

NEWSLETTER

THE INSURANCE REGULATORY COMMISSION
OF SRI LANKA



INSURANCE
REGULATORY
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SRI LANKA

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IMPORTANCE OF POLICYHOLDER RIGHTS & DUTIES

It is vital that policyholders are aware of their rights and duties to avoid difficulties and dissatisfaction throughout the insurance process. A smart policyholder needs to be aware of their rights regarding policy benefits and conditions. Knowing their rights and fulfilling their duties will ensure satisfactory insurance coverage and give the policyholder peace of mind at the time of claiming under the policy. The IRC SL, in this newsletter, mainly focuses on creating awareness on important facts that will help create informed policyholders.

POLICYHOLDERS' RIGHTS

1. YOU HAVE A **RIGHT TO BE INFORMED**

- You can obtain clarifications from the insurance company on any matter that is unclear or difficult to understand in your insurance policy.

- The Insurance Company has a duty to communicate clearly with you all material facts & all other matters relating to the policy.

E.g., The status of a claim, basis for its decision on repudiation of a claim.





2. YOU HAVE A RIGHT TO GET WHAT YOU PAY FOR

- You have a right to receive an insurance cover that best suits your expressed needs.



- If you are not satisfied with the benefits offered or conditions of the policy, you have a right to cancel the policy within the stipulated time, as provided in the policy.

- You have a right to request and read a sample policy document, in a preferable language (Sinhala / Tamil / English) before submitting your insurance proposal. By doing so, you will have a better understanding of the insurance policy.

3. YOU HAVE A RIGHT TO BE TREATED IN GOOD FAITH

- You have a right to be treated in good faith at all times by your insurance company.

- The insurance company must act in a true, fair and transparent manner in all dealings pertaining to your insurance policy.

4. YOU HAVE A RIGHT TO REDRESS

- You have a right to make any complaint pertaining to your insurance policy (including the way in which an insurance claim was handled and the amount of claim offered) through the complaint handling procedure of your insurance company.

- Your insurance company has a duty to deal with your complaint in a fair, efficient and timely manner.

- You also have a right to refer the matter to the Insurance Ombudsman or to the IRCSL, if you are not satisfied with the decision of your insurance company.



BE A SMART POLICYHOLDER

01 PRIORITIZE

You may have so many protection needs. Prioritize financial losses that you need to protect first. Obtain an insurance policy that will best suit your need.

03 AFFORDABILITY

Life insurance is a long-term commitment. Assess your financial ability to pay the premium and continue the policy, when purchasing such insurance policies.

05 POLICY RENEWAL (GENERAL INSURANCE POLICIES)

Keep in mind to renew the policy and pay premiums on time. Ignoring such actions will lead to loss of protection and repudiation of a claim.

07 READ, UNDERSTAND AND CLARIFY

Reading and understanding the policy document is important. If there is anything unclear, you can clarify matters by contacting the insurance company / brokering company / insurance agent.

09 COMPARE & EVALUATE

Compare and evaluate the insurance products available in the market before purchasing an insurance policy. The amount of the premium is an important factor to select an insurance cover. However, the premium should not be the only factor. The sum insured, terms and conditions, exclusions, warranties, company financial strength are some other factors to consider. Seek assistance from the insurance companies/insurance intermediaries if required.

02 SUITABILITY

Carefully study the financial loss that require protection and obtain an insurance cover for it.

04 FILE A CLAIM

File the claim without delaying when the insured events occur. Do not admit liability or negotiate settlement without the consent of your insurance company at an instance where the claims of third parties are involved.

06 SAY NO TO SIGNING BLANK PROPOSAL FORMS

Do not sign a blank or incomplete application / proposal form. Check for the accuracy of the information and fully understand the clauses before signing off.

08 THE SUM INSURED

Amount of sum insured that you are getting from a particular insurance policy is a critical factor. Decide on the amount of sum insured carefully. E.g., Sum insured in a life insurance should be sufficient to cover your financial burdens at the occurrence of an unexpected event.

10 UTMOST GOOD FAITH

Non-disclosure or misinterpretation of material information may result in cancellation of the insurance policy/decline of an insurance claim by the insurance company.

Material information includes any facts that an insurance company would regard as likely to have an impact on its assessment and acceptance of the proposal or liability.



Recent Regulatory DEVELOPMENTS

IRCSSL Regulatory Updates



DIRECTION NO. CIRCULAR NO.	DESCRIPTION
Direction 5 of 2021	<p>The direction 5 of 2021 dated 16th December 2021 is a revision of Direction #9 dated 13th May 2016. The IRCSSL through the direction informed that the Principal Officer of an insurer or an insurance broker shall be the Chief Executive Officer/the Managing Director and he/she shall be responsible for the general control, direction, and supervision of the business activities of the company. Further, in terms of Section 94 of Act, approval of the Commission of the IRCSSL is required for the appointment of the Principal Officer.</p> <p style="text-align: center;">https://ircsl.gov.lk/wp-content/uploads/2021/12/Direction-5-of-2021.pdf</p>
Direction 1 of 2022	<p>The direction 1 of 2022 dated 26th January 2022 repealed Direction No. 2 of 2021 issued on 24th March 2021. The IRCSSL through the direction imposed restrictions on providing codes. The insurance companies can provide codes only to insurance brokers and insurance agents and hence, insurance companies are prohibited from providing codes to persons, other than insurance agents and insurance brokers.</p> <p>Further, insurance brokering companies can provide codes only to their insurance agents and hence, insurance brokering companies are prohibited from providing codes to persons other than to their insurance agents.</p> <p>All current codes not in line with the direction shall be cancelled with immediate effect.</p> <p>Further, restriction on changing codes include that insurance companies carrying on long-term business shall not change existing codes, unless the written consent of the insurance agent or insurance broker is obtained.</p> <p style="text-align: center;">https://ircsl.gov.lk/wp-content/uploads/2022/01/Direction-01-of-2022.pdf</p>
Circular 1 of 2022	<p>The circular 1 of 2022 prohibits providing different quotations (reduction in premium) to the same policyholder for the same insurance cover.</p> <p style="text-align: center;">https://ircsl.gov.lk/wp-content/uploads/2022/01/Circular-1-of-2022.pdf</p>



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