



National Insurance Day



Message from Chairman, Insurance Regulatory Commission of Sri Lanka



The Insurance Regulatory Commission is pleased that the National Insurance Day and Month are being commemorated this year as well. It is important that the industry sustains itself and contributes to the economic development. By enabling risk transformation, the insurance industry is playing a major role, not only in the economy of the country but also enhancing the welfare of the society.

The benefit of insurance comes when one invests in it with proper awareness and knowledge. Transparency and integrity from both insurer and policy holder is therefore paramount, and this is a major opportunity to increase the awareness of insurance and how one benefits from it.

The government has been very supportive of the National Insurance Day. It has granted the impetus that the industry needs in creating greater awareness among people.

The unity among the insurance companies, aided by the IASL, makes regulatory plans and decisions less complicated and we see the National Insurance Month based activities as one of the key initiatives that builds this harmony.

We wish the Marketing and Sales Forum of the IASL, the very best for yet another successful National Insurance Day, and month long activities that will truly take the message to the public.

Razik Zarook P.C.

Chairman
Insurance Regulatory Commission of Sri Lanka

Message from Director General, Insurance Regulatory Commission of Sri Lanka



The National Insurance Day, celebrated on the 1st of September is a significant annual event of the insurance industry in Sri Lanka from its declaration in year 2017. Insurance awareness creation activities carried out island wide extensively during the insurance month of September have largely contributed to the development of the sector, as people become more aware of the sector and the benefits that derive from insurance. The gross written premium for both Life and General Insurance has shown significant increases throughout past years, while profitability yielding positive results. Despite calamities faced economically and socially, in 2019 and 2020, the industry has sustained remarkably safeguarding policyholders through claim payments and affording relief on payment of insurance premium.

The Insurance Regulator has continued to maintain a healthy relationship with the insurance industry to uphold professionalism, transparency and commitment to policyholders. The role and responsibility of the Insurance Regulator has grown exponentially in the eyes of the public as we evidence increased participation. However, in my view, increased public awareness and change in perception on insurance are two main components that need attention for the further development of the industry. Accordingly, activities planned for the National Insurance Day and Insurance Month are crucial in achieving this objective. We congratulate the Marketing and Sales Forum and the Insurance Association of Sri Lanka for continuing with its efforts in celebrating the National Insurance Day and Insurance Month this year as well, amidst the socio economic situation in the country and world at present. We hope this year too, the industry will be successful in terms of reaching out to the masses and spreading the message about insurance far and wide.

Damayanthi Fernando, Director General
Insurance Regulatory Commission of Sri Lanka

Message from the President - Insurance Association of Sri Lanka



At the event of celebrating yet another Insurance Day, the Insurance Association of Sri Lanka recognizes the impact that the general public is experiencing at the face of a global pandemic. Hence, it is important to us that as an industry, we make this Insurance Day and the Insurance Month that follows it, a special commemoration where we reiterate the importance of being prepared at the advent of different kinds of adversity. More than ever before, we see the need for protection that can be fulfilled by insurance, and we will continue to actively educate the people on this.

The Insurance Day activities see all the insurance service providers, in both Life and General insurance sectors, come together in sharing awareness and knowledge. The IASL is keen on promoting this comradery that also benefits those employed in the industry as adding value to their professionalism.

The Insurance Regulatory Commission of Sri Lanka as the regulatory body of the insurance industry has continued to support us through the many ventures, and has been an immense reinforcement towards the betterment of the companies and the industry as a whole.

On behalf of the IASL, I extend my gratitude towards the Government of Sri Lanka, the IRCSL, and all the insurance service providers for persisting in this endeavor to raise awareness on the importance of insurance.

Gehan Rajapakse, President
Insurance Association of Sri Lanka

Message from Chairman, Marketing and Sales Forum, IASL



The celebration of the National Insurance Day is significant to the industry and the Insurance Association, and more so to the Marketing and Sales Forum of IASL. This is due to the fact that the National Insurance Day on 1 September, and the continuing commemoration of the Insurance month throughout September, is the key event for the MSF to reach its vision of spreading awareness about insurance.

This day brings together all stakeholders of the industry from the regulators, representative bodies and service providers. As the MSF, we are encouraged to see all companies working together to achieve a common goal.

Insurance should not be seen as a mere fall back plan when faced with adversity, but as a proactive measure to keep one's self, family and valuable assets protected. Awareness of this fact is a key message that we need to take to the masses. At the same time, we are adding value to the role of the insurance sales person, to be perceived as a harbinger of solutions for care and protection.

Whilst we traverse these turbulent times with hope for a tranquil tomorrow, we always need to remember that calamities strike when least expected, unequivocally underscoring the importance of providing the protection for one's self, family and assets.

Dinesh Yogaratnam
Chairman
Marketing and Sales Forum (IASL)

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National Insurance Day



Insurance Regulator's thoughts for the Insurance Day

BY JAI SUNTHUSH ABEYEWARDENE

"When you go to a bank to apply for a loan the usual tendency is to blindly fill all the forms without paying much attention to read and understand the small printed terms and conditions, as you want to obtain the facility/loan as quickly as possible. Hence, you get what you expect when all formalities are completed & thereafter it is your responsibility to pay the loan. But applying to be an insurance policyholder and purchasing an insurance product is quite a different experience from the customary bank loan application procedure, as an insurance application, commonly known as a proposal form demands that you read every single question carefully and responds accurately as the acceptance of your risk is based on the information provided by you in good faith, insurance principle of "utmost good faith", understand the terms and

conditions of the insurance cover thoroughly prior to entering into the insurance contract. You can get advice on the insurance cover from the insurance company or its agents or by an insurance broker. Further, all life policyholders have a cooling off period of 21 days from receipt of insurance policy to examine the cover for the second time and make a decision. Therefore, if you enter into a contract blindly, without understanding much about the insurance cover, at the point of policy maturity stage or in an event occurring the payment of claim, you may get disappointed, as your expectation was otherwise, said Damayanthi Fernando, Director General of the Insurance Regulatory Commission of Sri Lanka to Daily News Supplements Desk.

The DG beckoned the Writer, Colleague and Manager to make them comfortable and continued with an hour long dialogue that was both inspiring and engaging. Read it and be on the know about Insurance.

Q. Why is insurance so very important for your security, comfort and happiness and in short for everybody's wellbeing?

A. All of us wish to achieve financial freedom at some point in our life, and when it comes to doing that, we tend to believe that savings are enough to be financially stable for you and your dependents. But, if you look at life from a practical perspective, you would understand that savings alone are not enough to achieve financial freedom. Consider a situation when you have to wipe off all that you've saved all your life, just to pay for a hospital bill or a building destroyed by fire or your sudden demise has left your beneficiaries not knowing how to continue their education and live a life only with the savings you had left them.

Buying insurance could therefore be key to unlocking doors to peace of mind in a scenario as this for it ensures you and your family's financial burdens are lessened to the extent of the insurance cover. Insurance ensures financial security, transfer your risk to an insurance company, provide protection to you and your family.

Simply said, insurance is a contract that you transfer your risk of financial loss to an insurance company on a payment of what is called insurance premium.

Q. What are your views about the history and development of insurance in Sri Lanka?

A. Insurance business in Sri Lanka commenced with the advent of the coffee and tea industry and the primary entrants were the agency houses that managed plantations and were acting as agents of overseas insurance principals

handling mainly their in-house plantation businesses.

Insurance industry became localized with the Companies Act of 1938 that gave birth to Ceylon Insurance Company followed by a wave of many other insurance companies. The Motor Traffic Act of 1938 slowly made the people to get to know more about insurance however there was no specific legislative framework to authorize, supervise or control the insurance business in Sri Lanka.

Nationalization of the insurance industry took place in 1961 when it was proliferated and almost dominated by foreign insurance companies and agency houses. The Insurance Corporation Act No.2 of 1961 made the Insurance Corporation of Sri Lanka come into being as the sole insurer authorized to transact life insurance in the country. Control of Insurance Act No.25 of 1962 provided the state the power of regulating and controlling the activities of the insurance companies.

In 1980 another player joined the fray. National Insurance Corporation was incorporated with the objective of creating competition after 18 years of monopoly by the ICSL. In 1986 the Control of Insurance Act No. 25 of 1962 was amended opening the doors for the private sector to play a predominant role in Insurance.

Q. What is the role played by the Insurance Regulatory Commission of Sri Lanka and how does its regulatory mechanism benefit the industry and a policy holder?

A. IRCSL is the regulator of Sri Lanka's insurance industry established by the Regulation of Insurance Industry Act, No. 43 of 2000 to develop, supervise and regulate Sri Lanka's insurance industry. The object and responsibility

of the Commission is to ensure that insurance business in Sri Lanka is transacted with integrity and in a professional and a prudent manner with a view to safeguarding the interests of the policyholders and potential policyholders.

All insurance companies, insurance brokers and loss adjusters as described in the Act and operating in Sri Lanka fall under the regulatory purview of the IRCSL. However, following entities have been exempted: The Agricultural and Agrarian Insurance Board, The Sri Lanka Export Credit Insurance Corporation and The Social Security Board.

Principal functions of this august body is multifaceted - license persons as insurers, register persons as insurance brokers; and as loss adjusters; advise the Government on the development and regulation of the insurance industry; implement the policies and programmes of the Government with respect to the insurance industry; enter into any bi-lateral or multi-lateral memorandum of understanding pertaining to the sharing of information, with any local or foreign person; employ such officers and servants as may be necessary for the purpose of exercising, performing and discharging the powers, duties and functions of the Commission; acquire and hold any property, movable or immovable and sell, lease, mortgage or otherwise dispose of the same; enter into all such contracts as may be necessary for the exercise, performance and discharge of its powers, duties and functions; do all such other acts as may be necessary for the due exercise, discharge and performance of its powers, duties and functions under the Act.

Q. What was the most important step you initiated to mitigate the adverse impact of Corona

epidemic on the insurance policy holder?

A. The most important step we've observed and implemented was to relieve the financial burden heaped on the policy holder by extending the premium payback period to 3 months from the premium payment due date for life and non-life insurance policy holders.

Q. What is the importance of the Insurance Day and Insurance Month?

A. We wish to create awareness amongst the general public about why and how Insurance becomes part of life. In 2017 the insurance industry players requested the Commission to spearhead this movement as the apex body capable of making this mindset a reality amongst the general populace of the country.

We have so far successfully implemented awareness programmes, TV, radio programmes, Art Competitions amongst school children during the awareness month of September 2019.

We take the credit of making the Government of Sri Lanka declare September First as the Insurance Day in Sri Lanka.

Q. We would like to know your future plans?

A. We have quite a few revolutionary plans in the pipeline and to list a few - The Government funded project to upgrade the regulatory and supervisory framework in Sri Lanka in line with the best practices adopted by other insurance regulators, being a member of the International Association of Insurance Supervisors; Fully automate the insurance regulatory and supervisory process in Sri Lanka and make everybody do business with ease; The ultimate objective is to enhance policyholder protection.

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National Insurance Day



Insurance industry expected to record increase in penetration

BY LALIN FERNANDOPULLE

The insurance industry which is yet at its early stages in its lifecycle is expected to record an increase in penetration from the current level of around 1.3 percent to around 2 percent in the next five years, a top official of the industry said during a discussion on this year's National Insurance Day which is marked each year on September 1.

"We are confident the current penetration level in both Life and General insurance will grow to a satisfactory level in the coming years as people have realised the importance of insurance with the out-break of the global pandemic that has wreaked havoc to economies across the globe increasing the risk to life," said Amana Takaful Life CEO Gehan Rajapakse.

The global insurance landscape is expected to change due to the current global health crisis resulting in an upside effect on the industry which is yet to bloom fully in the world.

The expansion in technology is said to have a positive impact on insurance penetration as in most industries which will stand to benefit from technological advancements.

Despite the gloom and doom in the global economy with a trickle-down effect on all industries the insurance industry in Sri Lanka reported a recovery faster than expected in June and July this year.

"We did not expect a turn around so quickly which could be attributed to the need for protection and risk mitigation from health hazards," Rajapakse said.

The industry offered moratoriums for premiums during the global pandemic to support policy holders.

Industry experts said the National Insurance Day since its inaugural year in 2017 has helped raise and increase awareness on the importance of insurance in life as a means of protection and risk mitigation.

However, the question of how could the industry increase insurance penetration has been a recurrent issue.

The lingering problem has been do people have enough insurance policies and do they have a proper comprehensive cover which will provide the bread-winner and his or her dependents the compensation they expected?

The lack of an adequate cover due to the income level and affordability of people has created an insurance gap which the industry will need bridge with more convenient and innovative products that will suit the earning capacity of insurance policy seekers.

"The industry will come up with new strategies to increase penetration among the low income segment with new distribution models," Rajapakse said.

This year's Insurance Day which is to be held for the fourth consecutive year will be a virtual event to raise insurance awareness.

"In the past we have been conducting on ground activations to propagate the concept of insurance on life and general organised by the Marketing and Sales Forum (MSF) with the participation of all industry players," Rajapakse said adding that this year the industry will not be conducting on-ground promotions organised by the MSF due to restriction of gathering crowds.

However he said each company will have its own activities that will be carried

out throughout the month of September. Public Relations (PR) and digital tools will be used to create awareness.

The Government declared September 1 as the National Insurance Day in 2017. Since then the day has been marked each year with a series of events across the country organized by the MSF.

Activations in the past years took place in Colombo, Kandy, Kurunegala, Jaffna, Ratnapura, Anuradhapura and Matara hosted by the insurance industry players.

The day's events were marked also with the presence of insurance advisors of companies who helped in raising awareness.

The declaration of 1 September as National

Insurance Day, which took place in 2017, was a significant milestone for the industry.

The National Insurance Day has helped reduce dependency on the Government to provide relief and compensation to victims of natural catastrophes.

The declaration is expected to help increase the sector's contribution to the GDP of the country.

Insurance sector representatives have been emphasizing the need to provide

comprehensive protection for all lives and assets. Industry experts note the current increase in life expectancy shows us that people are becoming more health conscious.

However, insurance penetration which is reflected by the insurance premium as a percentage of GDP amounted to 1.26 percent in 2018.

Level of disposable income and negative perceptions on insurance and social security benefits have negatively impacted the growth of the insurance sector over the years.



Amana Takaful Life CEO
Gehan Rajapakse

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OF CLAIMS
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AND

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OF CLAIMS SETTLED
IN ONE DAY



National Insurance Day



The Sri Lanka Insurance brokers Association (SLIBA) was formed in 1987 immediately after the government amended the Control of Insurance Act no. 25 of 1962 opening the doors for the private sector to venture into Insurance as Insurers in 1986.

The insurance industry is regulated and supervised in terms of the provisions of the Regulation of Insurance Industry Act No. 43 of 2000 which was enacted by the Parliament in August 2000 and came into operation with effect from 1st March 2001. The Insurance Board of Sri Lanka (IBSL) was established under this Act and IBSL was granted the regulatory function of the insurance industry from the Controller of Insurance at the

Sri Lanka Insurance Brokers Association and the role it plays in the Industry



Sri Lanka Insurance Brokers Association President Nalin Dharmasinghe

Ministry of Finance who regulated the insurance industry in terms of the Control of Insurance Act No. 25 of 1962 which was repealed with the enforcement of the new legislation.

Within six months of formation of IBSL, in October 2001 granted the approval to SLIBA to function as an approved association of insurance Brokers in terms of section 79 of the Regulation of Insurance Industry Act 43 of 2000 recognizing the contribution SLIBA had made to the industry and the fact that all the insurance brokers who were eligible to register under the new Act had the membership already with SLIBA.

Since then IBSL/IRCSL continued to recognize the above status granted to SLIBA by publishing a statement under Administration/General review of all their Annual Reports that:

"Sri Lanka Insurance Brokers' Association is the only association of insurance brokers that has been approved by IBSL and all insurance brokers are members of this Association. In terms of Section 79 of the RII Act, it is mandatory that all the registered

insurance brokers and all applicants seeking registration are required to be members of this Association"

Today, SLIBA boasts a relatively large membership with a robust and effective inter-phasing with insurers in Sri Lanka and overseas. Many large international brokers such as Marsh & McLennan, AON, Willis and Arthur J Gallagher supported by leading International underwriters are represented through Sri Lanka brokers for retail and wholesale insurance broking services in the island. SLIBA members are therefore able to link global access with local knowhow in offering professional solutions to risk transfer mechanisms.

The Sri Lanka Insurance Brokers Association (SLIBA) is the central organization for all registered insurance brokers in Sri Lanka. SLIBA is involved with elevating the status of its membership, safeguarding and advancing their interests whilst enhancing their general efficiency, technical knowledge and professional conduct. The association aims to foster a class of insurance intermediaries who are technically

competent, professional in their outlook and conduct, which the insuring public can depend on in accessing truly dependent and expert insurance services and advice.

Currently the SLIBA has a membership numbering 65 Brokers of which around 75% of them have license to transact Both Life & General Insurance business but most of them focus mainly on General Insurance Business and their main functions are as follows:

- Understand the client's business, associated risks and insurance needs through a risk management process
- Design the most appropriate insurance cover, explaining the options and the reasons for their advice.
- Execute the client's instructions in an efficient manner including the negotiation with the insurance market,
- Placement of the business with an insurer who offers the widest, cost efficient cover with acceptable security.
- Explain the needs of and the behaviour of the market to clients.
- Maintain effective relationships with the market - local and international.
- Assistance in the process/negotiation of claims.
- Provide continuous service and advice.

Accordingly the professional services rendered by the insurance brokers will help the insuring public to get the maximum benefit from the insurance covers afforded and to mitigate the risks involved which will enable the customer to concentrate on their core business.

It is very important to note that appointing an Insurance broker will not result in any additional cost or a fee that are over and above the costs payable to insurance companies as the Insurance brokers provide unbiased services to clients and there is always possibility of a cost reduction in view of their expert negotiation skills.

What will the new normal be for insurance companies?

With face-to-face physical sales becoming challenging, there will be a significant rise in demand for purchasing insurance digitally. Besides, this is the perfect time for insurance carriers to leverage digital solutions to survive and in the post-pandemic new normal. Consumers, too, on the other side, are getting prepared to think differently. When the pandemic is over, its impact will be visible in the consumer attitude and behavior and their newfound interests.

Covid-19 has placed a plethora of challenges on insurers, not only in how they work, but also on how they interact with consumers

In the face of pandemic-related restrictions, consumers have adapted to meet social, personal, and essential needs. The increase in digital media such as video conferencing apps provides just one example of such, low-touch, distance-less adaptation. Likewise, shopping habits have changed to emphasize digital channels for purchase and after-sales service, not only for products, such as food and clothing, but for insurance, as well. Insurance companies are re-evaluating their business models, turning profits back to loyal customers in the form of rebates and investing in new customer-friendly products and digital channels

Before COVID, companies generally planned for disasters by shifting workloads to different locations or offices. Work-from-home (WFH) scenarios were not foreseen. Setting up widespread, home-based work environments to accommodate for a lack of systems, equipment, IT support staff, software and security had never been considered before. The technical challenges were most acutely felt as companies tried to stabilise their operations. While stabilisation periods varied by company, the fact that many were able to adjust in weeks instead of years is most commendable.

Digitally mature insurers clearly demonstrated greater resiliency and ability to serve customers than their counterparts who lagged in technology adoption. The pandemic pushed consumers to accept digital options for raising service requests and communicating with agents. It also proved advantageous for companies equipped with digitally advanced products, such as big-data-enabled underwriting, automated claims processing and voice- and chat-enabled customer service channels.

In short, organizations that learn from the crisis, and embrace it as an opportunity for overall reinvention, will meet the new normal with confidence and enjoy greater success moving forward than their counterparts.

Moving on from COVID-19, new insurance operating models will need to be resilient, agile, distance independent, paperless, and transparent.

As organisations define what the permanent shift from dedicated office space to "my workspace" will look like, striking the right balance between physical and contactless interaction will involve carefully considering the learnings from COVID-19.

Having learned from the shortcomings of provisioning a fully remote workforce, the insurance industry would do well to fix the missing and dysfunctional pieces of their IT Infrastructure and enhance their overall network capabilities. New configurations would need continuous review for single points-of-failure, access controls and exceptions, and remote login credentials. Adequate IT support staff would be needed to ensure helpdesk capacity, with contingencies for key staff unavailability and alternate admin access to critical systems.

Investment would be required for all aspects of collaboration, remote-tooling, agent assistance/guidance, right-skilling, and workflow to ensure a stable, agile, engaged, and high-performing remote task force.

As supervision and control lessens in a WFH setup, real-time monitoring of workforce productivity via SLA/performance dashboards would be required. Operations management would also require enhanced process quality checks to highlight deviations from agreed thresholds and ensure the right mix of staff working remotely vs. in existing office spaces.

Early COVID-19 contract modification models suggest the need for simpler, modular clauses to enhance operational agility. As remote working becomes widespread, the industry must anticipate new regulatory restrictions and data security guidelines. Any new security/privacy contract clauses would need to be reviewed for their commercial impact on the sustainable hybrid model and be ready for quick turnaround.

Companies should emphasise tightening security protocols, maintaining strong cybersecurity practices and building a resilient working model. This will require improving

identity management, network connectivity and endpoint security tools that can help prevent and minimize security breaches. Insurers must detect areas of unacceptable risk, monitor, and curb the usage of non-approved technology.

Going ahead, insurance companies would do well to enhance self-service capabilities and digital document management, improve information security and compliance, deploy smart workflow management tools, automate repetitive non-core tasks and invest in quick-to-market product platforms as part of their technology modernization.

Companies should also consider automation and digitalization as a means for additional revenue gains and not a mere cost reduction exercise; their absence can often result in loss of business, and any time saved can be applied to new business activities.

The use of AI and intelligent automation, alongside IoT and big data technologies, would allow insurers to streamline and enhance processes, such as:

Voice bots, chat bots and assisted live-chat providing personalized customer experiences, while minimizing labor-intensive, face-to-face interactions and manned calls

Real-time, dynamic, behavioral pricing models and via digital data intake, auto classification and indexing, robust, rules-driven workflow and enhanced data-driven decision support for risk assessment will speed up and improve underwriting efficiency.

Augment First Notification of Loss (FNOL) and claims surveys using virtual technology with advanced photo/video capture capabilities, along with advanced claims triaging and IoT-based, connected systems for advance risk detection and predict fraud patterns with advanced forensic capabilities to analyze data

Most insurers have lingered in use of cloud services, deterred by data security concerns or uncertainty over variable consumption costs of cloud-based services vs. fixed costs of on-premise servers. However, having systems in the cloud offers higher capacity and bandwidth, along with faster and responsive access from anywhere.

Insurers need to invest in digital platforms to bring together workforce, customers, brokers, and plan administrators, using technologies such as electronic placement platforms for brokers, modular agile product build solutions and integrated workflow tools.

Timely and accurate projections have cascading effects and material impacts on reserves, renewal premiums and terms and conditions. Hence, insurers who invest in big data analytics tools can showcase their ability to pay future claims and demonstrate the capacity to effectively underwrite risk.

Despite having access to large datasets, the industry still struggles to incorporate data insights into its business strategies, instead relying heavily on experience over data. Hence, the need to fix data silos, poor system integrations and outdated technologies becomes more eminent. As the industry enters the post-COVID-19 phase, it must address its general, "data rich, information poor" status.

As digital operations expand industry-wide, insurance companies must perform rapid assessments to remove avoidable human work, redeploying workers to higher-value activities, and zero-base their physical footprint. Operations re-design, with an overall shift to minimizing fixed costs, would drive core/non-core task prioritization to enable right-shoring models via managed services providers. As well, quickly building a digital ecosystem across geographically diverse teams will help fast-track the change.

Organizations should focus on reassessing and consolidating operations and claims adjusting partners, third-party supplier networks and other vendors based on capabilities.

Still, human touch remains valuable when people need help. Therefore, agents, underwriters and customer-facing staff will require skills training to deal with the more complex customer needs that fall to their desks. However, human intervention should be integrated into the digital experience, rather than requiring a separate phone call.



Wasantha Wamasuriya

More than ever, insurers need to sharpen their value proposition, focus on product simplification and policy wording reviews, and accelerate risk-restructuring for new and modified insurance.

Insurance companies will need to shift more towards social media and content marketing, SEO, and influencer-led campaigns, as well as webinars, to reach new customers for more targeted engagement. The benefits and opportunities these digital channels demonstrated recently will make them essential to any long-term marketing plan. Marketers need to keep a closer watch on their accounts, search keywords and site analytics to identify shifts in customer needs. Marketing strategies should leverage email strategically, remain sensitive in messaging, and balance critical information with helpful articles and top-of-mind brand awareness content.

As physical interactions become more infrequent, client-centricity will become critical for sustaining and enhancing customer experiences. Simple digital customer journeys, informed by moments-of-truth, and key customer interaction touchpoints, along with a 360-degree customer view across different data sources, would be key to a seamless omnichannel customer experience.

Digital technology will play a pivotal role in the "new normal," some of the key areas that companies need to address when they begin their transformation journey are:

- Identifying organization's vision and key digital goals,
- Identifying key focus areas
- Assessing the current state against industry benchmarks
- Bring together all the various stakeholders and manage the change
- Assessing Future Readiness

Business processes and technology capabilities have been stress-tested during COVID-19. Using the learnings from this experience, insurers must assess their digital maturity and future readiness regarding:

- WFH Enablement
- Business Management
- Operations Management
- Digital Assets, Data and Analytics
- Product Simplification

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Sri Lanka Insurance Brokers Association

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National Insurance Day



■ **Less than 15% of students qualifying at the A/L examinations receive admission to local universities. This leaves a startling 85% or more qualifying candidates seeking education in the private sector.**

In joining hands with the industry this National Insurance Month to educate the public on the benefits of insurance, Union Assurance introduces an education protection plan - Sisumaga+ to help parents plan for a sound investment that provides good returns to cushion against the sudden shock of the cost of

Union Assurance Writes a New Chapter in Education Protection

higher education or an untimely demise. Sisumaga+ is the ideal education protection plan a parent can gift their children to secure their future.

Sisumaga+ ensures uninterrupted education from childhood through to university. In the current context it is evident that the future is more unpredictable, more uncertain, and more unfamiliar. The global pandemic has only confirmed that we need to be prepared for uncertainty. The impact of the pandemic on education was unprecedented, disrupting education continuity and forcing digital adaptation propelling children to new ways of learning. The pandemic in essence has only reinforced that uncertainty is a certainty.

In planning their children's education, at a micro level, Sri Lankan parents play a role of devotion and sacrifice to ensure that children

fulfil their dreams and aspirations. While much commitment goes into building strong foundations to secure a child's future at a young age, most parents fail to make the right financial plans early enough to comfortably protect the higher education aspirations of their children. Further exacerbating the issue are rising costs of tuition, stationery, textbooks, boarding fees and transport, making it more important than ever to start planning a child's future from a very young age.

Sisumaga+ offers a fund build-up for continuous growth of the fund and an additional 15% Loyalty Benefit paid upon completion of all due premiums of the policy term. In the event of a demise of a parent, Sisumaga+ offers all-round protection by providing an immediate payment of 5 times of the basic annual premium and a consistent monthly income to take care of

education expenses up to the maturity of the policy, while assuring the growth of the education fund with continuous premium settlements made by Union Assurance.

Education Protection is a relatively new concept in Sri Lanka with Union Assurance being a forerunner in establishing such a protection plan. Through a combination of savings and investment, this plan will provide essential support for children to actively pursue their ambitions for higher education while providing a buffer against the continuing escalation in associated costs.

Union Assurance is one of the largest Life Insurance solutions providers in Sri Lanka and has been in the business of protecting lives and empowering people to achieve their dreams. As a responsible Insurance solution provider Union Assurance has taken an enormous step

towards empowering the dreams of the future of this country by introducing Sisumaga+ a protection-based education plan where parents can invest and secure their child's future.

Union Assurance is one of the most awarded Life Insurance companies in Sri Lanka, completing over three decades of success with a market capitalization of Rs. 18 Bn, a Life Fund of Rs. 38 Bn and a Capital Adequacy Ratio (CAR) of 455% as at July 2020. Set to empower the Sri Lankan Dream, Union Assurance offers Life Insurance solutions that cover education, health, retirement, and investment needs of Sri Lankans. With 76 branches and an over 3000-strong workforce, Union Assurance continues to invest in people, products and processes to remain agile and responsive to emerging changes in the Life Insurance industry.

The following illustrations show examples of how you could structure your own customized education solutions to suit your needs and your child's dreams

If you wish to build approximately a **Rs.1.5 million Education Fund at maturity** (assuming a 10% dividend declaration):

| Age | Policy Term | Basic Sum Assured - Death Benefit | Monthly Education Assistance Fee | Monthly Premium |
|-----|-------------|-----------------------------------|----------------------------------|-----------------|
| 35 | 10 | 525,000 | 10,000 | 9,800 |
| 45 | 10 | 540,000 | 10,000 | 10,800 |
| Age | Policy Term | Basic Sum Assured - Death Benefit | Monthly Education Assistance Fee | Monthly Premium |
| 35 | 15 | 265,000 | 10,000 | 5,200 |
| 45 | 15 | 275,000 | 10,000 | 5,900 |

If you wish to build approximately a **Rs.5 million Education Fund at maturity** (assuming a 10% dividend declaration):

| Age | Policy Term | Basic Sum Assured - Death Benefit | Monthly Education Assistance Fee | Monthly Premium |
|-----|-------------|-----------------------------------|----------------------------------|-----------------|
| 35 | 10 | 1,750,000 | 50,000 | 32,800 |
| 45 | 10 | 1,800,000 | 50,000 | 35,800 |
| Age | Policy Term | Basic Sum Assured - Death Benefit | Monthly Education Assistance Fee | Monthly Premium |
| 35 | 15 | 885,000 | 50,000 | 17,400 |
| 45 | 15 | 915,000 | 50,000 | 20,500 |

If you wish to build approximately a **Rs.10 million Education Fund at maturity** (assuming a 10% dividend declaration):

| Age | Policy Term | Basic Sum Assured - Death Benefit | Monthly Education Assistance Fee | Monthly Premium |
|-----|-------------|-----------------------------------|----------------------------------|-----------------|
| 35 | 10 | 3,500,000 | 100,000 | 65,600 |
| 45 | 10 | 3,600,000 | 100,000 | 71,400 |
| Age | Policy Term | Basic Sum Assured - Death Benefit | Monthly Education Assistance Fee | Monthly Premium |
| 35 | 15 | 1,770,000 | 100,000 | 34,700 |
| 45 | 15 | 1,835,000 | 100,000 | 41,000 |

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HNB Assurance PLC (HNBA) produced 75 qualifiers for the prestigious Million Dollar Round Table Conference (MDRT) in the United States of America, including 1 Top of the Table (TOT) and 3 Court of the Table (COT) qualifiers. The achievement holds great significance as this is the highest number of MDRT and COT achievers the Company has produced.

Commending the winners, Chief Executive Officer of HNBA and HNB General Insurance Limited (HNBGI), Mr. Prasanth Fernando stated, "This inspiring team of individuals have set a benchmark in the industry today, also showcasing great resolve in the act of broadening one's professional career

development. I believe that career-shaping achievements of this nature not only strengthens the Company's Sales Force, but also sets an excellent example for our youthful beginners to stay true to their values and goals in life. Whilst congratulating all the winners, I would like to extend my sincerest gratitude towards all who made this possible".

Chief Operating Officer and Principal Officer of HNBA, Mr. Lasitha Wimalaratne expressed his words of appreciation stating, "These qualifiers have taken an uphill battle, demonstrating exceptional professional skills, product knowledge and ethical conduct in the run up to achieving the MDRT recognition. I'm indeed thankful

for the support of the Distribution Management Team, Training Team and especially the Bancassurance team for their great efforts that set course for this great win".

HNB Assurance PLC (HNBA) is one of the fastest growing Insurance Companies in Sri Lanka with a network of 63 branches. HNBA is a

Life Insurance company with a rating of A (Ika) by Fitch Ratings Lanka for 'National Insurer Financial Strength Rating'. Following the introduction of the segregation rules by the Insurance Regulator, HNB General Insurance Limited (HNBGI) was created and commenced its operations in January 2015; HNBGI continues to specialize

in motor, non-motor and Takaful insurance solutions and is a fully owned subsidiary of HNB Assurance PLC. HNB General Insurance has been assigned a 'National Insurer Financial Strength Rating' of 'A' (Ika) by Fitch Ratings Lanka Limited. HNBA is rated within the Top 100 brands and Top 100 companies in Sri Lanka by LMD and HNB Assurance has won international awards for Brand Excellence, Digital Marketing and HR Excellence including the Great Place to Work® Certification, and won many awards for its Annual Reports at award ceremonies organized by the Institute of Chartered Accountants of Sri Lanka.

HNB Assurance Recognizes its 75 MDRT Qualifiers of 2019



MDRT Winners of HNBA in 2019

HNB Assurance introduces Supreme Health Max The best health insurance for you

HNB Assurance recently unveiled its latest rider SupremeHealth Max that could be obtained along with the various life policies offered by the Company. With this this new addition customers have access to the best medical and surgical facilities both here and overseas.

Mr. Prasanth Fernando, CEO of HNB Assurance PLC and its fully owned subsidiary HNB General Insurance Limited said "HNB Assurance is a company that has always been at the forefront of understanding and satisfying customers' protection needs in a manner that best suits them individually. I see this new addition that we have launched in the market as a testament to our resolve in this regard enabling one to bring the very best protection for one's self and family. This rider gives an individual the opportunity of selecting a health insurance solution that would facilitate access to the best medical services both here and overseas. The world we live in today, as well as our ever increasing sedentary lifestyle makes us more prone to non-communicable diseases and other ailments, making it necessary to be able to deal with those situations. As an insurance provider as much as we propagate the concept of healthy living, our focus is always to offer our customers the confidence and solace that should the need arise, they have access to the best health service providers to ensure that their lives return to its equilibrium and normalcy as quickly as possible. I am very thankful to the team that was behind this product and it is with much pride and confidence that I invite customers to join us and secure their future".

Mr. Lasitha Wimalaratne, Chief Operating Officer and Principal Officer of HNBA expressed views on SupremeHealth



HNBA and HNBGI, Chief Executive Officer, Prasanth Fernando



HNBA, Chief Operating Officer and Principal Officer, Lasitha Wimalaratne

Max stating, "As yet another revolutionary product by HNB, SupremeHealth Max offers almost special benefits making way for a worry-free life. This includes a Worldwide Hospitalisation Cover of up to LKR 50 Million Annually for Individuals and Families, Worldwide Cashless Claim Settlement, No Claim Bonus of up to 100%, Pre & Post Hospitalisation Expenses Benefit and a Restore Benefit entitling the Policyholder to a 100% of Sum Assured even in the event that he or she has already claimed the entire Sum Assured during a year due to hospitalisation, provided that the subsequent hospitalisation is not related to the reasons of hospitalisation before".

Mr. Wimalaratne added, "In addition, further features include, Optical Benefit that provides coverage for vision related expenses, Dental Benefit, Maternity Benefit, Surgical Benefit, Health Screening Benefit, Cash Benefit for hospitalisation in Government Hospitals, OPD Cover inclusive of coverage for Ayurvedic treatment expenses, reimbursement for costs that are incurred for day care treatment and ambulance charges. HNBA SupremeHealth Max also covers expenses related to Chemotherapy, Dialysis and Radiology treatments within the cover limit, whilst covering costs of Prosthesis and Implants, and Organ Donor Expenses.

Through SupremeHealth Max, the Policyholder could also opt in for the Deductible Option where they could have

the Policy cover medical expenses above a predefined limit, thereby bringing down the cost of the Policy. Built upon carefully analysed consumer insights and trends, SupremeHealth Max is here to serve you and your loved ones, being an unwavering strength for the betterment of their health".

HNB Assurance PLC (HNBA) is one of the fastest growing Insurance Companies in Sri Lanka with a network of 63 branches. HNBA is a Life Insurance company with a rating of A (Ika) by Fitch Ratings Lanka for 'National Insurer Financial Strength Rating'. Following the introduction of the segregation rules by the Insurance Regulator, HNB General Insurance Limited (HNBGI) was created and commenced its operations in January 2015; HNBGI continues to specialize in motor, non-motor and Takaful insurance solutions and is a fully owned subsidiary of HNB Assurance PLC. HNB General Insurance has been assigned a 'National Insurer Financial Strength Rating' of 'A' (Ika) by Fitch Ratings Lanka Limited. HNBA is rated within the Top 100 brands and Top 100 companies in Sri Lanka by LMD and HNB Assurance has won international awards for Brand Excellence, Digital Marketing and HR Excellence including the Great Place to Work® Certification, and won many awards for its Annual Reports at award ceremonies organized by the Institute of Chartered Accountants of Sri Lanka.

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AIA

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AIA Sri Lanka is proud to be recognised as Sri Lanka's Best Life Insurance Company in 2019, by the internationally acclaimed Global Banking and Finance Review. This prestigious recognition followed a detailed assessment of key performance indicators by the UK-based media powerhouse that analyses the financial industry and the global economy. The award is testimony to the significant contribution made by AIA Sri Lanka to the life insurance industry in terms of outstanding products and services, enhancing customer experience and serving local communities.

AIA Sri Lanka has always remained strong and maintained financial strength and stability. The recent COVID19 pandemic proved that AIA Sri Lanka has indeed been built strong and built to last. With the highest Capital Adequacy Ratio (CAR) in Sri Lanka's life insurance industry (of more than 600% and 5 times the required CAR by the regulator), AIA Sri Lanka has an unmatched ability to absorb risks and withstand crisis. This is supported by the company's prudent investment strategy and high quality of investments.

AIA Sri Lanka's focus is always on delighting the customer. With a track-record of paying better than promised policyholder dividends for the past 30 years, the company is constantly evolving to meet customer expectations. The company's pioneering digitalisation efforts and focus on ease-of-doing business has strengthened its reputation of being a truly customer focused insurer.

AIA Sri Lanka was the first and only insurer to win the LIMRA International Quality Award (IQA) for Growth in the world (2018) and also boasts IQA qualifiers for 2019- not to forget topping the number of MDRT qualifiers in Sri Lanka for 5 consecutive years, to date.

(MDRT is internationally recognised as the standard of excellence in the life insurance and financial services business.) This is a fitting acknowledgement of the relentless commitment and high level of professionalism shown by the company's advisors in both the Agency Distribution and Bancassurance channels.

The company has also been recognised as a Great Place to Work® in Sri Lanka for eight consecutive years, in addition to being

recognised as one of the 'Best Workplaces for Women' in Sri Lanka, in the inaugural awards presented by GPTW® Sri Lanka. These accolades demonstrate the company's great workplace culture which encompasses equality, inclusivity and opportunity to grow.

Be it a donation to the Sri Lanka Heart Association, a partnership with the Sri Lanka Cancer Society, renovating underprivileged schools and hospitals around the island, saving lives during Poson or providing higher education scholarships, AIA Sri Lanka is a company with a big heart and giving back to the community has always been a priority. During the COVID pandemic, the company sprung into action in donating much needed PPE equipment to a hospital treating COVID patients, not to forget, providing free life insurance cover to all staff at three main hospitals dealing with the disease. The pandemic saw AIA Sri Lanka being the first insurer in the country to offer free COVID cover to all customers while also providing free telemedicine services to all customers during the curfew.

AIA Sri Lanka pursues its mission of helping people live healthier, longer, better lives through proactive efforts to promote health and wellness to all Sri Lankans, mainly through the AIA Vitality programme. This includes pioneering initiatives such as 'Sri Lanka's Healthiest Workplace Survey' which aids workplace wellness.

Throughout it all, AIA Sri Lanka's priority has been to help Sri Lankans become physically and financially strong, while enjoying life to the fullest; with those they love the most!

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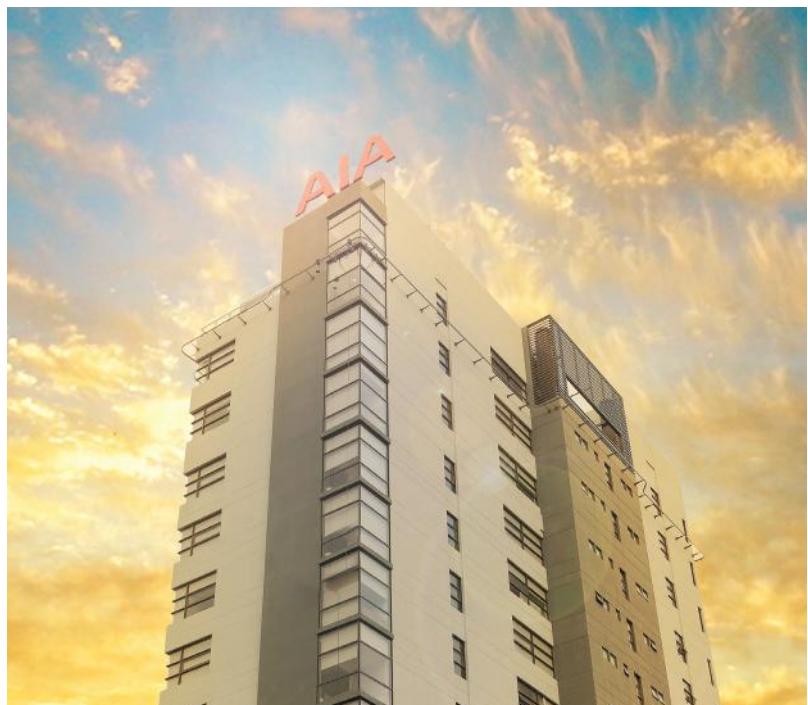
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Ceylinco Life reports 6-month income of Rs 17.1 billion

- Premium income grows 13% to Rs 9.9 billion
- Investment & other income up 17.4% to Rs 7.2 billion
- Net claims & benefits paid increase by 17.8% to Rs 5.9 billion

Ceylinco Life has reported gross income of Rs 17.1 billion for the first half of 2020, an improvement of 14.9 per cent over the corresponding period of last year, demonstrating the Company's ability to grow volumes even in challenging conditions through a focus on its core business and on astute investment management.

Both gross written premium (GWP) and investments and other income contributed to top line growth in the six months ending 30th June 2020, increasing by 13 per cent to Rs 9.9 billion and by 17.4 per cent to Rs 7.2 billion respectively, the Company disclosed.

Ceylinco Life paid Rs 5.9 billion in net claims and benefits to policyholders in the period under review – an increase of 17.8 per cent over the first half of 2019, transferred Rs 4.4 billion to its Life Fund, and made a transfer of Rs 1.95 billion to the shareholder fund, growing the latter by 9.2 per cent to Rs 34.4 billion.



Chairman R. Renganathan and Managing Director CEO Thushara Ranasinghe

Consequently, profit before tax was recorded at Rs 3.5 billion for the six months, reflecting a decline of 6.7 per cent over the first half of 2019, while profit after tax reduced by 4.6 per cent to Rs 2.7 billion, the Company reported.

The Company's Life Fund achieved a milestone in the second quarter of the year, surpassing Rs 100 billion to stand at Rs 101.6 billion as at 30th June 2020, and becoming the fastest life fund to reach Rs 100 billion in Sri Lanka's life insurance sector.

"The second quarter of the year was a period of turbulence for most businesses worldwide as a result of the impacts of the COVID-19 pandemic, and profit growth

was predictably affected," Ceylinco Life Managing Director Thushara Ranasinghe said. "We expect the effects of the pandemic to continue to exert pressure on the Company's performance in the quarters ahead, but remain confident that Ceylinco Life has the inherent financial strength and stability as well as the managerial prowess to minimise the adverse impacts and provide our policyholders and shareholders the best returns possible in the conditions that prevail," he continued.

Total assets of Ceylinco Life grew by Rs 24.6 billion or 18.5 per cent since 31st December 2019 to Rs 157.8 billion as at 30th June 2020, while the Company's investment portfolio increased by Rs 23.4

billion or 20 per cent over the six months to reach Rs 140.3 billion at the end of the first half of the year.

Ceylinco Life ended 2019 on a characteristically strong note as well, with consolidated income of Rs 32.1 billion for the financial year, reflecting top line growth of 9.9 per cent. The Company reported gross written premium income of Rs 18.7 billion, retaining its status as the market leader for life insurance in Sri Lanka for the 16th consecutive year.

Sri Lanka's leading life insurer for the second half of the 32 years it has been in existence, Ceylinco Life was ranked the Most Valuable Life Insurance Brand in Sri Lanka by Brand Finance this year and declared the 'Peoples Life Insurance Service Provider of the Year' for the 14th consecutive year at the 2020 SLIM-Nielsen Peoples Awards. The Company was ranked among the 10 'Most Admired Companies' in the country by the International Chamber of Commerce, Sri Lanka (ICCSL) in 2019 and in the same year was named the 'Best Life Insurer in Sri Lanka' for the sixth consecutive year by World Finance, and ranked sixth overall in the Business Today ranking of the country's top 30 companies.

Ceylinco Life has close to a million lives covered by active policies and is acknowledged as a benchmark in the local insurance industry for innovation, product research and development, customer service, professional development and corporate social responsibility.

What will the new normal...

Continued from page 29

Based on an assessment of these key transformation pillars, companies should pursue any needed interventions to reach their desired target state. Prioritizing these interventions, by evaluating their business value against their implementation complexity, will result in an implementation roadmap aligned with target milestones. With the target state and roadmap established, effective change management will ensure a smooth transition. Consider these key change management principles moving forward:

- Leadership vision and continued executive support, driving change from the top
- Employee engagement and re-skilling
- Ability to work effectively virtually, including physical and mental fitness
- Adaptation skills to acclimate and adjust to changing job tasks and environments
- Digital competence
- Digital conflict management
- Access to online training resources and services, including articles, whitepapers and webinars
- Effective and continuous communication on the future state, with an eye on potential concerns
- Designated change agents across each line of business to communicate the mission and vision
- A Digital Center of Excellence: Executing the Vision through a Cross-Functional Transformation Team

Designing an end-to-end organisational view of business and operations is vital to enabling a reliable and sustainable transformation model. A Center of Excellence can serve as the governing body, managing demands across multiple lines of business, in step with larger organizational goals, and prioritizing projects along the transformation journey.

As customers become used to digital interactions as the new norm, there will be a changing level of expectation in how they are communicated with from now on. Life will not go back to normal – there will be a new level of expectation around digital-first communications. This is actually some much-needed good news. The changes made now will last long into the future – providing customers the digital-first experience they've desired can be achieved by embracing a modern cloud-based solution.

Prior pandemics and economic depressions have shown that companies that learn fast and demonstrate a willingness to disrupt their own business models will adapt to the changing environment and come out stronger. The current scenario is no different. Adapting to the new normal is the only option to succeed. Companies that avoid stagnation during a temporary downturn and continue to focus on the big picture, eventually drive exponential growth compared to competitors who merely focus on tactics.

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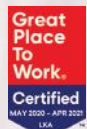
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National Insurance Day



COVID-19 insurance operations challenges

Insurance is a highly complex business involving multiple processes to administer existing policies, price new business, sell new business, renew policies, address customer inquiries, and process claims. Adding to this complexity is the highly intricate interplay between insurers themselves and their external networks; e.g., brokers and agents.

It is no surprise, therefore, that the COVID-19 situation poses a wide-ranging series of challenges for insurers to maintain their operations as normal ways of working become severely disrupted.

So, how are insurers faring, what are the critical flashpoints - and what longer-term changes to operations may we see in the future as a result?

Shift to remote working

Across all of the insurers that we have been speaking with, one aspect immediately stands out: a mass shift to remote working. This is true across many different industries, of course. In most countries, anything approaching 90 percent of staff is now working from home, with only a fraction of staff on-site for critical jobs that cannot be done remotely. In countries such as China where the virus peaked first, a number of staff has begun returning to the office but most likely on an alternating A and B team patterns.

The feedback we've been receiving is that there were some bumps at the start but that it is now largely working well. Insurers have sufficient hardware - laptops and mobile devices - and remote connectivity systems are standing up. Like everybody else, there is extensive use of video conferencing facilities.

In many ways, the situation has hugely accelerated a trend (and an aspiration) that already existed. Many insurers have been looking at ways of increasing their operational digital footprint and connectivity, with a lower reliance on physical co-locations of people. That they have put this in place in only 2-3 weeks instead of 2-3 years is a huge achievement in itself in a timescale that most could not have imagined.

This rapid overhaul means that certain principles and checks are more important than ever. Clear, effective and frequent communication from leadership is essential so that staff is informed and understand the priorities as the situation develops or changes. Engagement is critical too - from line managers arranging a 'virtual coffee' with their teams to catch up, keep team spirit high and listen to any concerns, to more frequent 'checkpoint' calls on specific areas of work to understand issues affecting performance and gauge progress against deliverables.

Dealing with channel overload

One of the biggest challenges is that all of this is happening at the same time as a huge spike in customer contacts. Whether it's about travel insurance, critical illness, health cover, business interruption, or another issue, customers are deluging insurers with queries over what they may or may not be covered for or to actually make a claim. In the UK, for example, one insurer has shared with us that they have seen a staggering 1000 percent increase in customer inquiries, claims and complaints relating to their travel

insurance. Service and call centers associated with retirement products are also getting significant inquiries ranging from understanding their account balance changes to options for withdrawal as customers are facing increasing financial hardship.

However, other products such as motor have become much quieter - with a 20 percent or more drop in motor claims over the last few weeks.

These issues necessitate a number of reactions. Firstly, insurers need to insist that customers contact them by phone with only the most urgent of inquiries; everything else needs to be routed online. It also means that insurers need to look at their internal resources and how they are configured - potentially moving as many people into claims as possible, even if that is not their usual job. They need to adjust their specialist teams too - such as transferring staff out of areas like motor claims and into hotspots like travel. This more agile way of working, some are calling 'volume shifting' could be one of the new ways of working coming out of this situation.

Digitalized is optimized

Certainly, those insurers with more advanced digital underwriting, claims, and administrative processes are in a much stronger position than others, even if processing time is slower now than in normal conditions. Those who do not have these capabilities or who rely on cruder technology workflows are likely to be struggling more. There is a risk of losing customers to more digitally-enabled competitors moving forward, particularly in personal lines where many customers' patience with non-digitized processes these days is low.

Alongside the explosion in customer contacts, insurers have a related worry that their own staff numbers may drop if more employees fall sick with the virus (or are less productive working due to caring responsibilities). There have been estimates that in badly affected countries, available workforces could shrink by 30-40 percent in a worst-case scenario. Some insurers are actively investigating contingencies, such as in Germany where certain carriers are talking to third party service providers about assisting them with claims queries and handling if needed.

To ease the pressure and to provide optimum levels of customer support, many insurers are facilitating the claims process by waiving certain requirements and simplifying the paperwork needed. However, it remains a challenge to deal with complex and/or high value claims where evaluating the physical evidence and obtaining expert reports in-person is frequently a key part of the process. There are no simple answers here in an unfolding situation - but we may see increasing use of drone or imaging technology to assist loss adjusters who are unable to conduct site visits.

There is also a broader policy perspective that comes into play: instances of country regulations impeding digital working. For example, in Hong Kong physical signatures (often called 'wet' signatures) are still required for most agreements, and this is by law. In the US, over a dozen states do not allow virtual notaries. Insurers can relax their own internal procedures to cater for extraordinary times, but they can't change national or federal laws or regulation. This just makes a difficult situation even harder.

Fraud risk mounting

All of these factors raise another prevalent issue: mitigating against the potential for fraud. We are already hearing of a growth in fraudulent claim attempts, for example around travel claims where customers, having been turned away by their travel agent or airline for cancelled travel, come to their insurer and fabricate an illness or other condition to try to secure compensation.

The fraud risk is by no means confined to customer claims, however. The remote working that is currently so widespread is likely to prompt a rise in 'hacking attacks' by bad actors seeking to exploit vulnerabilities for various purposes - to obtain customer data, siphon off financial information, or disrupt services. Employees should be given clear guidelines over remote

connectivity protocols and best practice, including around file-sharing and data distribution. It is vital to ensure that cyber and forensic teams work daily, minute by minute if needed, with IT teams as systems stresses increase, monitoring for any issues and scanning for unusual activity.

Offshore centers - weak links in the chain?

Another key issue that is rapidly coming into focus is the risk that some insurers are exposed to in their use of offshore service centers. There are at least five main locations commonly used across the industry for aspects of administrative processes such as back office underwriting, claims processing and policy administration: India, Philippines, Eastern Europe, Republic of Ireland and China.

Cracks in the system are already beginning to show. India has gone into a complete lockdown that is set to last for several weeks. Many employees in shared service centers simply don't have the equipment or connectivity needed to work from home yet. In addition, questions could also be raised about the security around data-sharing. Overall, the activities performed by the centers have therefore been very severely disrupted in some instances. Insurers need to find urgent workarounds and solutions for this, to minimize the breakdown. They also need to urgently assess the likelihood of other offshore locations going into lockdown, the likely timescales for this, and the extent to which their activities would be disabled as a result.

Keeping the distribution channels working

Another key operational area is insurers' interactions with brokers and intermediaries. Some brokers that lack IT infrastructure are having more difficulty providing administrative services - in the US, for example, we have heard of instances of unstaffed call centers not forwarding calls to Customer Service Representatives at home to provide support or issue Certificates of Insurance. Obtaining renewal information - including information around exposures - is challenging. Insurers need to look for ways of reducing the amount of information needed from brokers for renewals, for example by applying data assumptions and maximizing the use of publicly available information. Insurers should review the ways in which their operations support teams can work with



some of their products. This business is largely sold face-to-face, even if there is some technology enablement. These agents will likely be facing a liquidity crunch in the coming months as new business slows due to their inability to visit with their clients. The severity depends on the length of curfews but for now at least, April and May are likely to be tough for them in the US and Europe. We've seen insurers change compensation rules, give credit or advance payments to their agents and support them in obtaining government assistance as they want to secure distribution capacity for the future.

Social responsibility is on the rise

China was early in terms of being impacted by this virus and we see insurers stepping up to help their policyholders in new and different ways. For example, some are providing more flexibility in grace periods for premium payments, waivers for certain parts of their claims processing to expedite payments, reducing the needs for multiple documents, etc. We see this trend in other insurers all over the world. All of this will require operational processes to adjust and adapt with the times at a pace that was likely not imagined before COVID-19.

The insurance industry has arguably lagged other industries in terms of its digital journey. All

of this has led to an acceleration of customer expectations from a digital perspective which is challenging insurers from a readiness standpoint. The Digital Insurer (TDI) recently released a paper discussing this phenomenon as the "digital tipping point 1".

Ten key changes we could see...

Looking forward, this situation is likely to result in a number of long-lasting shifts:

1. Remote working will become much more widespread, with insurers investing more in connectivity networks, collaboration tools, virtual team protocols, and reviewing the amount of real estate they actually need; moving to the Cloud will further support remote working quality and application providers are investing to expand the range of functions (for communication, sharing documents, admin tasks) to further optimize home working.
2. Digitized systems and processes, cloud-based services, automation including the use of robotics and AI - these will likely accelerate and become standard tools for all insurers; move to full automation, the lack of end-to-end automation currently restricts full online customer and staff experience and will be a key driver to further invest in digital technologies for all steps in the processes.
3. Capacity plays will be made - as efficiencies are realized rapidly due to the current state of affairs, insurers will see opportunities to shift capacity and create a more agile volume-shifting workforce in the future.
4. Platforms becoming more mainstream especially within the health prevention space. This has enabled telehealth to grow rapidly and health insurers are changing with the times to accommodate these innovations; platforms are also growing to enable more remote working and ease of facilitation, this trend is absolutely here to stay.
5. Regulation - vs digitization will come into focus - where rules and regulations conflict with the digital agenda in different jurisdictions around the world, there will be expedited focus on finding practical, modern world

solutions and pressure for regulations and laws to change.

6. Offshore service center strategy will be reviewed - to mitigate against concentration risk, insurers may look at spreading their operations across a higher number of locations and perhaps bringing more work back onshore as well.
7. Scenario planning becomes more complex - recognizing that even developing the baseline may be challenging, careful scenario planning around potential challenges like IT failure, additional staff reductions, further spikes in demand and second waves are all considerations for careful planning and developing mitigation strategies.
8. Exposure management reimagined - understanding potential exposures will help insurers get ahead and plan for what claims come in to provide a better service to their customers and allow payments to flow more quickly; equally this can help insurers with their value proposition to customers, brokers and agents, and other external stakeholders.
9. Broker and distribution models may be reviewed in some markets, especially in the SME (small and medium enterprise) and mid-market segments - with more contact now taking place directly with customers as brokers struggle, some insurers may decide to do more business with customers directly themselves in the future, perhaps through digital channels, which in turn could impact how customized these products are in the future.
10. Business continuity and resiliency planning will become a critical focus - this is something that regulators will press insurers on in any case. There will be multiple lessons to be drawn and a deeper penetration of plans in areas like offshore centers.

So far, the sector is holding up well but, understandably, pain points are showing. How much worse these become will depend both on the efficacy of the actions insurers take to address them and on the severity of the pandemic from here. Whatever the unknowns, the insurance sector is working at pace and with huge commitment to give their employees, customers, distribution channels, external stakeholders and societies the support and service they need.

KPMG





National Insurance Day



Sri Lanka Insurance - shifting paradigms with unwavering strength

Sri Lanka Insurance (SLIC) is the largest state-owned insurer in Sri Lanka anchored to a pioneering legacy of financial stability and trust spanning over five decades.

Established in 1962 as a state owned corporation and the pioneer insurer in the country the national insurer's reputation of trust is founded upon a highly skilled and seasoned team of insurance experts manning a network of 158 branches across Sri Lanka, utilizing a rich and perfected technical knowledge base that is unrivalled to date in Sri Lanka. Over the decades, SLIC has progressed from strength to strength with diversified interests and investments across many key industries such as banking & finance, healthcare, power & energy, travel & leisure as well as construction & engineering.

The premier insurer to the nation recorded stellar performance in 2019 to record 15% growth in profit before taxation reaching Rs. 8.2 billion for the year, a marked improvement on the Rs.7.1 billion in the year 2018. In the year of 2019 SLIC reported 12 % growth in life insurance premium increasing to Rs.14.8 billion whilst general insurance premium grew to Rs.18.9 billion. The

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company achieved a combined Gross Written Premium (GWP) growth rate of 6.5 % during the year. General insurance contributed 56% towards the total GWP whilst Life Insurance contributed 44 %.

SLIC lay claim to a staggering asset base of over Rs. 211 billion backed by the largest life insurance fund in Sri Lanka amounting to Rs. 116 billion, affording the opportunity to declare the largest bonus of Rs. 8.2 Billion in the history of the insurance industry of Sri Lanka. Backed by world renowned reinsurance companies such as Unique Reinsurance and Swiss Re, SLIC made yet another industry first with the largest claim ever to be paid in Sri Lanka of LKR 39.5 billion to Bandaranaike International Airport at the event of terrorist attack.

SLIC is the only insurance company in Sri Lanka to receive AAA (Ika) National IFS Rating by Fitch Ratings for strong financial stability and secured it for the second consecutive time.

Being awarded the prestigious Most Valuable General Insurance Brand for the 3rd consecutive year by Brand Finance on Sri Lanka's most valuable and strongest brands 2020, SLIC further awarded the title 'Most Loved Insurance Brand' in Sri Lanka competing with giant retail brands.

SLIC is also the only insurance company to be awarded the ISO 9001: 2015 Quality Management Certificate for the internationally benchmarked Quality Management principles including strong governance and continual improvement across the network of 158 branches in Sri Lanka.

These fitting accolades reflect the prowess of SLIC in the insurance arena of Sri Lanka accomplished through trust and excellence over generations continues to be the trusted national insurer of the people of Sri Lanka as it strives to enhance its service reach and service quality to serve the people of Sri Lanka better.



Daily News

Concept & Design by

Advertising Supplements Department

☎ : 0112 429 339, 0777 270 076

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Insurance trends 2020

Moving from resilience to reinvention will help insurers succeed in uncertain times...

In the face of gathering economic headwinds, tech disruption and geopolitical uncertainty, PwC's 23rd Annual Global CEO Survey shows that although most insurers acknowledge challenges over the next 12 months, they're confident in their own long-term resilience. The front-runners, in fact, want to go beyond simply surviving by using these challenges to their advantage.

This attitude reflects what insurers have been learning over the past two years, as they've responded to disruption on multiple fronts, including regulation, new technology and shifting customer expectations. The industry has increased its pace on transformation. As a result, insurers have become leaner and more adept at delivering more for less. Customer experience in key moments that matter, such as policy origination and claims settlement, is becoming faster, more intuitive and more user-friendly. And innovations are coming out of the lab and into the market in areas from real-time risk pricing to movement into adjacent ecosystems such as automotive, agriculture and health.

With the heavy lifting on transformation well underway, insurers are much more confident than they used to be that they can deal with disruption. They still have concerns about regulation and technological change, but survey responses show those concerns are less severe than in the past.

The competitive front lines

So, how do insurers build on this foundation? First and foremost, customer experience is what CEOs have identified as their top opportunity in the coming 12 months, significantly ahead of the second-most popular choice, core tech transformation. CEOs also say that having a clear vision of how to create value for customers is the most important enabler for realising strategic goals.

But with opportunities come significant challenges. As PwC's 2019 fintech survey underlined, customers now expect far more than just efficiency and speed — they're demanding 'wow' factors, such as personalisation, flexible all-channel engagement and solutions that cut across traditional industry boundaries. The bar will only keep rising, and those outside the insurance industry are the ones who will continue to set it. The leading insurers are rising to this challenge.

Talent is as important as technology in keeping pace. No amount of systems investment can equip a business to compete if its workforce is stuck in analogue. Are insurers up to speed? Most are making headway in digital upskilling, but less than 25% report significant progress in defining the skills that will drive their future growth strategy and improving workers' and leaders' know-how. They see a lack of resources and difficulties defining future skills as the biggest hurdles. Articulating a vision of the functional skills of the future is critical to making upskilling of the workforce more than just tech enablement.

Sustainability at the centre of the agenda

When insurance CEOs ask world leaders where they need help, the answer is consistently health, climate and financial inclusion, three topics on which the insurance industry has deep knowledge and capability. But the barrier to capitalising on this opportunity and to increased public-private partnership is trust. PwC's survey shows that insurance CEOs are increasingly concerned about public trust. Without winning this trust, it will be

difficult for insurers to bring their expertise to bear. Focusing on sustainability is an opportunity to demonstrate the value of insurance and strengthen public credibility, but it's only achievable if businesses act with care and integrity in all other aspects of their operations. How insurers respond in moments that matter, particularly the claims experience, dictates public perception.

Looking specifically at climate change, the CEO survey shows that, although it's moving up the boardroom agenda within the insurance industry, CEOs still primarily see it as a reputational issue rather than as a strategic opportunity or a source of closer government engagement. There's an opportunity for visionary insurance leaders to be distinctive.

Marking out the front-runners

In our view, the defining characteristic of the insurers that are pulling ahead of the pack is their ability to respond to unfolding opportunities. They're forging the culture of innovation, agile operating platforms and collaborative ecosystems that will enable them to spot openings and quickly capitalise on them. These openings might be in untapped markets or in forging new business models in mobility services or environmental management. Many of these leaders are based in fast-evolving markets, such as Asia, where the absence of legacy infrastructure offers a blank page for invention and reinvention.

What must CEOs do to join this leading cohort? Although market circumstances and unfolding opportunities naturally vary, we believe there are three must-haves for getting ahead:

1. A deeply rooted culture of cost-effectiveness, productivity and operational excellence. Organisational resilience and agility will be key to success in the face of tomorrow's uncertainties and challenges. In addition to eliminating unnecessary efforts and driving down costs, organisations need to align their operating model, workforce, digital labour, culture and ways of working in the most agile, productive and customer-attuned way possible.
2. Ability to innovate at scale. Insurers are increasingly comfortable with experimentation and developing partnerships with tech start-ups to innovate their businesses. But success requires scale. This is a matter not just of resources or market reach but also of creating the agile operating platforms and ability to work with multiple partners that will enable quick movement from pilot to market.
3. Execution capability as a competitive advantage.

Insurers need to combine a strong ability to execute strategy with relentless leadership focus, appropriate decision-making processes, meaningful investments in resources and capabilities, readiness to challenge convention, and incentives to generate and explore new ideas. This includes embracing a private equity-activist mindset and support structure to transform the way they execute their biggest priorities.

The insurer of tomorrow, today

Building on the foundations of transformation, insurance is open to new ideas and competitive reinvention. The hallmarks of success include the core essentials of skills, scale and productivity, with the execution capabilities to bring innovations to market at pace, as well as the ability to create solutions for the challenges facing modern society.

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Insurance Ombudsman to solve policyholders' woes

The word Ombudsman is of Swedish origin and the Ombudsman institution was in fact first established in Sweden in 1809. The term "Ombudsman" is an English translation of the Swedish word *ombudsman* from the Old Norse *umboðsmaor*, meaning representative. In recent years the institution has become more closely linked to safeguarding the rule of law and the interests of citizens. The Ombudsman is increasingly being seen as a promoter of the fundamental right of individuals to good administration and a defender of citizens against maladministration, abuse of power and improper discrimination. The objective of the Sri Lanka Insurance Ombudsman scheme is the satisfactory settlement of complaints between policy holders and the company that sold them the insurance policy. This is a free service made available to the public, if you have any dispute relating to insurance, first contact the insurance company and come to the Ombudsman if there is no satisfactory solution. No special forms, no fee, only a signed letter with the policy reference number and name of the insurer briefly indicating your complaint is needed.

Questions raised & the answers given at a discussion Daily News Supplements had with the Sri Lankan Insurance Ombudsman...

- With whom is a complaint to be lodged?
Insurance Policy holders who wish to apply to the Insurance Ombudsman for relief are advised to consult the website, which has been prepared by the Ombudsman's office for the benefit of the public. It contains useful information to those wishing to complain or apply to the Ombudsman and also sets out general information about the Ombudsman scheme. The Insurance Ombudsman's website is www.insuranceombudsman.lk. There are two main steps you have to consider when seeking any relief from the Insurance Ombudsman.
- Step 1**
Ask yourself whether you have contacted the insurance company that sold you the policy about your complaint. For example, your car has met with an accident and the insurance company is refusing or not paying the entire repair bill claimed by you. Have you written or spoken to a responsible officer of the insurer about it? Has the insurer failed to respond or failed to attend to your complaint to your satisfaction? It is only at this stage that you should complain to the Insurance Ombudsman. You must not complain to the Insurance Ombudsman without first attempting to resolve your dispute with the insurer.
- Step 2**
Let us assume you have tried to contact the insurance company but; (i) you either had no response or (ii) the insurance company was unwilling or unable to satisfy your complaint and you still feel that you have a grievance that needs to be redressed, then you can apply to the Insurance Ombudsman.
- Does Insurance Ombudsman operate in any territorial jurisdiction?
Territorial Jurisdiction of the Insurance Ombudsman depends on the type of policy taken. For example, a motor insurance policy will usually cover any accident occurring within Sri Lanka. A travel insurance policy applies in the case of an eventuality covered, occurring overseas.
- Who can approach Ombudsman?
Any Insurance policyholder who has a grievance against the Insurance Company issuing the policy can approach the Ombudsman.
- What are the complaints that are entertained by the Ombudsman?
A complaint on any one of the following grounds alleging deficiency in respect of general insurance or long-term insurance service, may be lodged with the Ombudsman.
 - Non-settlement or delay in the settlement of claims.
 - Inequitable interpretation or application of the terms and conditions of the insurance policy with regard to the following:
 - Claims including maturities of long-term insurance policies and (b) Premium payable and premium refunds,
 - Unpaid benefits payable in terms of the insurance policy.
 - Any matter referred to the Ombudsman by the Consumer Affairs Authority of Sri Lanka (CAA)
- How is the complaint to be lodged?
Applying to the Insurance Ombudsman is simple. There are no special forms to fill up. All that you have to do is to write out your complaint briefly in any language of your choice. (English, Sinhalese or Tamil) and post/deliver it to the Ombudsman's Office or you can e-mail it. The Ombudsman will not however, entertain telephone complaints and/or unsigned complaints. Signed complaints are required to prevent bogus or vexatious complaints.
- Address** No.143A, Vajira Road Colombo 5.
Telephone 94 11 2505542 / 94 11 4528671
Email Address info@insuranceombudsman.lk
Website www.insuranceombudsman.lk
Insurance Ombudsman Dr. Ranjith Ranaraja Secretary/
Administrative Officer Ms. Sabina Ekanayake
- to the Ombudsman**
- Is there any time limit to approach the Ombudsman?
Your complaint to the Ombudsman must normally be made within twelve months/one year after the cause of action or ground for the complaint had arisen. The one year period will be counted to the date of your first complaint to the insurance institution. This requirement of complaining to the Ombudsman within one year is to prevent belated/stale complaints being made. If the facts justify, exceptions can be made and the one year rule will not be enforced.
- Is there any maximum limit for the amount under dispute that can be entertained by the Ombudsman?
The jurisdiction of the Insurance Ombudsman is limited to claims below Rs. 2.5 million
- Can a complainant who has already approached Consumer Forum/Court on the same subject, approach the Ombudsman?
You cannot make a complaint to the Ombudsman if:
 - You have previously made a complaint and the matter was investigated by the Ombudsman and a decision given.
 - Your complaint is already the subject matter of proceedings before any Court of Law/Tribunal/Arbitration etc. - unless both the insurer and you agree to the Ombudsman's intervention.
- What are the pre-requisite conditions in short, for lodging a complaint?
When the Ombudsman's Office receives a written complaint, it first satisfies itself that the complaint is within the Ombudsman's Terms of Reference. For example (i) whether the complaint is signed (ii) whether the complaint is belated or relates to a matter that arose several years ago (iii) whether the complainant has gone for Arbitration or Litigation, in which case the Ombudsman has no power to inquire into it or (iv) the complaint relates to a matter which is clearly outside the Ombudsman's jurisdiction, as for example where an employee or agent of an insurance company is complaining of wrongful dismissal or termination of service etc.
The particulars that should be given when complaining to the Ombudsman
There are no formal/special application forms to fill up. All that one needs to do is to briefly write out the complaint in any language (English / Sinhala / Tamil) of your choice but giving your name / address / Telephone number and also stating the name of the insurance company and the insurance policy number. If the complaint refers to a motor vehicle, the vehicle registration number should be given. Only written/signed complaints will be entertained. Do not send any documents. The Ombudsman's office will only call for documents if necessary. The Ombudsman normally, gets the insurance company to supply the required documents and provide details of the claim and why it was rejected or not settled etc.
- Should a complainant approach the Ombudsman through a lawyer?
You do not need to get the assistance of lawyers to come before the Ombudsman. You are not prohibited from getting a lawyer to draft your complaint. But the general practice in Ombudsman Schemes is that no lawyers are permitted to appear before the Ombudsman. Nor is the Ombudsman bound by legal rules and procedures which apply to Courts of Law.
- Within what time shall the Ombudsman dispose off the complaint?
Usually a complaint is inquired into and disposed of within 30-45 days.
- Can the Ombudsman award ex-gratia payment?
An ex-gratia payment to the insured can be made to the insured, after discussion with and consent of the insurer.
- Are there any fees / charges payable for lodging a complaint?
Since its establishment, the Ombudsman has made the Ombudsman Scheme a very simple/user friendly one, where insurance policyholders are not expected or required to spend any money or incur expenses in seeking relief. The Insurance Ombudsman Scheme is free and there are no fees/charges of any kind payable when making a complaint.
- Does the Ombudsman conduct hearings of the parties?
The Insurance Ombudsman's Office is a transparent friendly and hassle free service. It is a forum which affords complainants an opportunity to air their grievances personally. The Insurance Ombudsman brings the insurer's staff to the Ombudsman's Office and the insured will not be at the mercy of the insurer's office!
Most claims have been mediated and settlements arrived at and some relief granted. Even a small increase of payment to the amount earlier agreed to by the insurer is gratifying, because unlike in litigation, there is no financial cost to the Complainant.
- If so, can the hearings be conducted outside headquarters?
There are no facilities to conduct hearings into disputes regarding claims outside the premises of the Insurance Ombudsman's office.
- Can a complaint be lodged against a Private Insurer?
In terms of Section 13 of the RII Act, a company interested in commencing an Insurance business in Sri Lanka must incorporate a public company under the Companies Act No 7 of 2007 and obtain registration (a licence) from the IRCSL as an insurer under the Act, after having fulfilled other statutory requirements. The Insurance Ombudsman has jurisdiction over only those companies which have fulfilled the above conditions and are members of the IASL.
- Can Partnership Firms/Corporate Clients/Co-operative Societies/Associations/Trusts approach Ombudsman?
Yes, if they are Insurance Policy Holders. See answer to question 3.
- Is there any appeal against a decision given by the Ombudsman?
The Insurance Ombudsman does not give a decision but makes an Award/Recommendation, from which there is no right of appeal.
- Are copies of complaints or queries and correspondence related thereto required to be forwarded to the Office of the Governing Body of Insurance Council?
- There is no provision to forward any documents referred to, to the IRCSL.

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