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INSURANCE REGULATORY COMMISSION OF SRI LANKA



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REGULATION OF INSURANCE INDUSTRY ACT - DIRECTION

24th August 2022

No. 03 of 2022

The Insurance Regulatory Commission of Sri Lanka (IRC SL) at its 224th meeting, has directed that insurance companies carrying on **long term insurance business** are required to disclose the following clauses in its insurance products, quotations and in the policy schedules/covers, as stated below:

(A) Cooling off period (This is as per Direction # 8 of 1st April 2016, which is in force)

Insurers are required to disclose the cooling off period (as specified below) **in the policy document:**

"A policyholder shall have twenty-one (21) days from the date of receipt of the policy document to examine its terms and conditions (known as Cooling-off period/free-look period). A policyholder may terminate the policy within the Cooling-off period / Free-look period and the insurer shall refund: -

- The unallocated premiums;
- Value of units that have been allocated (if any) at unit price at the next valuation date; and
- Any insurance charges and policy fees that have been deducted; less medical expenses which may have been incurred."

(B) Guaranteed and Non-guaranteed Benefits of the Policy

Insurers are required to disclose the guaranteed and non-guaranteed benefits applicable, **in the quotation issued to the policyholder and in the policy schedule/cover**. Ex: Guaranteed death cover – Rs 5 million etc.

(C) Applicable Policy Schedules

- Insurers are required to disclose the applicable schedules of the policy document relating to the respective policyholder **in the policy schedule/cover** in order to facilitate the policyholder to clearly understand the policy benefits and the coverage.
- Insurers are further directed to attach a copy of the proposal form/application form to the policy document.
- Requirements specified in (A) of this Direction shall come into effect immediately. Hence, Direction # 8 issued on 01st April 2016 is repealed.
- Requirements specified in (B) & (C) of this Direction shall come into effect from 01.10.2022.

This Direction is issued in terms of Section 96A of the Regulation of Insurance Industry Act, No. 43 of 2000.



Director General
Signed for and on behalf of the Commission