

# KNOW MORE ABOUT INSURANCE



**IBSL**

**INSURANCE BOARD OF SRI LANKA**



## Contents

About this booklet	1
What is Insurance	1
Classes of Insurance Business	1
Insurance and Society	2
Basic Principles of Insurance	3
Where can I get an insurance product	4
Useful pointers when buying an insurance policy	4
How to make a claim	4
Avenues for resolving Complaints	5
List of insurance companies registered under the RI Act	6

### About this booklet

This is an introductory guide to help you understand insurance. It gives you some information pertaining to the classes of insurance business, the basic principles of insurance, what to do in the event of a loss. You can get more information on our Website at [www.ibsl.gov.lk](http://www.ibsl.gov.lk).

### What is insurance?

Insurance is a risk transfer mechanism whereby individuals & businesses attempt to transfer some of the uncertainties, to another entity, for a known payment, i.e. Premium.

- **What is Risk?**  
Risk is "uncertainty of Loss". In Insurance, the Risk is measured in financial terms.

### Types of Insurance

There are two main types of insurance i.e. Life and General Insurance.

Life Insurance	General Insurance
Insures your life against any mishap up to a certain amount (sum assured).	Insures you against losses and damages other than those offered by Life Insurance business.
Coverage period is usually more than a year, which requires payment of predetermined premium on a monthly, quarterly or annual basis.	Coverage period is usually one year, which normally requires payment of premium before the issue of insurance policy.
<b>Risks covered</b> <ul style="list-style-type: none"> <li>• Pre-mature death</li> <li>• Income during retirement</li> </ul>	<b>Risks covered</b> <ul style="list-style-type: none"> <li>• Property loss, ex. Stolen car or burnt house</li> <li>• Liability arising from damage caused by yourself to a third party</li> <li>• Accidental Death or Disability due to an injury or illness</li> </ul>
<b>Main products:</b> <ol style="list-style-type: none"> <li>Whole Life</li> <li>Endowment</li> <li>Term</li> <li>Investment linked</li> <li>Annuity/Pensions</li> </ol>	<b>Main products:</b> <ol style="list-style-type: none"> <li>Motor</li> <li>Fire</li> <li>Personal Accident</li> <li>Medical &amp; Health</li> <li>Marine, Aviation, Transit</li> </ol>

### Insurance and Society:

1. Insurance helps the Public by compensating individuals, businesses, enterprises and organizations for losses in respect of insured Risks.
2. Insurance companies engage and promote various risk prevention measures and also assist to reduce the effects of accidents and losses.
3. Insurance provides funds to help in the growth of businesses and to create jobs. Investment of insurance funds in Government Securities is a source of fund for the economic development of the country.
4. Banks and other Financial Institutions require security of an insurance cover to finance home and overseas trade.
5. Anxiety is reduced if an insured knows that insurance is available to compensate him when a loss occurs - Peace of Mind.
6. Need not set aside funds to compensate potential losses.
7. Entrepreneurs will take Risks, which they might not be willing to bear in the absence of insurance.

### Basic Principles of Insurance

#### Insurable Interest

You would have an interest in the insured item or life such that, a loss or damage to the item or life insured, would result in a financial loss to you.

#### Utmost Good Faith

An insurance contract is a contract of utmost good faith. You, as the policy owner, must disclose all material facts when buying a policy. If you fail to disclose any material fact, the policy may become invalid.

#### Proximate Cause

The principle of 'proximate cause' helps to establish whether the loss is caused by a peril insured against or whether the loss is caused by an excluded (not insured) peril. Before you can recover a financial loss you have sustained, from an insurance company, it is necessary to ascertain what is known as the proximate cause.

#### Indemnity

Only applies to the physical damage to a property where the loss can be quantified in monetary terms. You cannot make 'profit' from an insurance policy. In the event that you suffer a loss, the insurance company will pay or 'indemnify' you to lift you up to the position you were in before the loss.

#### Contribution

You are not restricted to buy more than one policy to protect a particular property. If you do buy more than one, the insurance companies involved will then contribute to the amount payable, according to the proportion of their liabilities in the event of a claim.

#### Subrogation

When a person is negligent and causes a loss to your property, that person shall be liable for the loss. You have the right to recover from the negligent person, although the loss is covered under an insurance policy. However, your right to recover from the negligent person is taken over by the insurance company after payment of the claim, by the operation of the principle of Subrogation.

### Where can I get an insurance product ?

You can buy an insurance policy:

- Directly from insurance companies;
- Through registered insurance agents;
- Through registered insurance brokers; and
- From banking institutions having bank-assurance arrangements with insurance companies.

### Useful pointers when buying an insurance policy

- Understand the policy/plan including product features, conditions, benefits, limitations and exclusions.
- Ensure that the premium or contribution payable is affordable.
- Ensure that the amount of coverage taken is adequate and suits your needs.
- Ensure that all material facts are fully disclosed.
- Deal only with registered agents/ registered brokers or directly with an insurance company.
- Monitor the period of coverage and time for payment of premium.

### How to make a claim ?

- Check your policy or certificate, whether the loss or damage is covered;
- Notify your insurance company about the event as soon as possible and seek advice on the documents required to support your claim;
- Be cooperative and give all the information requested by your insurance company, completely and accurately. Incorrect or incomplete information will cause delay in processing your claim;
- Keep copies and records of all documents safely, Ex: Bills, Reports, Correspondences; and
- Regularly contact your insurance company until the claim is resolved. If the offer does not meet your expectation, you may negotiate with your insurance company. Both parties should undertake negotiations in good faith.

### Avenues for Resolving Complaints

If you are unhappy with your insurance company or you feel that you have been unfairly treated you have several avenues for redress before going to Court.

You should first submit your complaint to the complaints unit of the insurance company or a responsible officer of the insurance company.

If you are not satisfied with the outcome of the complaint resolution, you can complain to the Insurance Ombudsman.

Insurance Ombudsman  
143A, Vajira Road  
Colombo 5  
Telephone: 011 4528671 - 2, Fax: 011 4528670  
Email: [info@insuranceombudsman.lk](mailto:info@insuranceombudsman.lk)  
Website: [www.insuranceombudsman.lk](http://www.insuranceombudsman.lk)

If you have any further issues after consulting the Insurance Ombudsman, you can always contact the Insurance Board of Sri Lanka (IBSL).

Director General  
Insurance Board of Sri Lanka  
Level 11, East Tower, Echelon Square  
World Trade Centre, Colombo 1.  
Telephone: 011 2396184 - 9 Fax: 011 2396190  
Email: [info@ibsl.gov.lk](mailto:info@ibsl.gov.lk)  
Website: [www.ibsl.gov.lk](http://www.ibsl.gov.lk)

**Insurance Companies Registered in terms of the Regulation of Insurance Industry Act No. 43 of 2000**

Name of the Insurer	Class of Insurance	Date of Reregistration
1.) Sri Lanka Insurance Corporation Ltd.	Long Term Insurance General Insurance	3 <sup>rd</sup> February 1993
2.) Union Assurance PLC	Long Term Insurance General Insurance	8 <sup>th</sup> January 1987
3.) Ceylinco Insurance PLC	Long Term Insurance General Insurance	11 <sup>th</sup> February 1987
4.) Eagle Insurance PLC	Long Term Insurance General Insurance	16 <sup>th</sup> December 1987 25 <sup>th</sup> December 1987
5.) Janashakthi Insurance PLC	Long Term Insurance General Insurance	12 <sup>th</sup> August 1994 11 <sup>th</sup> September 1995
6.) Cooperative Insurance Co. Ltd.	Long Term Insurance General Insurance	18 <sup>th</sup> September 1998
7.) Asian Alliance Insurance PLC	Long Term Insurance General Insurance	8 <sup>th</sup> March 2000 17 <sup>th</sup> September 1999
8.) Hayleys AIG Insurance Co. Ltd.	Long Term Insurance General Insurance	13 <sup>th</sup> December 1999
9.) HNB Assurance PLC	Long Term Insurance General Insurance	30 <sup>th</sup> August 2001
10.) Amana Takaful PLC	Long Term Insurance General Insurance	1 <sup>st</sup> February 2002
11.) Life Insurance Corporation (Lanka) Ltd.	Long Term Insurance	18 <sup>th</sup> December 2002
12.) Seemasahitha Sanasa Rakshana Samagama	Long Term Insurance General Insurance	8 <sup>th</sup> July 2003 6 <sup>th</sup> January 2005
13.) Allianz Insurance Lanka Ltd.	General Insurance	29 <sup>th</sup> September 2004
14.) ABC Insurance Company Ltd.	Long Term Insurance General Insurance	1 <sup>st</sup> April 2005 2 <sup>nd</sup> August 2005
15.) Ceylinco Takaful Limited	General Insurance	16 <sup>th</sup> May 2006
16.) Allianz Life Insurance Lanka Ltd.	Long Term Insurance	1 <sup>st</sup> July 2008

### Disclaimer

This document is intended for your general information only. It does not contain exhaustive advice or information relating to the subject matter nor it should be used as a substitute for legal advice.

For more information, log on to [www.ibsl.gov.lk](http://www.ibsl.gov.lk)

A Public Awareness Programme by:  
**Insurance Board of Sri Lanka**  
(Ministry of Finance and Planning)