

# Press Release

## The Blueprint for Financial Resilience: IRCSL'S Mission to Transform Sri Lanka's Insurance Industry

By Dr. Ajith Raveendra De Mel, Chairman, Insurance Regulatory Commission of Sri Lanka (IRCSL)

Since assuming the duties of Chairman of the Insurance Regulatory Commission of Sri Lanka (IRCSL) on January 2, 2025, I have embraced an ambitious mission: to transform Sri Lanka's insurance sector from a peripheral financial service into a central pillar of national economic resilience and social stability. My mission is not merely about increasing insurance penetration statistics, it is about cultivating a fully insured, financially literate, and future-ready society where every citizen, family, and business is protected against unforeseen risks.

The journey ahead is one of profound regulatory, technological, and educational reform. Our goal at the IRCSL is to establish a regulatory environment that is modern, transparent, and robust one that earns the full trust of the public while fostering innovation and sustainable growth within the industry. This is a comprehensive blueprint built on three core strategic pillars: **Empowering the Public through Education, Achieving Operational Excellence through Digitalization, and Benchmarking Our Framework with Global Best Practices.**

### Pillar I: Cultivating a Culture of Financial Preparedness

Sri Lanka's insurance penetration currently stands at around 1.1%. This figure reflects not only a market challenge but also a deeper social reality low financial and risk literacy among the general population. One of the main challenges to the growth of Sri Lanka's insurance sector is how people think about insurance. For many years, insurance has often been seen as something complicated or only meant for the wealthy. Because of this, many people still do not see the real value of insurance or understand how it can protect them from financial risks. The result is that only a small part of our population is insured mainly due to a lack of financial and risk awareness.

### The Mass-Scale "Insurance for All: For a Secure Future" Awareness Campaigns

To change this, my key priority is to launch a nationwide, long-term education campaigns that takes insurance awareness directly to the people especially those in rural and underserved communities. The goal is to make insurance simple, relatable, and accessible to everyone. We will work with schools, community groups, media, and local institutions to help people understand why financial planning and insurance are essential parts of a secure future.

This is not a short-term project, but a long-term investment in our people and our country's future. By improving knowledge and understanding, we can help every citizen make better financial decisions, protect their families, and recover more easily from unexpected events such as illness, accidents, or natural disasters.

The inaugural events in the Matara District in June 2025, followed by successful programmes in the Northern Province, including Jaffna and Kilinochchi in October 2025, serve as powerful testaments to this commitment. These programmes involve comprehensive roadshows, interactive public workshops for government officials, school and university students, business community and the public. Participants have responded very positively, highlighting the strong need for such direct engagement and community-level awareness. Building on this momentum, similar awareness campaigns will be organized next year across selected districts where insurance penetration remains low, ensuring that the message of financial preparedness reaches every corner of the country. These efforts will continue

in close collaboration with the Insurance Association of Sri Lanka (IASL), the Sri Lanka Insurance Brokers Association (SLIBA), and the Sri Lanka Insurance Institute (SLII), as part of a collective industry effort to strengthen public understanding and trust in insurance.

### **Integrating Insurance into the National Curriculum**

To ensure that insurance literacy becomes an embedded societal value, we have embarked on a crucial collaboration with the Ministry of Education to integrate the core concepts of risk management and financial protection into the government school curriculum. Our proposal advocates for introducing these fundamental principles to students as early as Grade 5.

The rationale is clear, by teaching concepts like actuarial science, underwriting, and investment as they align with existing subjects such as Mathematics, Biological Sciences, and Commerce, we are preparing a generation of youth who are financially well informed and ready to assume the specialized professional roles within the insurance industry. This curriculum development initiative is a mass-scale undertaking, aimed not just at promoting awareness but also at creating a sustainable pipeline of talent that will drive the sector forward for decades.

### **Fostering Tomorrow's Leaders: The Inter-University Quiz Competition**

Complementing our efforts in schools, the IRCSL is actively engaging university students. We are organizing an Inter-University Quiz Competition that focuses on insurance, risk management, financial literacy and other general aspects. The objective is two-fold: to cultivate intellectual interest among undergraduates and to identify and nurture the next generation of thought leaders who will be vital in navigating the complexities of the modern global financial landscape. Further, through knowledge-sharing guest lectures and support for academic research, we are ensuring that the theoretical output from our universities remains aligned with the dynamic, real-world needs of the insurance industry.

### **E-Newsletter**

The IRCSL e-Newsletter serves as a dynamic platform to share key updates, industry insights, and regulatory developments within Sri Lanka's insurance sector. It aims to keep all stakeholders including Insurance Association of Sri Lanka (IASL), Sri Lanka Insurance Brokers Association (SLIBA), Association of Actuaries of Sri Lanka (AASL), Sri Lanka Insurance Institute (SLII) and Academia, informed and engaged with the latest initiatives, policy directions, and awareness programmes carried out to promote and strengthen the insurance industry. Through this digital publication, we hope to foster knowledge sharing, promote transparency, and enhance collaboration across the industry. Ultimately, this initiative contributes to building a well-informed and financially secure society.

Alongside these initiatives, our team undertook digital awareness efforts, including the development of engaging social media content to promote insurance literacy among the public. The IRCSL also collaborated with the Central Bank of Sri Lanka (CBSL) to participate in regional-level financial literacy seminars and exhibitions, further extending our outreach to diverse communities across the country.

### **Pillar II: Achieving Operational Excellence through Digitalization**

The global insurance industry is undergoing rapid digital transformation, and Sri Lanka must position itself at the forefront of this change. Digitalization goes beyond efficiency, it enhances security, accuracy, transparency, and policyholder protection. Under my leadership, the IRCSL has prioritized several high-impact digital initiatives aimed at strengthening the insurance system.

The Government of Sri Lanka has made digitalization a central part of its national plan, as outlined in its manifesto and the National Digital Economy Strategy. By improving digital infrastructure, expanding connectivity, and supporting new technologies, the government seeks to create a more inclusive, efficient, and resilient economy.

In this context, the insurance industry must embrace digital transformation more fully. While some companies have begun adopting advanced technologies, significant opportunities remain to enhance operations, improve customer experience, and strengthen resilience. By leveraging digital tools and AI-driven systems, insurers can personalize

products, detect fraud more effectively, and streamline claims processing, delivering faster, more transparent, and customer-friendly services.

### **Digitalizing Motor Insurance: The Repository and E-Card System**

Motor insurance is often the public's most frequent interaction with the insurance sector. The IRCSL is moving aggressively to establish a Centralized Motor Insurance Database, the national Motor Insurance Repository. This will serve as a single, authentic source of truth for all motor insurance policies, offering real-time verification capabilities that is essential for law enforcement, claims management, and fraud prevention. By ensuring accurate and accessible information, it will enhance transparency, improve operational efficiency, and strengthen public confidence in the motor insurance system.

This initiative is paired with the introduction of digital motor insurance e-cards, which will replace cumbersome physical documents to ensure immediate, effective implementation, the IRCSL, in collaboration with the industry, has initiated a project to provide the Sri Lanka Police with digital tablets. These devices will enable law enforcement officers to verify the validity of any motor policy on the spot, drastically reducing the instances of fraudulent policies and ensuring that victims of accidents receive their rightful compensation faster.

### **Enhancing Health Insurance through Digital Integration**

Digital technology can bring major improvements to health insurance. By using standardized disease coding, electronic health records, and AI tools, insurers can better understand risks, settle claims faster, and create health plans that suit each person's needs. Having instant access to accurate medical data, helps reduce mistakes, prevent fraud, and support proactive healthcare, such as preventive treatments and early detection of health issues.

Recently, IRCSL held discussions with the Minister of Health to advance the implementation of a standardized disease coding system and electronic health records across hospitals. These discussions focused on enabling insurers to access accurate, real-time medical data, improving claims processing, risk assessment, and the design of personalized health products. Through this collaboration, IRCSL is helping make health insurance more efficient, transparent, and responsive, while strengthening trust and resilience across the sector.

### **Pillar III: Benchmarking Against Global Excellence and Targeted Reform**

A strong and resilient insurance sector is one that can absorb global economic fluctuations while maintaining the highest standards of international practice. During my tenure, I have been committed to guiding Sri Lanka's insurance industry towards global best practices, particularly in strengthening regulatory frameworks, enhancing governance, and ensuring robust risk management. This approach aims to build a stable, transparent, and internationally competitive insurance sector that safeguards policyholders and supports sustainable economic growth.

### **Adopting Global Best Practices: The India Study Tour**

In August 2025, I led a high-level IRCSL delegation, accompanied by the Director General and two Directors of the IRCSL, on a strategic study tour to India. The delegation engaged with the Insurance Regulatory and Development Authority of India (IRDAI), the Insurance Information Bureau (IIB), and other key industry institutions. This mission was not a courtesy visit; it was an intensive exercise in knowledge transfer, aimed at extracting practical insights from India's comprehensive 'Insurance Vision 2047' initiative, which seeks to provide insurance protection to every Indian citizen. Key recommendations for Sri Lanka include the phased implementation of Risk-Based Supervision (RBS) and Risk-Based Capital (RBC) frameworks, adoption of IFRS 17 for transparent financial reporting, expansion of innovative distribution channels, strengthening reinsurance and investment practices, and promoting digitalization, consumer protection, and insurance inclusion to enhance industry resilience and safeguard policyholders' interests.

### **Introducing Simple, Standardized Insurance Products**

One of the most pressing challenges facing Sri Lanka is the gap in accessible and affordable financial protection. Drawing from insights gained through our international engagements, we are developing strategies to promote the

creation of insurance products specifically designed to extend coverage to vulnerable and underserved groups, including those in the informal sector.

Our focus is twofold, promoting affordable, high-benefit schemes offered by insurers, and taking initial steps to introduce insurance coverage for university students as a practical starting point, with the support of the government. Monetary incentives will be considered to assist students who may not be able to afford premiums. Through these efforts, we aim to ensure that every Sri Lankan beginning with young adults in higher education has access to quality healthcare without facing financial hardship.

## **Strengthening Industry Engagement and Communication**

Beyond these major policy pillars, we are committed to fostering continuous dialogue and transparency across the sector. We have initiated a series of programmes to strengthen collaboration between academia and industry professionals, ensuring that research and practical knowledge flow freely.

Together with the Insurance Association of Sri Lanka (IASL), we are taking proactive steps to engage with leaders beyond the insurance sector, including CEOs from other industries, to facilitate open dialogue and knowledge exchange. This cross-sector collaboration brings fresh perspectives, encourages innovative solutions, and strengthens strategic partnerships, ultimately enhancing the insurance industry's adaptability, responsiveness, and overall effectiveness.

## **International Conference; OECD/ADBI Roundtable on Insurance and Retirement Savings in Asia, 2–3 June 2026**

The IRCSL will host the OECD/ADBI Roundtable on Insurance and Retirement Savings in Asia, international conference on 2–3 June 2026, bringing together global regulators, industry leaders, and policymakers to discuss emerging trends, regulatory innovations, and strategies for enhancing insurance and retirement frameworks. This roundtable will provide a unique platform for Sri Lanka to benchmark its practices against international standards, foster regional and global collaboration, and gain valuable insights that can guide targeted reforms.

## **Looking Ahead: Strengthening the IRCSL for the Future**

As the Insurance Regulatory Commission of Sri Lanka celebrates its 25<sup>th</sup> anniversary next year, it is a timely moment to reflect on our achievements and prepare for the challenges ahead. Strengthening our staff and enhancing capacity is essential for the IRCSL to continue functioning as a modern, effective regulatory body. Ongoing professional development, knowledge sharing, and strategic reforms are required to ensure that our team performs at the highest professional standards.

IRCSL staff, who are responsible for supervising 29 insurance companies and over 80 insurance brokers, play a crucial role in overseeing a vital and complex segment of the financial system, safeguarding policyholders and upholding financial stability. Similar to their counterparts in other key financial regulatory institutions, such as the Central Bank of Sri Lanka (CBSL) and the Securities and Exchange Commission (SEC), they play an essential role in the nation's financial framework.

To attract and retain the right talent, it is imperative that the remuneration structures, benefits, and facilities offered to IRCSL staff are periodically aligned with those of other key financial regulators such as CBSL and SEC. As the lead authority mandated to supervise, regulate, and develop the insurance industry, the IRCSL is equipped with a highly competent and dedicated team. Sustaining their motivation and commitment is crucial to achieving the Commission's core objectives of policyholder protection, institutional stability, and sectoral reform.

My next step is to develop a comprehensive proposal for establishing a structured mechanism to strengthen institutional capacity. Through this initiative, we aim to build a sustainable and high-performing regulatory workforce capable of driving policyholder protection, financial stability, and the continued development of Sri Lanka's insurance sector.

**Insurance Regulatory Commission of Sri Lanka Level 11,  
East Tower  
World Trade Center Colombo 01**

Website: <a href="http://www.ircsl.gov.lk">www.ircsl.gov.lk</a>	Email: <a href="mailto:info@ircsl.gov.lk">info@ircsl.gov.lk</a>
Telephone: 011 2396184 - 9	Fax: 011 2396190

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