating to discontinuance of the services of persons employed in insurance business.

31. (1) No person carrying on the business of insurance shall terminate the services of any member on the staff relating to the insurance business of such person without the approval in writing of the Commissioner of Labour.

(2) The services of a member on the staff of the insurance business of any person shall not be terminated after the Commissioner of Labour has given his approval to such termination except in accordance with such terms and conditions, including payment by the employer of gratuity or compensation for loss of service, as may be prescribed.

(3) Where any payment of gratuity or compensation is not made by an employer, the person entitled to such gratuity or compensation shall have the right to proceed by action instituted in a court of competent jurisdiction against—

- (a) if such employer is an individual, all assets of such individual, or
 (b) if such employer is a body corporate, all assets of each director of that body corporate, or
 (c) if such employer is a firm, all assets of each partner of that firm,

for the recovery of such gratuity or compensation.

(4) In this section, "Commissioner of Labour" includes a Deputy Commissioner of Labour or an Assistant Commissioner of Labour.

Application of company law to the Corporation.

32. (1) The Minister may by regulation made under this Act provide for the application to the Corporation, with or without any modification, of any provision of the Companies Ordinance, No. 51 of 1938.

(2) The provisions of the Companies Ordinance, No. 51 of 1938, other than the provisions of that Ordinance which are made applicable to the Corporation by regulations made under this Act, shall not apply to the Corporation.

33. (1) The Minister may, when he considers it necessary to do so, direct any person to hold an inquiry into the work and financial position of the Corporation.

Power of the Minister to direct an inquiry to be held into the working of the Corporation.

(2) Where such an inquiry as is referred to in sub-section (1) is held, any member of the Corporation or of the staff of the Corporation shall, upon being requested to do so by the person holding the inquiry, furnish such information within his knowledge with regard to the affairs of the Corporation and produce such books of accounts or documents in his custody as that person may require.

34. (1) The Minister may make regulations for the purpose of carrying out or giving effect to the principles and provisions of this Act, and in respect of any matter required by this Act to be prescribed or in respect of any matter for which regulations are authorised by this Act to be made.

Regulations.

(2) Every regulation made by the Minister shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made by the Minister shall, as soon as convenient after its publication in the *Gazette*, be brought before the Senate and the House of Representatives for approval. Any regulation which is not so approved shall be deemed to be rescinded as from the date of disapproval but without prejudice to anything previously done thereunder.

35. Any person who—

Offences.

(a) contravenes any provision of this Act or of any regulation made thereunder, or

(b) furnishes for the purposes of this Act any information which is, or any document the contents of which are, or any part of the contents of which is, to his knowledge untrue or incorrect, or

(c) wilfully obstructs any officer of the Corporation in the exercise of his duties under sub-section (4) of section 15, or paragraph (b) of sub-section (2) of section 16,

shall be guilty of an offence, and shall, on conviction after summary trial before a Magistrate, be liable—

(a) in the case of the first offence, to a fine not exceeding one thousand rupees or to imprisonment of either description for a term not exceeding six months or to both such fine and imprisonment, and

(b) in the case of the second or any subsequent offence, to imprisonment of either description for a term not exceeding six months,

and shall in addition be liable to a fine not exceeding five hundred rupees for each day on which the offence is committed after conviction, and all sums recovered by way of fine shall be paid into the Fund of the Corporation and such sums may be utilised by the Corporation, with the approval of the Minister, to pay—

(a) holders of policies of life insurance, the liabilities under which have not been discharged ; and

(b) employees of insurers who are carrying on the business of life insurance and who have not complied with the terms and conditions prescribed under subsection (2) of section 31 ;

in such manner as may be prescribed.

Liability of
agent, manager
or other
employee.

36. Where an act or omission which constitutes an offence under this Act has in fact been committed or made by the agent, manager or other employee of the person who is liable under this Act for the offence, then the agent, manager or other employee shall be liable to be proceeded against for the offence in the same manner as if he were that person, and either together with that person, or before or after the conviction of that person, and shall be liable to the like punishment as if he were that person.

Offences by
bodies of
persons.

37. Where an offence under this Act is committed by a body of persons, then—

(a) if that body of persons is a body corporate, every director and officer of that body corporate, and

(b) if that body of persons is a firm, every partner of that firm,
shall be deemed to be guilty of that offence.

38. The Co-operative Wholesale Establishment Act, No. 47 of 1949, is hereby amended in the manner set out in the Schedule to this Act.

Amendment of
the Co-operative
Wholesale
Establishment
Act, No. 47 of
1949.

39. In this Act, unless the context otherwise requires,—

Interpretation.

“Corporation” means the Insurance Corporation of Ceylon established under this Act ;

“Co-operative Insurance Department” means the Insurance Department of the Co-operative Wholesale Establishment ;

“insurer” means—

(a) an individual or unincorporated body of individuals or body corporate incorporated under the law of any country other than Ceylon, who or which carries on insurance business and who or which—

(i) carries on that business in Ceylon, or

(ii) has his or its principal place of business or his or its domicile in Ceylon, or

(iii) with the object of obtaining insurance business, employs a representative or maintains a place of business in Ceylon ;

(b) any body corporate carrying on the business of insurance and being incorporated under any law for the time being in force in Ceylon ;

“general insurance” means any class of insurance business other than life insurance business ;

“life insurance business” means the business of entering into or maintaining contracts of insurance on human lives, such contracts including contracts whereby

the payment of money is assured on death or on the happening of any contingency dependent on human life, and contracts which are subject to payment of premiums for a term dependent on human life and such contracts being deemed to include—

- (a) contracts for the granting of disability and double or triple indemnity accident and sickness benefits if so specified in such contracts,
- (b) contracts for the grant of annuities dependent on human life, and
- (c) contracts relating to capital redemption business ; and

“ prescribed ” means prescribed by regulation.

Act to prevail
in case of
conflict
with other
written law.

40. The provisions of this Act shall have effect notwithstanding anything contained in any other written law, and in any case of conflict or inconsistency between the provisions of this Act and such other law, the provisions of this Act shall prevail.

SCHEDULE

[Section 38]

1. Section 2 of the Co-operative Wholesale Establishment Act, No. 47 of 1949, as amended by Act No. 36 of 1955 and Act No. 39 of 1957 is hereby amended in sub-section (2) of that section as follows :—

(a) in paragraph (c) of that sub-section—

(i) by the substitution, for the words “banking, shipping or insurance,”, of the words “banking or shipping,”, and

(ii) by the substitution, for the words “objects ; and”, of the word “object.” ; and

(b) by the omission of paragraph (d) of that sub-section.

2. Section 31A (and the heading “Provisions relating to insurance business” appearing immediately above that section), section 31B and section 31C of the Co-operative Wholesale Establishment Act, No. 47 of 1949, as amended by Act No. 39 of 1957, are hereby repealed.

3. Section 35 of the Co-operative Wholesale Establishment Act, No. 47 of 1949, as amended by Act No. 39 of 1957, is hereby amended as follows :—

(1) in sub-section (1) of that section—

(a) in paragraph (e) of that sub-section—

(i) by the substitution, for all the words from “of the Board, other than” to “by the Board”, of the words “of the Board”, and

(ii) by the substitution, for the words “the Minister ; and”, of the words “the Minister.” ;

(b) by the omission of paragraph (f) of that sub-section ; and

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(c) by the renumbering of that sub-section as section 35 ; and

(2) by the omission of sub-section (2) of that section.

4. Section 36 of the Co-operative Wholesale Establishment Act, No. 47 of 1949, as amended by Act No. 39 of 1957, is hereby amended in sub-section (1) of that section by the omission of the following words :—

“ other than the moneys received in consequence of the insurance business carried on by the Board,”.