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இலங்கை மத்திய வங்கி  
CENTRAL BANK OF SRI LANKA

இலா உல்டி பீகைச  
நிதியியல் உளவறிதற் பிரிவு  
FINANCIAL INTELLIGENCE UNIT

අංක 30, ජනාධිපති මාවත, කොළඹ 01, ශ්‍රී ලංකාව  
இல. 30, சனாதிபதி மாவத்தை, கொழும்பு - 01, இலங்கை  
No. 30, Janadhpathi Mawatha, Colombo 01, Sri Lanka

Circular 02A/2024

Ref: 37/05/002/0005/022

September 19, 2024

To: Chief Executive Officers/ General Managers/ Managing Directors of all Insurance Companies to whom the Insurers (Customer Due Diligence) Rules, No. 1 of 2019 applies

Dear Sir/Madam,

**Compliance with the Rules on Customer Due Diligence for Insurance Companies**

It has been brought to the notice of the Financial Intelligence Unit (FIU) that several Insurance Companies, to whom the Insurers (Customer Due Diligence) Rules, No. 1 of 2019 (Insurers CDD Rules) applies, have adopted inadequate Customer Due Diligence (CDD) procedures and/or obtained insufficient or erroneous details in establishing and maintaining business relationships with customers and conducting ongoing due diligence as required by the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA) and the Insurers CDD Rules.

Further to the above, it has been observed that certain Insurance Companies have failed to maintain and retain CDD records and transaction records as stipulated in the statutory and regulatory requirements. Also, submitting Suspicious Transactions Reports (STRs) to the FIU as per Section 7 of the FTRA by the Insurance Companies is at a low level. The lapses in maintaining adequate, accurate and up-to-date customer information by the Insurance Companies has led to poor identification of possible suspicious transactions and implications in ongoing Money Laundering (ML)/ Terrorist Financing (TF) investigations, leaving the doors open for criminals to exploit the financial system.

Therefore, the Insurance Companies are hereby advised to:

- (i) strictly adhere to the provisions of the FTRA, and rules, regulations and guidelines issued thereunder, especially, the Insurers CDD Rules, in obtaining and maintaining CDD information, and in raising STRs where necessary. Any contravention or non-compliance with the FTRA and/or rules and regulations issued thereunder will be liable to penalties under the FTRA.
- (ii) ensure your institution, and the branches, where relevant, complies with the CDD requirements when entering into business relationships and conducting transacts with any person.

Yours faithfully,

**Director**  
**Financial Intelligence Unit**

- cc: 1. Compliance Officers of all Insurance Companies to whom the Insurers CDD Rule applies  
2. Director General, Insurance Regulatory Commission of Sri Lanka