INSURANCE REGULATORY COMMISSION OF SRI LANKA

# Regulator's dialogue with insurance agents

## *Behind every regulation is a promise of safety : Let's keep that promise together*

Insurance Regulatory Commission of Sri Lanka

23rd July 2026

INSURANCE REGULATORY COMMISSION OF SRI LANKA

# The common misconceptions

- Appointment and termination of insurance agents.
- When will an agent be considered disqualified to serve as an insurance agent.
- Remittance of premium collection by insurance agents.
- Prevailing malpractices.

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# Under what authority are insurance agents appointed/terminated?

**Legal Authority**
- Regulation of Insurance Industry Act, No. 43 of 2000 – Section 78

**Appointment and registration of agents**
- An **insurer or insurance broker** may appoint an individual as an insurance agent.
- The agent is registered with that insurer/broker, and the insurer/broker must maintain a register of its insurance agents.

**Termination / deletion by insurer or broker**
- If the agency relationship is terminated (e.g., resignation, misconduct, non-performance, breach of company rules, etc.), the insurer/broker removes the agent's name from its internal register.
- Any additions or deletions to the agent register must be communicated to the Insurance Regulatory Commission of Sri Lanka (IRCSL).

**Regulatory authority of IRCSL**
- Under **Section 78(3)**, the Commission has the power to require an insurer or broker to delete the name of an insurance agent from its register **where the Commission considers that the person is unsuitable to function as an insurance agent, having regard to the interests of policyholders**.

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## Who can be registered ? What are the Qualification required ? When will an insurance agent be considered as disqualified as per the prevailing law?

Qualifications required to be appointed as an insurance agent (the Insurance Agent Qualification Rules, 2002 Gazette No 1255/3 September 23 of 2002., as amended

a. is above eighteen year of age;
b. is a citizen of Sri Lanka;
c. has obtained the minimum qualifications (ordinary Level)
d. have passed the pre-recruitment test conducted by the Sri Lanka Insurance Institute (SLII) or any other body approved by the Insurance Board of Sri Lanka;
e. has no criminal convictions
f. is introduced by an Insurance Company or Broker
g. is not a salaried employee of a registered Insurance Company or broker has obtained or possesses the following minimum qualification;
h. is an individual whose services have not previously been terminated as an insurance agent on the ground of financial misappropriation or fraud.

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# The Direction issued on Insurance agent service termination

Direction # 22 was Issued under Section 96 (A) of the Regulation of Insurance Industry Act, No. 43 of 2000 setting out the Procedure to be followed when conducting inquiries in relation to insurance agents

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## Statutory Duty of Remittance of premium collected from the policyholders

In terms of Section 89 of the Regulation of Insurance Industry Act No 43 of 2000;

**It shall be the duty of a broker or an agent to remit premia collected by them on behalf of an insurer, within two weeks of such collection.**

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# Prevailing malpractices that should be avoided at all times....

- Filling the proposal form for the proposer and only obtain the signature
- Provide contact details of the insurance agent in place of the contact details of the proposer
- Sell the insurance product as investment or deposit with a definite interest rate
- Non remittance of premium collected within the statutory remittance period

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“Compliance is not a barrier to business; it is the ultimate protection for your reputation”

**THANK YOU**