

PROGRESS WITH PURPOSE



INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

ANNUAL REPORT
2024

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PROGRESS WITH PURPOSE

The Insurance Regulatory Commission of Sri Lanka is moving forward with a focused mandate: to strengthen the insurance sector while safeguarding the interests of the public. In a year defined by resilience and reform, our theme — *Progress with Purpose* — captures the spirit of our work. We are focused on fair and effective regulation, steady growth, and making insurance more accessible to all Sri Lankans. Everything we do is aimed at creating long-term value for policyholders, insurance industry, and the wider economy. We will continue to work towards a safer, more reliable, and more inclusive insurance industry.





VISION

To be the benchmark Insurance Regulator in
South Asia

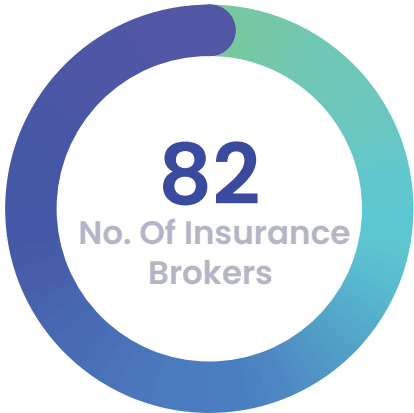


MISSION

To protect policyholders' interests as per the
Regulation of Insurance Industry Act, and facilitating
the development of the insurance industry



HIGHLIGHTS OF THE YEAR



Performance of Insurance Industry

	2024	2023	Change %
Gross Written Premium (Rs. Million)	322,037	277,186	16.2
Total Assets (Rs. Million)	1,219,269	1,133,634	7.6
Penetration as a % of GDP	1.08	1.01	6.5
Insurance Density (Rs.)	14,694	12,578	16.8

Performance of the Commission

Policy Holder’s Protection Fund (Rs. Million)	13,128	11,532	13.8%
Cess Income (Rs. Million)	764	648	17.9%
Annual Fees (Rs. Million)	346	319	8.5%

Rs. 1,219,269 Mn.
Total Assets of Insurance Industry

Rs. 322,037 Mn.
GWP of Insurance Industry

CHAIRMAN'S MESSAGE

“ Targeted awareness programmes and engagement initiatives helped to improve public understanding of insurance, empowering individuals to make more informed financial decisions. ”

Dr. W.A.R. De Mel
Chairman

For Sri Lanka, 2024 was a year of transition and cautious optimism. The nation began a phase of gradual recovery after years of economic instability. Thanks to increases in industrial output, tourism, and a slight upturn in domestic consumption, real GDP grew at a rate of 5%. Single-digit inflation, which dropped sharply from the historically high levels seen in 2022 to a deflation of 1.7% in December 2024, demonstrated the return of macroeconomic stability. Stronger fiscal restraint under the IMF-backed Extended Fund Facility program and the Central Bank's steady tightening of monetary policy were the main drivers of this.

Significant progress was made throughout the year in restructuring Sri Lanka's sovereign debt. Increased confidence in the fiscal

outlook was brought about by the agreement reached with bilateral lenders and the momentum in the talks on commercial debt. Simultaneously, the Central Bank of Sri Lanka established a single policy rate of 8%, simplifying the nation's monetary policy and contributing to increased capital market predictability. Long-term economic recovery depends on the resilience of the financial sector and investor confidence, both of which were improved by these changes.

Successes and Advancements

In this larger framework, the Sri Lankan Insurance Regulatory Commission has remained active in maintaining the stability, soundness, and adaptability of the insurance sector to changing market conditions. In 2024, the Commission made a stronger

effort to fulfill its mandate as outlined in the Regulation of Insurance Industry Act. To improve institutional resilience and market oversight, a number of regulatory and supervisory changes were made.

Throughout the year, improving the risk-based supervisory framework was a major priority. The Commission expanded its forward-looking risk assessments and went beyond compliance-based monitoring. This made it possible to identify the sector's vulnerabilities earlier and to intervene more quickly. Insurers' governance standards were also reexamined and reinforced, and new rules were added to enhance board supervision, internal controls, and transparency.

The escalation of efforts to bring the industry into compliance with the international IFRS 17 reporting standard was another noteworthy turning point. Significant preparations were made in 2024 in cooperation with insurers and outside specialists to increase capacity for the shift, even though the entire transition is anticipated to take some time. Recognizing that informal workers, who make up more than half of the labor force in the nation, have a low insurance penetration rate, the commission also encouraged insurers to promote innovation in the creation of inclusive insurance products.

The pace of digital transformation within the regulatory framework kept increasing. In order to increase data accuracy, expedite regulatory filings, and facilitate real-time decision-making, the Commission introduced a new supervisory technology platform. In order to promote financial inclusion and increase public awareness of the advantages of insurance, these initiatives were supplemented by broader consumer outreach initiatives.

Targeted awareness programmes and engagement initiatives helped to improve public understanding of insurance, empowering individuals to make more informed financial decisions. These initiatives reflect the Commission's commitment to both sector stability and the broader goal of financial inclusion.

A Look Ahead

The industry still faces a number of obstacles as it looks to the future. Cyber risk, changing customer expectations, demographic changes, and climate change will all continue to put the industry's resilience to the test. The Commission will continue to prioritize innovation, modernizing the regulatory framework, and making sure insurance firms maintain their social responsibility and financial stability.

Acknowledgement

It is an honour to have assumed the role of Chairman in early 2025, at a time when the insurance sector is poised for transformation. I extend my sincere appreciation to my predecessor, whose leadership

has contributed significantly to the Commission's achievements in recent years. I also thank the Ministry of Finance and all stakeholders of the insurance industry for their continued cooperation and support.

With the renewed commitment and policy direction of the new government, I look forward to accelerating key reforms that will modernize the regulatory framework, deepen financial inclusion, and foster innovation across the industry. My strategic focus will be on creating a regulatory environment that is agile, technology-enabled, and responsive to emerging risks while ensuring that insurers operate with strong governance, fairness, and accountability.

I believe the future of Sri Lanka's insurance sector lies in balancing innovation with stability, expanding coverage to underserved segments, and embedding sustainability into business models. Strengthening market conduct supervision, improving claims transparency, and developing risk-based solutions for climate and social challenges will form the cornerstone of this approach.

As we move forward, I am committed to working closely with all stakeholders to build a more resilient, inclusive, and future-ready insurance industry, one that safeguards individuals, supports businesses, strengthens the economy, and contributes meaningfully to Sri Lanka's long-term growth.



Dr. W.A.R. De Mel
Chairman

DIRECTOR GENERAL'S REVIEW

“ While 2024 marked a year of meaningful progress in strengthening regulatory frameworks and promoting market stability, it also underscored the urgency for more transformative change within the insurance sector. ”

Damayanthi Fernando
Director General

The year 2024 marked a pivotal phase in Sri Lanka's journey towards economic recovery and stability. Building on the momentum gained in late 2023, the country demonstrated resilience amidst global uncertainties with positive GDP growth, subdued inflation, and strengthened external reserves contributing to a more stable macroeconomic environment. These favourable conditions provided a solid foundation for the financial sector. In this context, the Insurance Regulatory Commission of Sri Lanka (IRCSL) continued to play a critical role in supporting the stability and growth of the insurance sector. The Commission remained firmly committed to its mandate, advancing regulatory reforms, enhancing regulatory supervision, and fostering financial inclusion. The Commission's strategic priorities in

2024 were focused on reinforcing prudential standards, advancing financial inclusion, and promoting innovation paving the way for a more inclusive, transparent, and future-ready insurance sector.

Performance of the Insurance Industry at a glance

Gross Written Premium and Insurance Penetration

The year 2024 marked a significant milestone for Sri Lanka's insurance industry, with total premium income reaching LKR 322,037 million reflecting the highest annual growth recorded in the past five years and continuing a steady upward trend in the sector. This represents a robust year-on-year growth of 16.2% compared to 2023, underscoring the sector's resilience and renewed dynamism amidst

improving economic conditions. The industry's strong performance was reflective of both supply-side enhancements and increasing consumer awareness of risk protection and financial security.

The long-term insurance sector was the main driver of this expansion, achieving a premium income of LKR 183,875 million, a significant 20.5% increase year-on-year. This growth was supported by rising demand for life insurance products, improved distribution strategies, and continued public engagement on long-term financial planning. Meanwhile, the general insurance sector recorded a premium income of LKR 138,162 million, reflecting a 10.9% increase from the previous year. Notable improvements in health and fire insurance segments contributed to this growth, in line

with a broader recovery in industrial activity and household spending.

Despite the record growth in premium income, the insurance penetration rate defined as total insurance premiums as a percentage of GDP remained modest at 1.08% in 2024, compared to 1.01% in 2023. While this indicates a marginal improvement, the rate still reflects the significant untapped potential within the Sri Lankan insurance market. The penetration of long-term insurance stood at 0.61%, while general insurance accounted for 0.46% of GDP. These figures underscore the need for continued efforts to deepen insurance outreach, enhance financial literacy, and build consumer trust to improve coverage across all segments of the population.

Further, insurance density, which measures premium income per capita, increased to LKR 14,694 in 2024, up from LKR 12,578 in the previous year. This upward trend signals growing recognition of insurance as an essential financial instrument for protection and long-term security.

Chart 1 illustrates the performance of the insurance industry over the past five years, from 2020 to 2024. The total premium income of the industry rose steadily from LKR 208,265 million in 2020 to a record LKR 322,037 million in 2024, reflecting a cumulative growth of 54.6%. This sustained upward trend highlights the sector's resilience and ability to adapt to evolving economic conditions while continuing to expand its reach and relevance in the financial services landscape.

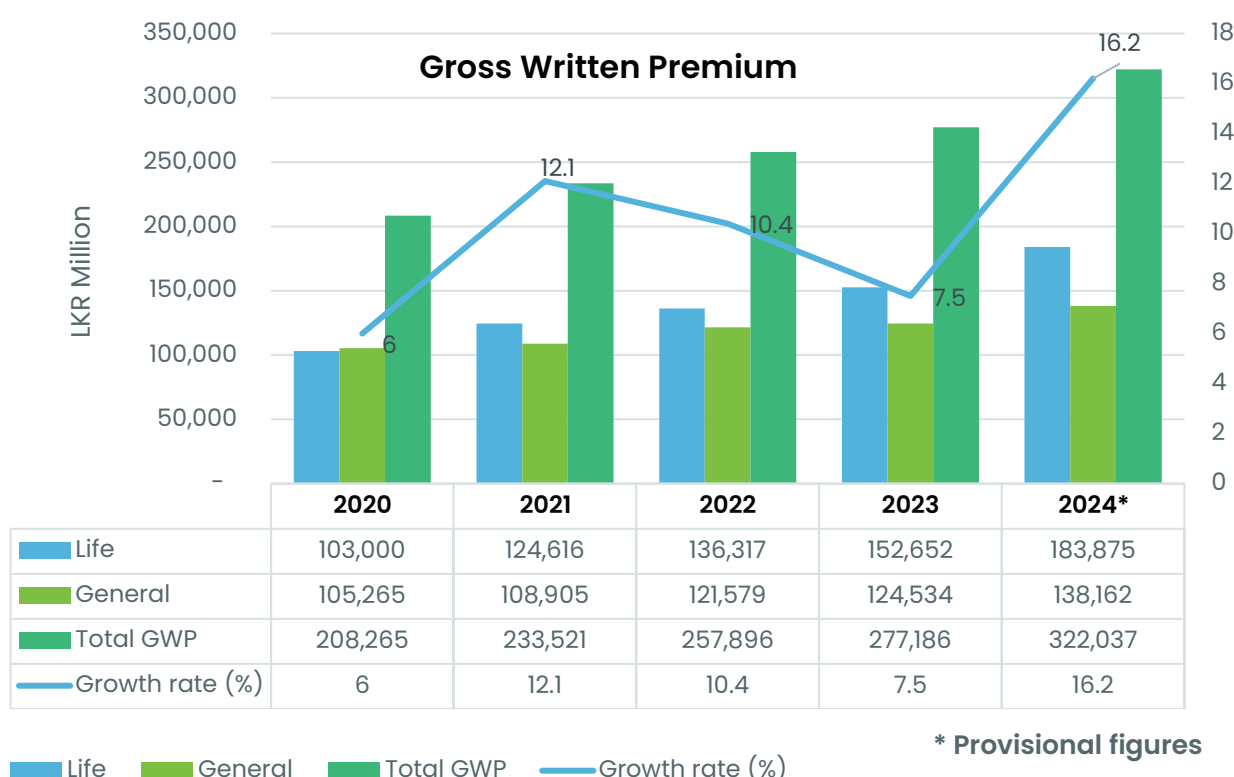


Chart 1 – Premium Income and Growth Rate of the Insurance Industry from 2020 – 2024

Total Assets

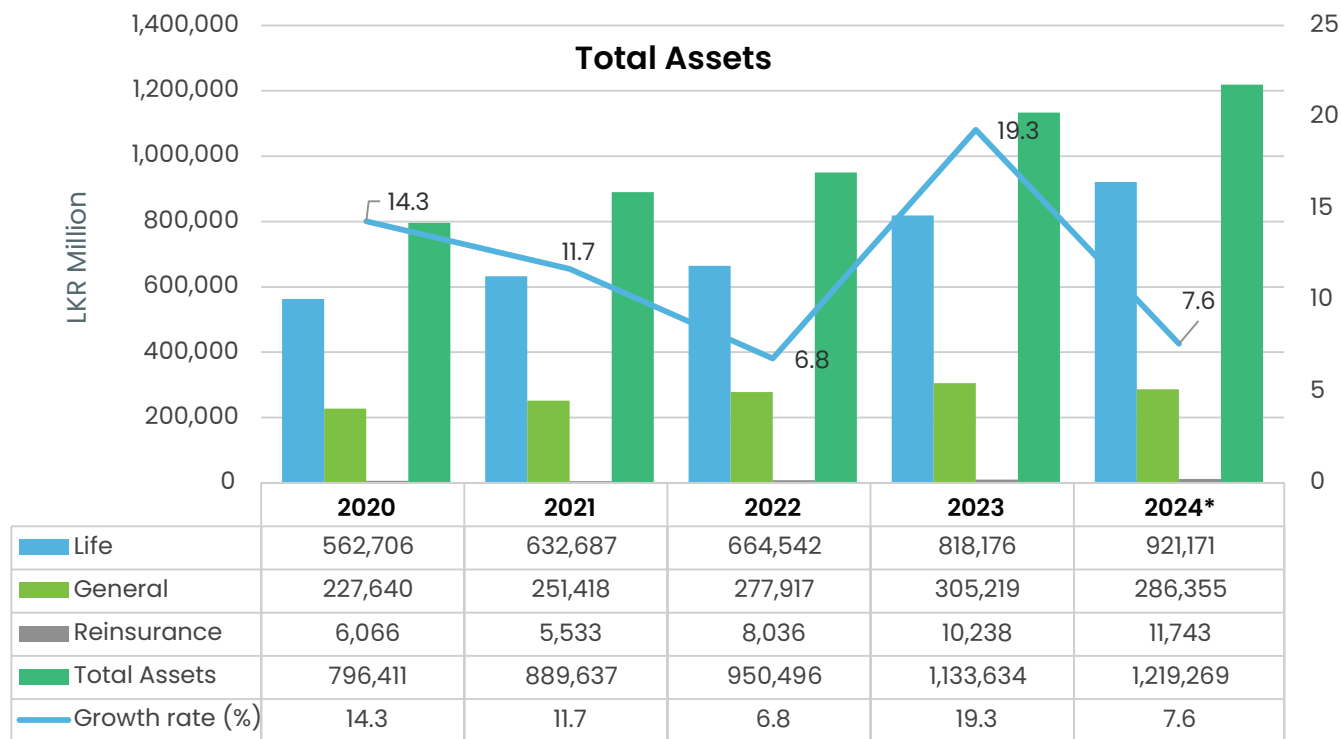
The total asset portfolio of the insurance industry reached LKR 1,219,269 million by the end of 2024, reflecting a year-on-year growth of 7.6%. This expansion was primarily driven by the Long-Term Insurance Business, which recorded assets amounting to LKR 921,171 million registering a 12.6% increase compared to 2023. The growth is largely attributed to an increase in investments, particularly in government securities.

In contrast, the General Insurance Business recorded a contraction in its asset base, declining by 6.2% to LKR 286,355 million, compared to LKR 305,219 million in 2023. This decline was mainly due to a leading insurance company segregating its Life and General Insurance businesses, reducing the assets recorded under the General Insurance segment.

Meanwhile, the Reinsurance Business continued its positive momentum, with its asset base rising by 14.7% to LKR 11,743 million, reflecting stable business expansion.

The total asset portfolio of Sri Lanka's insurance industry grew by 53.1% over the five-year period from 2020 to 2024, reaffirming the sector's steady development despite fluctuations in individual segments. By the end of 2024, the industry reached its highest-ever asset base, as illustrated in Chart 2, which depicts the total asset portfolio over

the five-year period from 2020 to 2024.



* Provisional figures

Life General Reinsurance Total Assets Growth rate (%)

Chart 2 Total Assets of Insurance Companies from 2020 to 2024

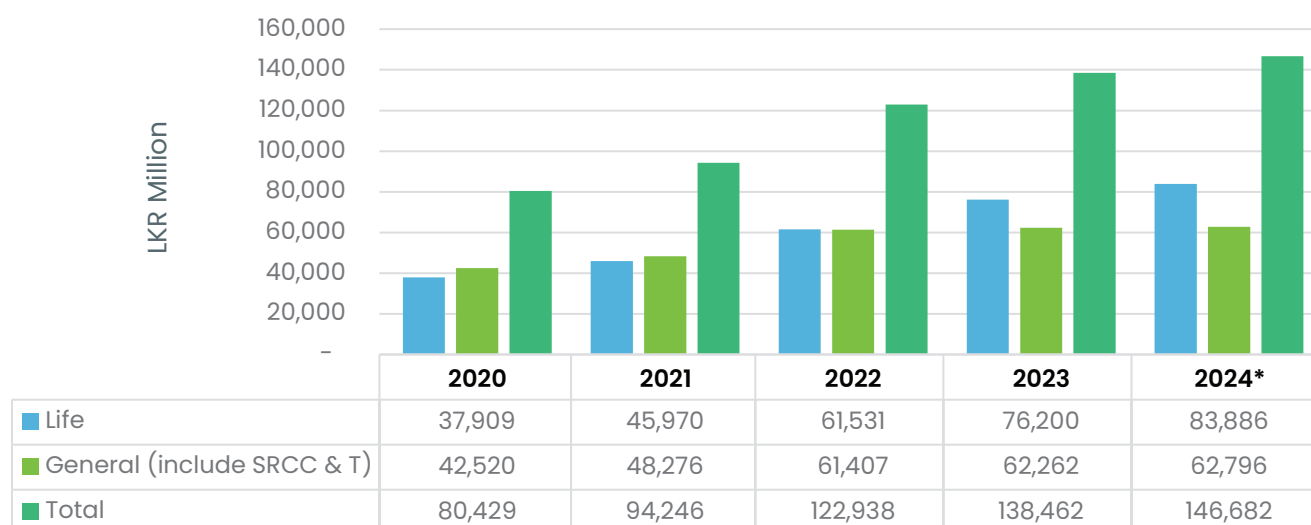
Claims Overview

Chart 3 presents an analysis of claims incurred by insurance companies in Sri Lanka from 2020 to 2024. The Life Insurance segment recorded steady and significant growth, with claims rising from LKR 37,909 million in 2020 to LKR 83,886 million in 2024, an increase of 121.3% over the five year period. This sharp growth reflects the heightened reliance on life insurance products and the corresponding rise in policyholder benefit payments, including maturity and death claims.

In the General Insurance segment, claims incurred exhibited notable fluctuations over the same period. Starting at LKR 42,520 million in 2020, claims rose to LKR 48,276 million in 2021, followed by a sharp increase to LKR 61,407 million in 2022. Growth moderated thereafter, reaching LKR 62,262 million in 2023 and LKR 62,796 million in 2024.

Overall, total claims incurred by the industry increased by 82.4% over the five years, from LKR 80,429 million in 2020 to LKR 146,682 million in 2024, underscoring the sector’s growing financial obligations and the importance of effective claims management and prudent reserving practices.

Claims Incurred by Insurance Companies



* Provisional figures

Life General (include SRCC & T) Total

Chart 3 – Claims incurred by Insurance Companies from 2020 to 2024.

Profitability

As shown in Table 1, the profitability of Sri Lanka's insurance industry has recorded moderate growth over the past five years, while experiencing notable fluctuations. In 2024, the insurance industry continued its positive profitability trend, achieving a total profit of LKR 59,946 million, reflecting a healthy growth rate of 7.4% compared to the previous year. The long-term insurance business demonstrated sustained strength, with profitability increasing from LKR 32,519 million in 2023 to LKR 36,230 million in 2024, marking an 11.4% growth. Meanwhile, the general insurance business saw a slight decline in profitability, decreasing by 5.5% to LKR 23,323 million. The reinsurance segment, recovering from previous losses, reported a profit of LKR 393 million in 2024, improving significantly from a loss of LKR 1,375 million in 2023.

Table 1 – Total Profitability of Insurance Industry

Insurance Business	2020	2021	2022	2023 (a)	2024 (b)	Trend
Long Term Insurance Business (LKR '000)	19,143,355	27,360,477	28,946,552	32,518,879	36,230,245	
General Insurance Business (LKR '000)*	23,360,482	19,548,732	23,815,307	24,669,743	23,322,598	
Reinsurance Business (LKR '000)**	1,230,524	(525,548)	1,052,236	(1,374,735)	393,055	
Total (LKR '000)	43,734,361	46,383,660	53,814,095	55,813,887	59,945,898	
Growth (%)	37.6	6.1	16.0	3.7	7.4	

*Includes SRCC business and General Insurance

**Represent NITF Reinsurance business

Insurance Brokers

As presented in Chart 4, the GWP generated through insurance brokers has shown a steady and robust increase, underscoring their growing significance within Sri Lanka's insurance market. In 2024, brokers facilitated a total GWP of LKR 49,920 million across both General and Long-Term Insurance businesses, representing a substantial increase of LKR 22,072 million over the LKR 27,848 million recorded in 2020.

Overall, brokers accounted for 15.5% of the total industry gross written premium in 2024. Insurance brokers

continue to play a vital role as professional intermediaries by guiding clients through the complexities of insurance products, assessing risks, negotiating terms, and ensuring comprehensive coverage. Their value extends beyond initial transactions, providing clients with ongoing claims support, policy management, and expert risk advice, thereby building lasting relationships founded on trust and expertise.

Gross Written Premium Generated through Insurance Brokering Companies

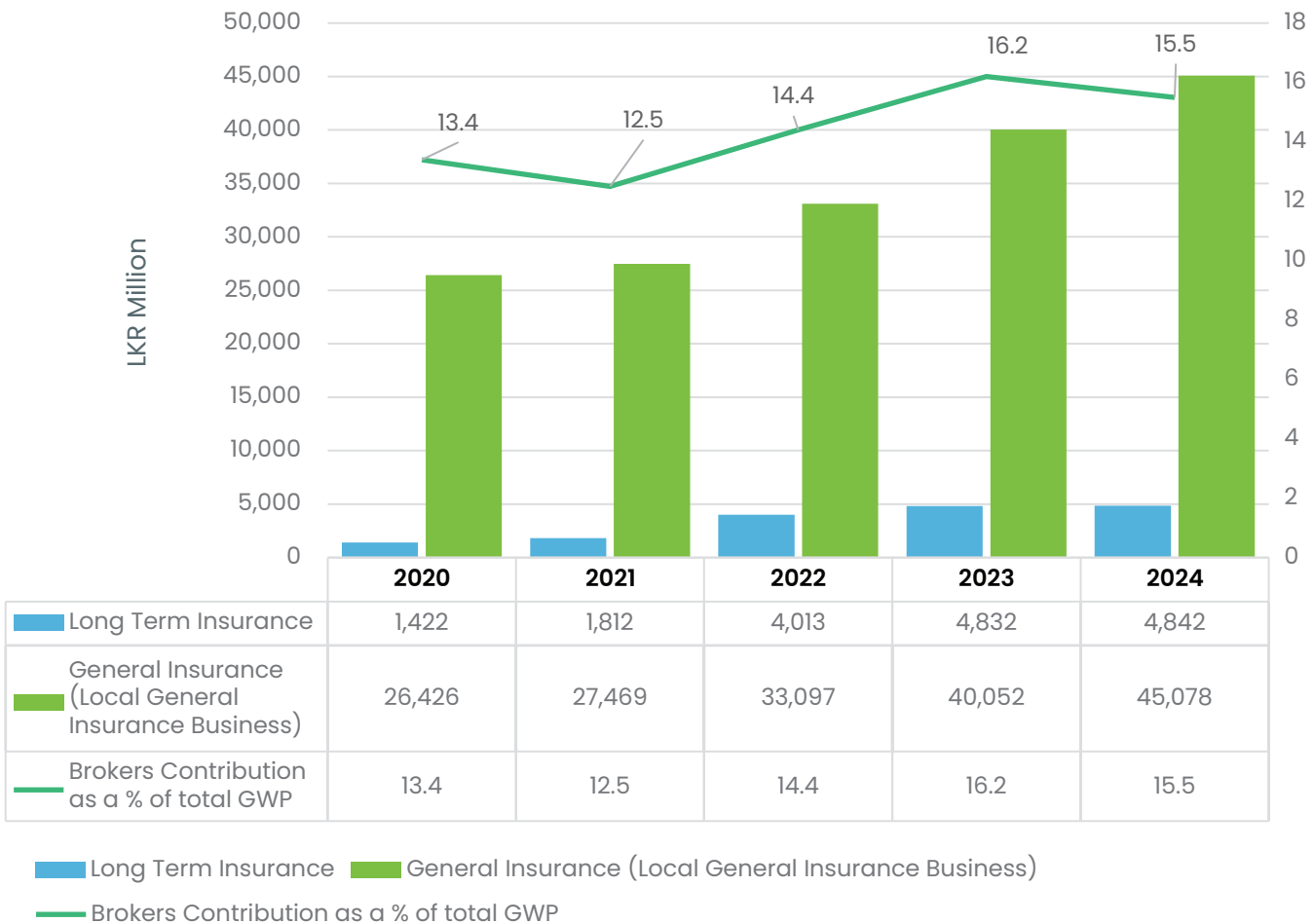


Chart 4- Gross Written Premium generated through insurance brokering companies

Strengthening Governance in the Insurance Sector

We continue to prioritize the enhancement of governance frameworks across the insurance industry, recognizing that sound corporate governance is fundamental to market stability, policyholder protection, and public confidence. In line with this commitment, the IRCSL has introduced strengthened regulatory guidelines emphasizing accountability, ethical leadership, and effective risk management at the board and senior management levels. As part of its broader governance agenda, IRCSL also established a dedicated Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Unit to reinforce compliance with international financial standards. This specialized unit plays a vital role in strengthening internal controls and regulatory oversight to mitigate money laundering and terrorism financing risks within insurance institutions, thereby contributing to greater transparency, institutional integrity, and sustainable sectoral growth.

Empowering Policyholders

Enhancing insurance literacy is fundamental to empowering policyholders to make informed and confident decisions about their risk protection needs. Recognizing this, the IRCSL prioritized policyholder education in 2024 through targeted awareness programs that leveraged both traditional mass media and innovative digital platforms. Throughout 2024, the IRCSL continued to emphasize insurance awareness and education through mass media campaigns, digital initiatives, and public engagement efforts aimed at empowering Sri Lankans with the knowledge to make informed insurance decisions.

By providing clear and accessible information, the IRCSL enables individuals to better understand the value of insurance, compare products effectively, and select coverage that best meets their needs. This ongoing commitment to education fosters transparency and trust, benefiting both consumers and the insurance industry as a whole.

Key Regulatory Advancements and Strategic Initiatives

In 2024, the IRCSL implemented a range of pivotal regulatory reforms and strategic initiatives that significantly contributed to strengthening stakeholder protection, enhancing market integrity, and promoting sustainable growth in the insurance sector. Among the key developments was the introduction of an optional compensation scheme for third-party motor accident victims, enabling registered general insurance companies to offer compensation of up to LKR 500,000 for death or permanent disability without court intervention. Developed in collaboration with the Ministry of Transport and Highways, this initiative reflects IRCSL's commitment to timely and compassionate support for third party victims.

As part of international engagement, IRCSL collaborated with the Organization for Economic Co-operation and Development (OECD) to conduct a gap analysis on retirement savings and insurance coverage for natural hazards in Sri Lanka. The main objective was to identify policy and coverage gaps, encourage sustainable practices within the insurance industry, and strengthen its ability to address climate-related risks. The study also aimed to find practical and effective solutions to enhance resilience, improve financial protection for individuals, and ensure the industry is better prepared to manage future environmental challenges.

Recognizing the growing use of telecommunication platforms for insurance distribution, IRCSL introduced new regulations requiring prior approval for products sold via mobile network

and fixed line operators, ensuring adequate disclosures, consumer data protection, and clearly defined claims processes. The launch of the Insurance Product Information Document (IPID) further enhanced transparency by standardizing product summaries, allowing consumers to make more informed decisions. In addition, the IRCSL mandated the standardization of key features in the policy document and required detailed reviews of product-related promotional materials to ensure clarity and consistency in communication with policyholders.

In support of improved market conduct, IRCSL initiated several measures aimed at strengthening policyholder trust, promoting fair treatment, and ensuring insurance products are better aligned with customer needs. These initiatives, released for industry consultation, are intended to gather stakeholder feedback and ensure practical, effective implementation across the industry.

The appointment of an actuarial consultant reinforced the Commission's technical oversight capacity, enabling better risk assessment and actuarial soundness. IRCSL also began implementing key recommendations from recent market research, with the aim of increasing insurance penetration and public confidence. These regulatory advancements were complemented by continued efforts to promote insurance awareness and education, including public engagement campaigns organized around National Insurance Day and Insurance Awareness Month, empowering citizens to make informed choices about their insurance needs.

2025 Priorities – The Year Ahead

While 2024 marked a year of meaningful progress in strengthening regulatory frameworks and promoting market stability, it also underscored the urgency for more transformative change within the insurance sector. Under the leadership of the newly appointed Chairman, and with renewed commitment from the government, the IRCSL is

poised to accelerate reforms and drive impactful policy actions in response to evolving challenges.

Amid increasing economic complexity, shifting consumer expectations, and the rapid digitalization of financial services, the IRCSL recognizes that regulatory agility, innovation, and stronger consumer centric supervision are imperative. Building on the foundations laid in 2024 including improvements in market conduct oversight and AML/CFT compliance the year ahead will focus on bold, structural changes. These include the long anticipated reform of the Insurance Regulatory Act, revisions to the Risk Based Capital framework, deeper integration of technology into regulatory processes, and expanded efforts to promote inclusive insurance for underserved populations.

The Commission also intends to advance the integration of the Sustainable Development Goals (SDGs), Environmental, Social and Governance (ESG) principles, and Sustainable Finance initiatives into insurance industry practices, thereby reinforcing sustainability within the sector. A key target for 2025 is the establishment of a dedicated Market Conduct Supervision function to enhance oversight, ensure fair treatment of policyholders, and strengthen compliance with market conduct standards across the industry.

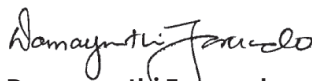
Under the 2025 priorities, the IRCSL will focus on several key initiatives aimed at strengthening the insurance sector. These include:

- Finalizing and issuing the Guidelines on Claims Management to enhance transparency and efficiency in claims handling.
- Continuing IFRS 17 implementation monitoring to ensure compliance with international financial reporting standards.
- Establishing a Market Intermediary Division to strengthen supervision and governance of intermediaries.
- Advancing ICP implementation to align with international core principles.
- Introducing affordable

insurance coverage to improve accessibility and inclusiveness in the market.

enhance the reputation and stability of the insurance industry.

These initiatives collectively form part of the Commission's commitment to improving market conduct, enhancing policyholder protection, and fostering sustainable growth in the insurance industry.



Damayanthi Fernando

Director General

We remain committed to building a more transparent, innovative, and people centered regulatory environment. With continued collaboration across the industry and the support of all stakeholders, we believe the insurance sector can become a stronger pillar of Sri Lanka's economic and social development.

In Appreciation

I am sincerely thankful for the steadfast guidance and support of our Chairman and the Commission Members, which has greatly empowered our team's efforts throughout the year.

I would like to express my sincere gratitude to Mr. Razik Zarook PC for his visionary leadership and dedicated service during his tenure as Chairman. His contributions have been invaluable in shaping the direction of the Commission. At the same time, I warmly welcome Dr. W.A.R. De Mel as our new Chairman. Dr. De Mel brings a wealth of expertise, strategic vision, and deep commitment to advancing Sri Lanka's insurance sector. I look forward to working closely under his guidance to drive transformative initiatives, strengthen the industry, and deliver greater value to all stakeholders.

My heartfelt appreciation goes to the senior management and all staff for their dedication and hard work in advancing the Commission's mission and delivering value to all stakeholders. I would also like to extend gratitude to the insurance industry associations and valued stakeholders for their continued cooperation and partnership during 2024. I look forward to strengthening these collaborative relationships as we work together to overcome emerging challenges, protect policyholders, and further

MEMBERS OF THE COMMISSION



Dr. W.A.R. De Mel
Chairman



Mr. H.D.C.L. Silva



Mr. Janaka Karunaratne



Mrs. K.A.P. De Silva



Mr. R.C. Kotte Hewa



Mr. G.A.S. Jayaratna



Mr. S. Waidyaratne

PROFILES OF MEMBERS OF THE COMMISSION



Dr. W.A.R. De Mel
Chairman

Dr. Ajith Raveendra De Mel took over as Chairman of the Insurance Regulatory Commission of Sri Lanka (IRCSL) on January 02, 2025.

Dr. De Mel has been serving as a Senior Lecturer in the Department of Mathematics at the University of Ruhuna since 2015 and a Visiting Lecturer at the Department of Mathematics, University of Moratuwa since 2018.

He graduated from Missouri University of Science and Technology in the United States with a PhD in mathematics with emphasis on statistics. His academic accomplishments include a Bachelor of Science (Sp. Hons) in Mathematics from the University of Kelaniya in Sri Lanka, an M.Phil. from the University of Ruhuna in Sri Lanka, an M.Sc. in Mathematics emphasis on Statistics from the Missouri University of Science and Technology in the United States, an M.Sc. in Statistics from Sam Houston State University in the United States.

Dr. De Mel has held important academic roles, such as senate membership at the University of Ruhuna and General Sir John Kotelawala Defence University. Additionally, he has held the positions of Head of the Department of Computational Mathematics at the University of Ruhuna and Head of the Computational Mathematics Department at General Sir John Kotelawala Defence University.

Dr. De Mel played a key role in developing the Bachelor of Science Honours Degree in Financial Mathematics and Industrial Statistics at the University of Ruhuna and Bachelor of Science with Honors in Data Science and Business Analytics at the General Sir John Kotelawala Defence University.

He has also held positions at a number of international universities, including those of Graduate Teaching Assistant at Sam Houston State University in Huntsville, Texas, USA, Visiting Assistant Professor of Statistics at Binghamton State University in New York, USA, and Teaching Assistant in the Department of Mathematics and Statistics at Missouri University of Science and Technology in Rolla, USA.

He is the author of many research publications in the fields of Statistics, Insurance, and Economics. In 2008, Dr. De Mel received the Outstanding Graduate

Student in Statistics award from Sam Houston State University's Department of Mathematics and Statistics in Huntsville, Texas. Numerous awards from national and international professional associations, such as the American Mathematical Society (AMS), the American Statistical Association (ASA), and the Sri Lanka Association for the Advancement of Science (SLAAS), have been given to him in recognition of his achievements. He is a member of the Sri Lanka Association for the Advancement of Science, the American Mathematical Society, and the American Statistical Association



Mr. H.D.C.L. Silva

Mr. Dilip Silva, a senior officer in Special Grade of the Sri Lanka Accountants' Service, assumed the duties of the post of Deputy Secretary to the Treasury on 28th October 2024. With extensive experience as an Accountant in regional administration, he has held various posts in several Departments of the Treasury and has an experience of nearly 34 years of service in the public service.

He gained got his first appointment in the public service as an Audit Examiner in the Auditor General's Department based on the results of the open competitive examination in 1990, and joined the Sri Lanka Accountants' Service in 1992 and was employed as an Accountant in Kolonna Divisional Secretariat. He has then performed his duties as a representative of the financial sector of several major Departments such as the Department of State Accounts, Department of Treasury Operations, Department of Management Audit and Sri Lanka Customs etc. attached to the Ministry of Finance and he could be considered as an officer who has made a great contribution to the success of the special projects and new reforms carried out in the Treasury. Also, Mr. Dilip Silva had been appointed as the Director General of Treasury Operations from 11.11.2020 to 27.10.2024 and performed the duties of the said post very successfully before being appointed as the Deputy Secretary of the Treasury.

Mr. Dilip Silva has studied at "De Mazenod" College in Kandana and completed his Honours Degree in Public Administration from the University of Sri

Jayewardanepura in 1991 and a Diploma in Public Planning from the Sri Lanka Institute of Development Administration in 2011 and a post-graduate degree in Public Management and Project Management from the same institution in 2016.

Mr. Dilip Silva is also a member of prestigious professional bodies such as the Chartered Institute of Public Finance and Accountancy (London) and the Association of Accounting Technicians of Sri Lanka. He has registered as a Certified Business Accountant with the Institute of Chartered Accountants of Sri Lanka.

Throughout his career, he has received extensive foreign training in accounting, financial management, public debt management, and Treasury cash flow operations from international institutions and universities. He has also served as a member of the Sri Lankan delegation on several occasions.

Mr. Dilip Silva has represented the Treasury as a board member of many statutory bodies including Development Lottery Board, National Lottery Board, National Science Foundation, Open University of Sri Lanka – Audit and Management Committee. Further, Mr. Dilip Silva has also served as the Treasury representative of the Procurement Committees in major ministries such as Ministry of Defence, Ministry of Transport and Highways, Ministry of Urban Development and Ministry of Health. Currently, he represents the Treasury as a board member of the State Mortgage and Investment Bank (SMIB) and as a Treasury representative of the National Innovation Agency.

Furthermore, Mr. Dilip Silva at present serves as a member of the Governing Council of the University of Sri Jayewardanepura. He could be identified as a distinguished official of the Sri Lanka Accountants' Service who delivers lectures on Accounting and Public Financial Management in training programs conducted by various departments of the Treasury and for other government institutions and makes a generous contribution to share his knowledge with other officials.



Mr. Janaka Karunaratne

Mr. Karunaratne is the Deputy Governor in charge of Financial System Stability and possess over 34 years' experience in the Central Bank of Sri Lanka in different capacities in the areas of supervision and regulation of Banks and Non-Bank Financial Institutions, Currency management, Public Debt, Secretariat, Finance, Policy Review & Monitoring and Payment & Settlement.

At present he serves as the Chairman of Institute of Bankers of Sri Lanka (IBSL), Chairman of Credit Information Bureau, Chairman of National Payment Council and a Board Member of Insurance Regulatory Commission of Sri Lanka. He has also served as the

Secretary to the Monetary Board, Secretary to the Board Risk Oversight Committee, Monetary Board Advisory Audit Committee and the Ethics Committee. He serves as a member of several internal and external committees too at present. Further, he was on release to the Ministry of Defence, where he served as a Financial Advisor.

He has also served as the Chairman of the Sri Lanka Accounting and Auditing Standards Monitoring Board and has been a Council Member of the Certified Management Accountants (CMA) of Sri Lanka. Mr. Karunaratne was awarded the CMA Sri Lanka Business Excellence award at the CMA Sri Lanka National Management Accounting Conference 2023 in recognition of his service to the profession. He has also received "Long Service Award" of the IBSL in 2019 in recognition of his long career and contribution as a resource person at IBSL.

He was the Project Team Leader of the South East Asian Central Banks (SEACEN) Malaysia, research project on "Implementation of Basel III Challenges and Opportunities in SEACEN Countries" and SEACEN published the research in 2013.

Mr. Karunaratne holds a Master of Commerce Degree in Finance from the University of New South Wales, Australia and a Postgraduate Diploma in Applied Statistics and a Bachelor of Science (Physical Science) Degree with a First class from the University of Colombo. He is a Fellow Member of the Chartered Institute of Management Accountants (CIMA), UK and Chartered Global Management Accountant (CGMA). Further, he is an Associate Member of the CMA Sri Lanka.



Mrs. K.A.P. De Silva

Mrs. Aravindi De Silva, a Special Grade Officer of the Sri Lanka Accountancy Service, is currently serving as the Chief Financial Officer of the Ministry of Trade, Commerce, Food Security and Cooperative Development and Registrar General of Company.

She joined the Sri Lanka Accountancy Service in 1995 and worked in a number of key ministries such as Ministry of Foreign Affairs, Ministry of Economic Development, Public Service Commission, Ministry of Cultural Affairs and Ministry of Industry.

She received her first degree qualification from the University of Colombo with a second-class division pass in the Bachelor of Commerce.

She obtained her Master's degree in Public Administration University of Sri Jayawardanepura and Master of Economics from the University of Kelaniya.

She is a member of the Institute of Chartered Public Finance Accountants of Sri Lanka.



Mr. R.C. Kotte Hewa

Mr. Ruwan Chandika Kotte Hewa is a Partner at RC Associates (Chartered Accountants), bringing over two decades of experience and a wealth of expertise in accounting, management consultancy, and strategic advisory services. With a rich career spanning across multiple prestigious roles, including his tenure as a former Partner at Ernst & Young Sri Lanka, Mr. Kotte Hewa has cultivated an exceptional reputation for his leadership and deep understanding of both local and international business environments.

Academic Credentials and Professional Qualifications

Mr. Kotte Hewa is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka (ICASL) and an Associate Member of the Certified Management Accountants of Sri Lanka (CMA Sri Lanka). In addition, he is a recognized member of the Chartered Institute of Management Accountants (CIMA), United Kingdom, reflecting his advanced expertise in management accounting and financial strategies.

He holds a Master of Science (MSc) in Management and a Bachelor of Science in Accountancy (Special Degree, Second Upper) from the University of Sri Jayawardenepura, which laid a solid academic foundation for his extensive career in accounting and management consultancy.

Extensive Consultancy and Auditing Experience

With over 23 years of experience since May 2002, Mr. Kotte Hewa has specialized in delivering high-level consultancy services across a range of industries, demonstrating a deep commitment to helping organizations improve financial performance, operational efficiency, and strategic direction.

Mr. Kotte Hewa's career is particularly marked by his work in the banking and micro-financing sectors, where he has provided extensive support to both national and regional financial institutions. He played a key role in the Resource Sharing Program (RSP) during his secondment at Ernst & Young in the USA and Hong Kong, where he collaborated on several high-profile initiatives aimed at strengthening his international experience in auditing.

One of his significant contributions was his involvement in building the Ernst & Young Southern Practice, focusing on NGO and Micro Financing projects. This included leading the development of strategies for financial institutions serving rural and underserved communities. His work in the Southern Region has had a lasting impact, helping shape the direction of various development banks while ensuring they remained financially sound and well-positioned to serve their communities.

Specialized Experience in Statutory Audits and Tax Consultancy

Mr. Kotte Hewa has a wealth of experience in statutory audits, particularly in the banking and microfinance sectors. Notably, he was directly engaged in audits for multiple Rural Development Banks, including the Uva Development Bank, Wayamba Development Bank, Sabaragamuwa Development Bank, and Ruhuna Development Bank—all of which have a significant national presence, with over 40 branches each. These banks, which were formed from the merger of several Regional Rural Development Banks (RRDBs), were central to Mr. Kotte Hewa's early work in ensuring their compliance with Sri Lanka's regulatory standards while improving their internal financial practices.

In addition to these, Mr. Kotte Hewa has also overseen audits for several other institutions under the Department of Divineguma Development, including Divineguma Banks and Social Security Trust Fund audits on a nationwide scale. His role included detailed reviews of the Central Bank reports, identifying potential areas of improvement and providing actionable recommendations for management. Mr. Kotte Hewa's extensive experience at the senior management and partner levels has made him an invaluable resource in conducting banking industry audits and providing tax consultancy services to both government and private sector clients.

Restructuring and Strategic Advisory

One of Mr. Kotte Hewa's key areas of expertise lies in business restructuring. He played a pivotal role in the restructuring of six Rural Development Banks, overseeing the preparation of Information Memorandums, conducting Management Capability Analyses, generating Financial Forecasts, and executing comprehensive Business Valuations. These restructuring assignments were crucial in aligning these financial institutions with modern financial regulations and business practices, enabling them to remain competitive and sustainable.

Conclusion

With a career marked by strategic leadership and a deep commitment to improving the financial and operational health of his clients, Mr. Kotte Hewa remains at the forefront of the accounting and consultancy profession. His extensive background in banking audits, management consultancy, tax advisory, and business restructuring—combined with his passion for fostering rural development—continues to make a significant impact on the business landscape in Sri Lanka and beyond.



Mr. G.A.S. Jayaratna

Mr. G.A. Sunil Jayaratna is a Senior Counsel with over 34 years of distinguished legal practice, encompassing litigation, legal consultancy, law and human rights education, law reform, and social development. He has appeared before the apex courts in Colombo, as well as original courts and regional tribunals across Sri Lanka, handling a wide spectrum of cases in civil, criminal, commercial, industrial, and agrarian services law. He has served both local and international clients, offering legal consultations, advocacy, and preparation of pleadings.

In terms of his academic background, Mr. Jayaratna completed his secondary education at Mahinda College, Galle, and subsequently obtained a BA (Hons.) in Philosophy from the University of Peradeniya in 1984. He qualified as an Attorney-at-Law from the Sri Lanka Law College, and subsequently earned an LLM from Deakin University, Melbourne in 2005, followed by an MA in International Relations from the University of Colombo in 2015. In addition, he successfully completed a Certificate in Human Rights at the International Institute of Human Rights, Strasbourg, France in 2002.

Beginning his professional career as an Assistant Lecturer and Trainer at the Sri Lanka Foundation Institute, Mr. Jayaratna later joined the Matara Bar, where he rendered commendable legal aid services to disadvantaged communities. His leadership and contribution led to his election as President of the Matara Law Society in 2005, where he notably coordinated legal relief for tsunami-affected citizens. In the same year, he was appointed Zonal Vice President of the Bar Association of Sri Lanka (BASL), serving on committees for Human Rights, Legal Aid, Future of Legal Education, and Law Delays.

Mr. Jayaratna has made significant contributions to national law reform, serving on the Public Representation Committee in 2016, mandated by the Cabinet of Ministers to submit proposals to Parliament on constitutional reforms in Sri Lanka. In 2017, he served on the committee appointed by the Minister of Cooperative and Trade Affairs to develop proposals for Cooperative Law reforms aligned with globalising trends. Internationally, he represented Sri Lanka in election monitoring in the USA (2000) and as a constitutional expert at a roundtable discussion in Yangon, Myanmar (2017). In recognition of his expertise and contributions, he was awarded a fellowship by the Asian Human Rights Commission, Hong Kong, in 2017.

Mr. Jayaratna has taught Industrial, Commercial, International Human Rights, and Humanitarian Law as a visiting lecturer at the University of Ruhuna (1998–2012) and served as examiner of Sri Lanka Law College and Tutor in Deakin University. A prolific legal scholar, he has published research papers on philosophy, Religion and politics and also delivered keynote addresses at

numerous professional and academic fora. He remains dedicated to advancing legal knowledge, supporting law reform, and promoting human rights through both his practice and academic contributions. He has served governing bodies of several educational institutions and also currently serves as a council member of University of Ruhuna.



Mr. S. Waidyaratne

Mr. Sudharman Waidyaratne began his career as a Government Teacher in 1985, serving in several schools in the Badulla and Matara districts, and later as a Graded Principal. His leadership as the deputy principal at Shariputhra Maha Vidyalaya earned the school the title of Best Navodhya School in Matara District in 2003.

In 2005, he transitioned to the insurance sector, joining Sri Lanka Insurance Corporation (SLIC) as a Sales Manager. Over the years, he led multiple branches and regions to national awards in both Life and General Insurance categories, achieving recognition as one of the company's top-performing sales managers. He completed his MBA from Cardiff University, UK, in 2013, and retired from SLIC in 2022 as Head of the Suraksha School Insurance Project attached to SLIC head office.

In 2024, he was appointed as Coordinating Secretary to the Hon. Governor of the Southern Province and a member of the Council of the University of Ruhuna. He has been serving as a Board Member of the Insurance Regulatory Commission of Sri Lanka since March 2025.

SENIOR MANAGEMENT TEAM



Mrs. Damayanthi
Fernando
(Director General)



Mrs. Chamarie
Ekanayake
(Director Supervision)



Mr. Sathiesh
Kumar
(Director Finance)



Mrs. Prabhashini
Samarakoon
(Director Investigation)



Mrs. Deepika Navaratna
(Director Market Development &
External Relations)



Mr. G Rajan Nirubasingham
(Director Legal & Enforcement)



Mrs. Chamari Heenatigala
(Director Market Intermediary
Licensing & Supervision)



Mrs. Lasanthi Thotahewa
(Director Administration)



Mr. Bimsara Wijesinghe
(Assistant Director Market
Development & External
Relations)



Mr. Dirrel Fernando
(Assistant Director Information
Technology)



Miss. Malithi
Ambalangodage
(Assistant Director Legal &
Enforcement)



Mrs. Upendra Seneviratne
(Assistant Director Supervision)



Mrs. Shyamalie
Attanayake (Assistant
Director Actuarial
Supervision)



Mrs. Thushari
Wijegunawardana
(Assistant Director AML/CFT)



Mr. A. H. M. Riham
(Assistant Director
Supervision)

STAFF MEMBERS



Mrs. Decika Rathnayake



Mrs. Kokila Siriwardana



Mr. Charitha Wickramasinghe



Mrs. Pavithra Punchihewa



Mr. Anushka Bandara



Mrs. Sandamalie Karunathissa



Miss. Paramie Munasinghe



Miss. Upeksha Liyanage



Mr. Nisal Karunarathne



Mr. Nuwan Sudarshana



Miss. Ruvani Maldeniya



Miss. Sachini Gunarathna



Miss. Nilakshi Ruwanthika



Mr. Chamara Premarathna



Mrs. Sachi Godawela



Mrs. Kanchana Dilrukshi



Miss. Nadeeshani Kalugampitiya



Mr. Subash Silva Pulle



Miss. Thiruni Hiranya



Miss. Nadeeshan Samarakoon



Mrs. Hiruni
Wickramarachchi



Miss. Thamalie
Amarakoon



Mrs. Porbodhini
Pushpamali



Mrs. Yashodha
Virajani



Mrs. Piumi
Nelunika



Mr. Hashanka
Rathnasiri



Mr. Malin Perera



Miss. Lakma
Satharasinghe



Mrs. Nawodya
Kumararathna



Mr. Manthila
Wijeratne



Mr. Ethirraj
Srikanthan



Mrs. Sujeewa
Ranasinghe



Mrs. D. W. S. S.
Supulee



Mrs. Chandima
Kamburugamuwa



Mrs. Malhari
Wickramasinghe



Mrs. Harshanie
Perera



Miss. Thisali
Aluthge



Mrs. Nishadi
Perera



Mrs. Veena
Senevirathne



Mr. Saman
Senadeera



Mr. Sanath
Udayanga



Mr. Nalin
Thalagala



Mr. Chaminda
Kumara



Mr. Bihesha
Dilshan - Intern



Miss. Hiruni
Nimasha - Intern



Miss. Sandaruwani
Tharuka - Intern



Mr. Pasindu
Rathnayake - Intern



Miss. Yashodara
Senevirathna - Intern



Miss. Thakshila
Sewwandi - Intern



Miss. Lakshika
Sathananthan - Intern



Miss. Tasini
Lakshani - Intern



Miss. Kavindya
Wimalasuriya -
Intern



Mr. Hisal Perera -
Intern



Miss. Baghya
Rajapaksha -
Intern

GENERAL REVIEW

Administration of the Act and Regulatory Reforms

Legislation

The object and responsibility of the Insurance Regulatory Commission of Sri Lanka (hereinafter referred to as “the Commission”) is to ensure that insurance business in Sri Lanka is transacted with integrity and in a professional and prudent manner with a view to safeguarding the interests of policyholders and potential policyholders.

The Regulation of Insurance Industry Act, No. 43 of 2000 (hereinafter referred to as “the Act”) provides the relevant legal framework for the regulation and supervision of insurance companies, insurance brokering companies, insurance agents and loss adjusters.

The Act is amended by the Regulation of Insurance Industry (Amendment) Acts, Nos. 27 of 2007, 3 of 2011 and 23 of 2017.

Subordinate Legislation

Subordinate legislation made under the Act during the year is described below under Regulatory Reforms.

Regulatory Reforms

Rules

Rules were published on Additional Requirements for Registration as an Insurance Broker introducing requirements for registration as a broker under the Act to carry out re-insurance broking business, further amendments to the Gazette Extraordinary No. 1412/30 of 29 September 2005 regarding the stated

capital to be maintained by an insurance broker, and further amendments to the Gazette Extraordinary No. 1412/30 of 29 September 2005 Rules regarding changes of the registration fee applicable for insurance brokers, 09 September 2024 by the Extraordinary Gazette Notification No. 2401/12.

Accordingly, brokers who carry out re-insurance brokering business are required to employ or retain at least one person having the qualifications and experience mentioned in the said Rules, and the brokers carrying out both direct insurance business and re-insurance business shall ensure segregation of operations of the two businesses and shall have two dedicated persons separate for the two businesses having experience mentioned therein. The brokers are required to have their stated capital in the amounts and manner specified in the Rules based on whether they carry out re-insurance brokering business. Further, the new registration fees introduced will be charged on the basis whether a broker carries out re-insurance business.

Directions issued during the year under Section 96A of the Act

1. Direction #01 of 2024 – Direction in respect of the long-term insurance products

This Direction was issued on 01 February 2024 to all Long-term Insurance Companies in respect of the insurance policies on Cooling off period, Guaranteed and Non-Guaranteed benefits of the policy, applicable

policy schedules and minimum policy period for endowment products including single premium endowment products. Direction #8 dated 01 April 2016 and Direction #3 of 2022 dated 24 August 2022 were repealed by this Direction.

2. Direction #02 of 2024 – Direction on qualifications of Insurance Agents (Verification of educational qualifications of insurance agents)

This Direction was issued to insurers and brokers on qualifications of Insurance Agents (Verification of educational qualifications of insurance agents) on 08 February 2024. Accordingly, all insurers and brokers are directed to revoke the agency contracts of individuals whose results of the G.C.E. Ordinary Level examination are not verified and confirmed to SLII, as per paragraph 4 of IRCSL letter dated 07 April 2016 on or before 30 April 2024. The said deadline was extended twice with the final deadline of 28 February 2025.

3. Direction #03 of 2024 – Direction on Advertisements Issued by Insurers, Insurance Brokers and Insurance Agents

This Direction regarding requirements of advertisements, approval and compliance was issued on 14 May 2024 and became applicable to insurers, insurance brokers and insurance agents with effect

from 01 June 2024.

4. Direction #04 of 2024 – Dividend declaration and distribution

This Direction issued on 08 May 2024 stipulates terms and conditions to be adhered to by insurers prior to declaring and distributing dividends (including interim dividends) to shareholders. This Direction came into effect immediately. Direction #1 issued on 10 March 2021 and subsequent amendments made on 30 August 2021 and 20 September 2023 thereto, were repealed by this Direction.

5. Direction #05 of 2024 – Sale of insurance products to customers of Mobile Network Operators' (MNOs) and Fixed Line Operators' (FLOs) through the usage of data and platform of MNOs and FLOs

This Direction was issued on 22 August 2024 to insurers and insurance brokers who market and sell insurance products to customers of MNOs and FLOs through the usage of data and platform of MNOs and FLOs. The Direction stipulates the requirement that an insurer intending to market and sell insurance products and /or currently marketing and selling insurance products, either directly or through insurance brokers, to customers of MNOs or FLOs through the usage of data and platform of MNOs and FLOs obtains the approval of IRCSL for the process adopted, and the products marketed and sold. This Direction was effective immediately and Direction 4 of 2021 issued on 06 September 2021 was repealed.

6. Direction # 06 of 2024 – Direction on issuing Insurance Product Information Document by Insurance Companies and Insurance Intermediaries

This Direction was issued on 24 September 2024 to all insurers requiring the insurer to issue a Product Information Document. This Direction shall be applicable for all existing personal line and commercial line insurance products effective from 01 October 2025. For all new personal line and commercial line insurance products immediately after approval of the products by IRCSL.

7. Direction # 07 of 2024 – Overseas Health Insurance: Amendment to Direction #11 of 28.08.2017

This Direction was issued to insurance brokers on 25 September 2024 to draw up an approval procedure for providing referrals by insurance brokers intending to provide referrals, to brokers authorized by IRCSL to function as intermediaries for the placement of foreign health insurance products in terms of Circular #36. In view of this, Direction #11 issued on 28 August 2017 is cancelled. This Direction came into effect on 01 October 2024.

Circulars issued during the year

1. Circular # 01 of 2024 – Eligibility criteria for valuers

This Circular was issued to combine the requirements of Circulars #30 and #35 regarding eligibility criteria for valuers for the purpose of Solvency Margin (Risk Based Capital) Rules of 2015 and effective from 08 January

2024.

2. Circular #02 of 2024 – Enforcement Procedures of the Insurance Regulatory Commission of Sri Lanka

This Circular was issued on 09 January 2024, revising Circular #41. The procedures stipulated in this Circular are applicable to insurance companies and insurance brokering companies and came into effect immediately upon issuing.

3. Circular #03 of 2024 – Optional Compensation Scheme for third party victims of Motor Vehicle Accidents – for Death or Permanent Disability

Circular dated 26 February 2024 was issued to introduce an optional compensation scheme for third party victims of motor vehicle accidents for death and permanent disability suffered by such third parties. This scheme became applicable for the motor vehicle accidents that occur with effect from 01 March 2024.

4. Circular #04 of 2024 – Promotion/Advertisement of Third-party Motor Insurance

This Circular was issued on 20 May 2024 amending Circular #2 of 2021, prohibiting general insurers to advertise/promote 3rd party motor insurance, with the exception of advertisement/promotion by 3rd party motor insurance together with the advertisement/promotion of comprehensive motor insurance cover and where emphasis is given to comprehensive motor insurance cover.

Guidelines issued during the year

Guidelines on Policy Framework for Long-Term Insurance Products

This guideline was issued on 09 August 2024 to set forth a framework for the essential components (elements) of the policy documents of Long-Term Insurance products offered in Sri Lanka to protect the policyholders’ interest.

Market Structure

Insurers

Subject to the provisions of Section 12 of the Act, no person shall carry on insurance business in Sri Lanka unless such person is for the time being registered or deemed to be registered under the Act to carry on insurance business.

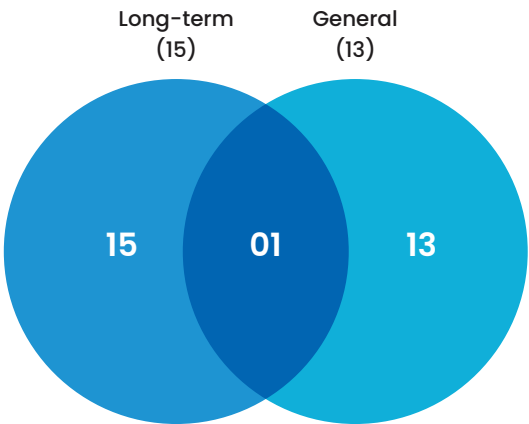
In terms of Section 13 of the Act, any person who desires to engage in insurance business in Sri Lanka, should incorporate a public company under the Companies Act, No. 7 of 2007 and register and obtain a license as an insurer under the Act after having fulfilled all statutory requirements specified.

Twenty-Nine (29) companies were in operation as insurers as at the end of the year. Further, the license of AIG Insurance Limited to carry on general insurance business has been cancelled with effect from 04 April 2022. MBSL Insurance Company Ltd. has ceased to underwrite new life insurance business with effect from 01 June 2020.

Chart 1 depicts the classes of Insurance Business, companies had been engaged in. Out of the 29 companies in operation, 1 company is a composite insurer and it has ceased to underwrite new long-term insurance business, 15 companies were carrying on long term insurance

business, and 13 companies were carrying on general insurance business. Sri Lanka Insurance Corporation Limited, which was a composite insurer till the year 2024, segregated its general and long-term business operations from 01 February 2024 to Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited.

Chart 1 – Classes of Insurance Business carried on by Insurers



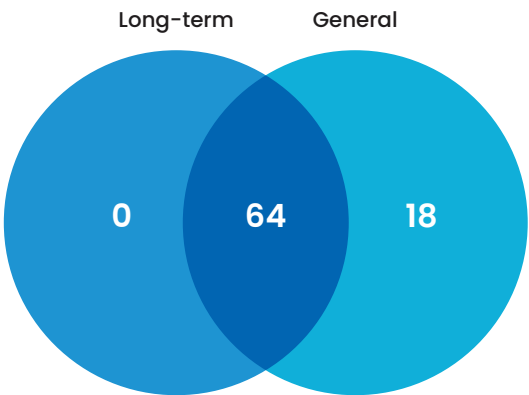
Insurance Brokers

An insurance broker is a company incorporated under the Companies Act, No. 7 of 2007 and registered under the Act to carry out the insurance brokering business. Insurance Brokers function as intermediaries for the placing of insurance business for or on behalf of an insurer, a policyholder or a proposer for insurance or reinsurance, with an insurance company or reinsurance company, in expectation of a payment by way of brokerage or commission.

At the end of the year, there were 82 companies registered as insurance brokers. Out of the said companies, 64 companies were registered in both long term and general insurance brokering business while 18 companies were registered only in general insurance brokering business.

Chart 2 depicts the classes of insurance brokering business, Insurance Brokers had carried on during the year.

Chart 2 – Classes of Insurance Brokering Business carried on by Insurance Brokers



Insurance Agents

Insurance Agents are persons registered with an Insurer or an Insurance Broker registered under the Act and who in consideration of commission solicits or procures insurance business for such insurer or insurance broker. Qualifications for registration as an Insurance Agent have been specified by the Commission.

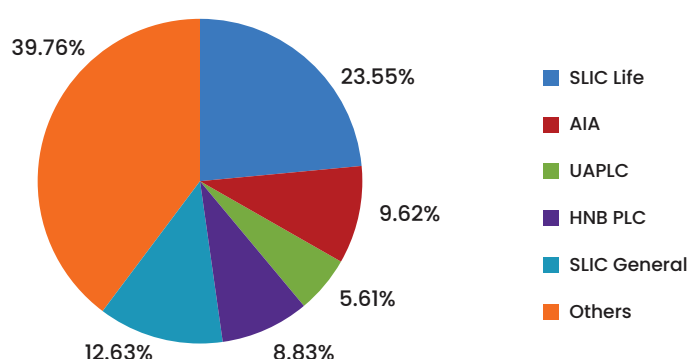
As per Section 34 of the Act, Insurance Agents are an important distribution channel through which insurers procure insurance business.

As per information given by Insurers, the total number of individuals recruited as Insurance Agents during the year was approximately 19,246, which is a 6.99% increase from the previous year (17,989).

The total number of individual insurance agents representing insurers as at the end of year was approximately 50,178 a 6.33% increase from the previous year (47,192).

Chart 3 depicts individual Insurance Agents registered with Insurance Companies.

Chart 3 – Total Agents as at 31.12.2024



The total number of insurance agents representing insurance brokering companies as at the end of year was approximately 657.

Loss adjusters

29 persons were in operation as Loss Adjusters as at the end of the year.

The Loss Adjuster Registration Rules were published in Extraordinary Gazette No. 2026/27 dated 5th July 2017.

The Act was amended in 2011, by the Amendment Act, No. 3 of 2011, to prohibit any person from acting or holding out as a Loss Adjuster [as defined in Section 114(1) of the Act], unless registered as a Loss Adjuster by the Commission. There is a limited exception in Section 89A (2) of the Act for the registration requirement for the Loss Adjusters.

Under Section 89B of the Act, the Commission may make rules requiring applicants to have specified qualifications and experience to be eligible to be registered as Loss Adjusters. Under Section 89 C (1) of the Act, the Commission shall make rules specifying the documents, information, and fee that applicants for registration

must provide.

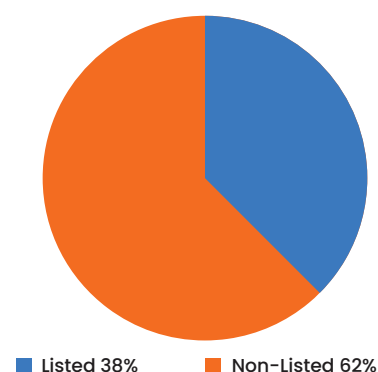
Accordingly, the Commission has specified in the aforesaid Rules the qualifications and/or experience required for a person to be registered as a Loss Adjuster.

Company Status on Listing

Of the insurers registered with the Commission, 11 companies were listed on the Colombo Stock Exchange as at 31st December 2024, namely: Union Assurance PLC, Softlogic Life Insurance PLC, HNB Assurance PLC, Amana Takaful PLC, Amana Takaful Life PLC, Janashakthi Insurance PLC, Arpico Insurance PLC, People's Insurance PLC, Sanasa Life Insurance Company PLC, Cooperative Insurance Company PLC and LOLC General Insurance PLC.

Chart 4 depicts the percentage of listed and non-listed insurers.

Chart 4 – Status on 'listed/non listed' insurers



The Amendment Act, No. 3 of 2011 requires insurers to be listed on a stock exchange licensed under the Securities and Exchange Commission of Sri Lanka Act. Composite insurance companies were required to segregate its business into two separate companies on or before February 2015 and obtain a listing on or before February 2016.

A new company registered as an insurer after the Amendment Act, No. 3 of 2011 came into effect, is required to be listed on a stock exchange licensed under the Securities and Exchange Commission of Sri Lanka Act within a period of three years of being issued a license by the Commission.

The stated capital of insurers registered prior to June 2011 has been required by the Commission to be increased to a minimum of LKR 500 million, for a particular class of insurance business on or before February 2015.

Levy of Cess from Insurers

In terms of Section 7 of the Act, an order was made by the Hon. Minister of Finance and Planning for the levy of Cess for the creation of the Policyholders’ Protection Fund. By Gazette Notification No. 1244/5 on 09 July 2002 it has specified that 0.2% of the total net premium income of long-term insurance business and 0.4% of the total net premium income of general insurance business be credited to the Policyholders’ Protection Fund.

The collection of the Cess from insurers commenced with effect from January 2003 and the amount of Cess collected for the year 2024 is LKR 763,733,054.

Chart 5 depicts the movement of the Cess and the Policyholders’ Protection Fund.

Policyholders’ Protection Fund

The Cess collected from insurers is deposited into the Policyholders’ Protection Fund, established in terms of Section 103 of the Act. The accumulated amount in the Policyholders’ Protection Fund as at 31 December 2024 is LKR 13,128,044,971, a 13.84% increase from the previous year (LKR

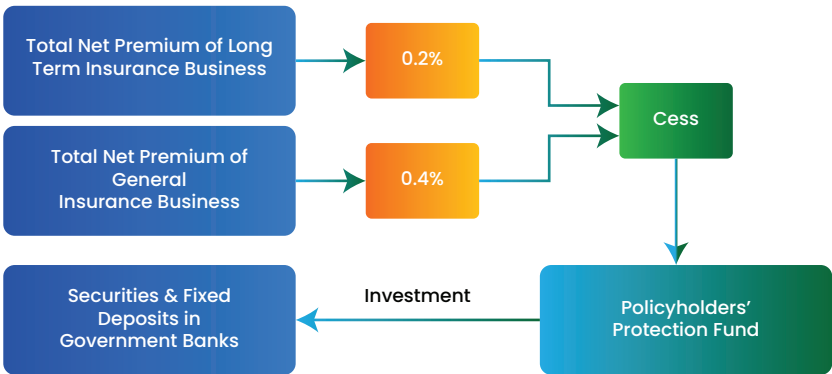
11,532,472,092).

This Fund may be utilized, for the general protection of policyholders and for any other specific purposes, in so far as it would be for the benefit of the policyholders and potential policyholders –

- A. defraying the expenditure incurred in creating awareness of the insurance industry amongst the public and other expenditure incurred in the development of the insurance industry; and
- B. defraying the expenditure incurred by the Commission in the exercise, discharge and performance of its powers, functions and duties.

The amount lying to the credit of the Policyholders’ Protection Fund is invested in government securities and in Fixed Deposits of Government Banks.

Chart 5 – Cess and the Policyholders’ Protection Fund



Insurance Tariff

There are no tariffs at present on any class of general insurance business. Tariffs which existed for motor insurance, fire insurance and workmen’s compensation insurance were removed with effect from 1st January 2002, 2005 and 2007 respectively.

Exemptions to the application of the Act

In terms of Section 12(3) of the Act, provisions of the Act do not apply to the Agriculture and Agrarian Insurance Board established under the Agriculture and Agrarian Insurance Act, No. 20 of 1999, the Sri Lanka Export Credit Insurance Corporation established by the Sri Lanka Export Credit Insurance Corporation Act, No. 15 of 1978 and the Social Security Board established under the Social Security Board Act, No. 17 of 1996.

National Insurance Trust Fund (NITF)

The National Insurance Trust Fund Board, established by the National Insurance Trust Fund Act, No. 28 of 2006 (NITF Act) was brought under the purview of the Commission by the Amendment Act, No. 3 of 2011.

In terms of the NITF Act, the NITF absorbed the Strike, Riot, Civil Commotion and Terrorism Fund maintained by the Ministry of Finance. Insurers issuing insurance covers against strike, riot, civil

commotion and terrorism risks on behalf of the NITF are required to remit premiums collected on same to the NITF.

The Act, as amended by Act No. 27 of 2007, requires every insurer who reinsures, to reinsure with the NITF a percentage not exceeding 50%, as shall be determined by the Minister by Order published in the Gazette, of the liability sought to be reinsured. In terms of Gazette Notification No. 1791/4, dated 31st December 2012, every insurer is required, with effect from 1st January 2013, to reinsure 30%, on the total liability arising out of every general re-insurance policy, with the NITF, excluding long-term reinsurance contracts entered into by the insurer. Prior to this the percentage was 20%.

Other Related Matters

National Council for Road Safety (NCRS)

The National Council for Road Safety established under the Motor Traffic Act is under the purview of the Ministry of Transport, Highways and Civil Aviation. Every insurer issuing motor insurance policies in respect of third-party risks is required to contribute 2% of the premium to the Road Safety Fund (the Fund) administered and managed by the NCRS. Such contribution is used to provide financial assistance to persons killed or injured as a result of motor vehicle accidents or their dependents where such motor vehicles have not been identified. In addition, the Fund is also used to implement programmes for the promotion of road safety and accident prevention.

The IRCSL is represented in the NCRS.

Financial System Oversight Committee

The Financial System Oversight Committee established by the Part XI of the Central Bank of Sri Lanka Act, No. 16 of 2023 substitutes the former Financial System Oversight Council that was set up by the Central Bank of Sri Lanka (CBSL). It consists of senior representatives of financial sector regulators and is chaired by the Governor of the CBSL. The objective of the Committee shall be to contribute to secure the stability of the financial system in line with the macroprudential policy. The Director General represents the Commission on the Financial System Oversight Committee.

The Insurance Association of Sri Lanka (IASL)

The Insurance Association of Sri Lanka (IASL) was established in 1989, and every insurer registered under the Act is eligible for membership.

The Executive Committee of IASL, which comprises of CEOs of all insurance companies, is the coordinating arm of the insurance industry specially in common industry issues, and is assisted by the following committees which attend, and coordinate on subjects relating to their respective areas:

- Life Insurance Forum (LIF)
- General Insurance Forum (GIF)
- Finance Technical Sub-Committee (FTSC)
- Legal Advisory Forum (LAF)
- HR Sub Committee (HRSC)
- IT Sub Committee (ITSC)
- Marketing and Sales Forum (MSF)
- Actuarial Sub Committee (ASC)

Sri Lanka Insurance Brokers' Association (SLIBA)

The Sri Lanka Insurance Brokers' Association (SLIBA) represents insurance brokers registered with IRCSL and has been set up for the interest of the Insurance Brokers.

Actuarial Association of Sri Lanka (AASL)

During the year under review, IRCSL recognized the Actuarial Association of Sri Lanka (AASL) as a professional body within the Sri Lankan insurance regulatory framework, considering its significant contributions to the actuarial profession in the country. This recognition solidifies AASL's role as a key stakeholder in shaping the future of the insurance industry in Sri Lanka.

The Actuarial Association of Sri Lanka (AASL), established in 2008, is the only professional body representing actuaries and actuarial students in the country. It is a member led association committed to promoting, upholding, and developing the actuarial profession through strong ethical governance, high standards of education and practice, and active support for research and public interest initiatives. AASL actively strengthens professional ties within Sri Lanka and internationally, reinforcing its dedication to advancing actuarial excellence and supporting the evolving needs of the profession. The AASL is a full member association of the International Actuarial Association (IAA).

Sri Lanka Insurance Institute (SLII)

The Sri Lanka Insurance Institute (SLII), which was established in 1982, is a non-profit making organization whose

main objective is to develop the skills and knowledge of persons who are in the insurance business. Funding for SLII is through contributions made by insurers and annual subscriptions from its members.

SLII is affiliated to the Chartered Insurance Institute of London and administers the insurance examinations of such professional bodies. The Institute conducts various programmes in relation to Insurance education including short-term diploma courses for persons employed in the insurance industry. In addition, it holds CPD seminars, Insurance related conferences, Inter-Insurance company Quiz programme and the Inter-Insurance Company Cricket & Netball tournament, to name a few other activities.

The Commission has entrusted the Institute with the responsibility for conducting the pre-recruitment tests for persons who wish to be appointed as Insurance Agents. The Institute continues to conduct the pre-recruitment test in respect of both classes of insurance business, in written form as well as computer-based online examinations with remote invigilation.

Insurance Ombudsman

The Insurance Association of Sri Lanka appointed Dr. Ranjith Ranaraja as the Insurance Ombudsman with effect from February 2019. According to the MOU entered in with IASL, the Insurance Ombudsman and the Insurance Companies, who are members of IASL, will do their utmost to mediate and settle disputes brought to the notice of the Insurance Ombudsman by Policyholders.

International Association of Insurance Supervisors (IAIS)

As a member of the International Association of Insurance Supervisors (IAIS), the Commission regularly receives publications, guidelines such as insurance core principles, and information on the activities of IAIS. Some of the core principles recommended by the IAIS are adopted by the Commission for effective supervision and monitoring of the Insurance Industry in Sri Lanka.

Asian Forum of Insurance Regulators (AFIR)

Asian Forum of Insurance Regulators (AFIR) is regional insurance regulatory cooperation mechanism which was founded in 2006 at the initiative from the China Insurance Regulatory Commission. The Commission is one of the members of AFIR.

AFIR has become a significant regional cooperation platform for Asian regional insurance regulators to strengthen cross-border supervision.

AFIR is expected to reinforce its role and be shaped into a key platform for promoting the exchange of regulatory information and technologies, the sharing of regulatory experiences, and exchange of industry professionals, a key platform for regulatory cooperation and coordination to prevent and respond to cross-border risks, a key platform for enhancing regulatory systems and capabilities, so as to participate in the global insurance regulatory reform in a more effective manner.

Global Asia Insurance Partnership (GAIP)

The Global Asia Insurance Partnership (GAIP) is a move initiated by the Monetary

Authority of Singapore together with the Nanyang Technological University in Singapore and global insurance industry partners with the vision of building long-term risk resilience in Asia while narrowing Asia's protection gaps. It is a non-profit tripartite partnership among the insurance industry, regulators and academia. GAIP has three pillars, comprising the Living Lab, policy think tank and talent development. With Singapore's Nanyang Technological University (NTU) as its academic partner, GAIP will produce actionable research, data, insights and policy recommendations to empower the industry and regional policymakers to address existing and new protection gaps confronting Asia.

The IRCSL joined as an Affiliate Partner of GAIP in the year 2019 on invitation, by which IRCSL will be benefitted, inter alia, from sharing of knowledge and capacity building for narrowing protection gaps in the insurance industry.

Right to Information Act, No. 12 of 2016

In compliance with the provisions of the Right to Information Act, No. 12 of 2016 (RTI Act), the IRCSL has appointed the Director Legal & Enforcement as the Information Officer and the Director General as the Designated Officer for the purposes of the RTI Act.

The IRCSL has submitted its annual report as of 31 December 2024 in terms of section 10 of the RTI Act and accordingly the information pertaining to RTI requests received from the public is as follows:

Item	Requirement under section 10 of the RTI Act	Information/ status
1	Total number of information requests received during 2024 by the Insurance Regulatory Commission of Sri Lanka (IRCSL)	15
2	Number of information requests for which information was provided	13
3	Number of information requests for which information was rejected	2
4	Total number of information requests received during 2024 which have been forwarded to relevant other public authorities in terms of Regulation 4 (6) of the Regulations promulgated under RTI Act that was published in the Gazette Notification No. 2004/66 dated 03.02.2017.	0
5	Fees collected during the year by the IRCSL for provision of information	No fees were charged
6	Number of requests rejected under the section 5 of RTI	1
7	Number of times information was provided at the direction of the Right to Information Commission	1
8	Number of appeals from refusal to communicate information	4
9	Practices relating to the maintenance, management and destruction of records at the IRCSL	In terms of the provisions of section 7 of RTI Act and other relevant written laws in Sri Lanka, the IRCSL maintain records / information
10	Activities relevant to the IRCSL under section 8 of RTI Act	Not applicable
11	Suggestions for improving the effectiveness of the regime of transparency, if any	Nil

REVIEW OF ANTI-MONEY LAUNDERING & COUNTERING THE FINANCING OF TERRORISM (AML/CFT)

In terms of Section 23 of the Financial Transaction Reporting Act, No. 6 of 2006 (FTRA), IRCSL, being the Supervisory Authority of the insurance sector, is responsible for supervision of the sector compliance on AML/CFT. In fulfilment of the National Policy on AML/CFT and to ensure insurance sector comply with AML/CFT legal requirements, the AML/CFT unit of IRCSL was established during the 3rd quarter of year 2024.

The unit assesses Money Laundering & Terrorism Financing (ML/TF) risk of the insurance sector, adopts a risk-based supervisory approach in monitoring compliance, provides guidance to the sector and reports any non-compliance to the Financial Intelligence Unit of the Central Bank of Sri Lanka (FIU). Further, the unit also co-operates with law enforcement agencies and the FIU as and when required.

Offsite Monitoring

1. ML/TF Risk Assessment of the sector

In terms of the provisions of the FTRA, IRCSL conducts a ML/TF risk assessment of long-term insurers on off-site basis, using the risk assessment tool to ascertain the ML/TF risk of the companies. Information

for the risk assessment is collected by way of a questionnaire circulated among all long-term insurers for the purpose of collecting a wide range of information related to each company, such as structure, ownership, products, customers, Politically Exposed Persons (PEPs), distribution channels, geographical locations, corporate governance, policies & and procedures, risk management, employee due diligence, compliance, internal controls, training and reporting. The results obtained from the risk assessment tool are used subsequently to formulate the risk based on-site supervisory plan for the upcoming year. The ML/TF risk assessment was carried out in the Q4 of the year 2024.

2. Thematic reviews

Thematic review is a detailed examination of a specific area, conducted on off-site basis. Information for the thematic review is collected by way of a questionnaire circulated among all long-term insurers to review policies, procedures and control measures of insurers and to assess overall knowledge and awareness

of AML/CFT regulations on the specific area concerned. IRCSL conducted a thematic review in Q4 of the year 2024 on Screening, Monitoring of Customer Transactions and Enhanced Customer Due Diligence of Politically Exposed Persons. The findings were shared with FIU.

Risk Based Onsite inspections

IRCSL conducts onsite inspections by efficient allocation of resources based on the ML/TF risk of the insurers. As the initial step of effective risk-based supervision, ML/TF risk assessment is conducted. Based on the results of the assessment, risk based on-site inspection plan is developed. IRCSL in collaboration with the FIU conducted three ML/TF onsite inspections in terms of Section 15(1) (e) read with Sections 18 and 23 of the FTRA for the year 2024. These inspections aimed to evaluate whether the customer due diligence processes of insurers aligned with the legal and regulatory requirements outlined in the FTRA and the Insurers (Customer Due Diligence) Rules, No. 1 of 2019. Comprehensive reports

detailing the scope of the examinations and the examination findings were communicated to the respective insurers along with recommended actions and a timeline for addressing identified deficiencies and IRCSL continued to follow up the effective implementation of said recommendations.

products. IRCSL provides its observations and get it clarified prior to launch of insurance products.

Guidance and Awareness to the sector

The IRCSL in collaboration with the FIU successfully hosted an awareness session to the insurance industry on AML/CFT, on 6th November 2024. The session was attended by 50 participants representing the Chief Executive Officers, Chief Financial Officers, Principal Officers, Compliance Officers of long-term insurers.

The session was conducted with the aim of increasing awareness on compliance requirements of Customer Due Diligence Rules, No. 01 of 2019, with specific focus on identification and reporting Suspicious Transactions and regulatory compliance related to United Nations Security Council Resolutions (UNSCRs), in preparation of the upcoming Mutual Evaluation of Asia Pacific Group which is due on the first quarter of 2026.



Study Insurance Core Principle ICP 22 of International Association of Insurance Supervisors (IAIS)

In line with the IRCSL strategic objective of “Ensuring a responsive Legal and Regulatory Framework”, (Strategic Plan 2023-2027) the Unit performed a self-assessment and review of ICP 22 – “Anti-money laundering and combating the financing of terrorism”. The main objective of this task was to identify the nature and extent of any weaknesses and gaps in current supervisory and regulatory framework of the IRCSL and to provide recommendations on further development.

Review of Insurance Products

In terms of Circular 1 of 2021, insurance companies are required file products with IRCSL prior to launch and seek the opinion of IRCSL on the fairness and equitability. The review of insurance products is carried out collectively by the legal Division, MDER Division and the Actuarial Unit of the IRCSL. The aim of the process is to protect the interest of policyholders by reviewing the legality, policy framework and viability of the proposed

SUPERVISORY REVIEW

The supervision division of IRCSL supervises the insurance industry to ensure prudential requirements and supervisory procedures are consistently applied by entities it regulates. This strengthens fairness, safety, and stability within the insurance market, and ultimately provides effective protection for policyholders.

IRCSL's risk-based supervisory activities mainly comprises of off-site monitoring activities such as reviews of statutory returns and compliance status of rules and regulations, evaluation of insurance companies' risk ratings, computation of early warning ratios, etc., and on-site inspection activities. Additionally, the division compiles statistical reports for various purposes.

Off-site Monitoring of Insurance Companies

1. Review of Statutory Returns

a. Annual Statutory Returns, Audited Financial Statements and Actuarial Reports

In accordance with Determinations 14 and 15, as amended on 31 December 2021, all registered insurance companies are required to submit their Annual Statutory Returns and Audited Financial Statements to IRCSL within four months after the end of the respective financial year. In addition, Long-term insurance companies are required to submit Actuarial Reports and Abstracts along with their Annual Statutory Returns.

Accordingly, IRCSL monitors

the submission of returns to ensure timelines and accuracy, as well as compliance with applicable rules and regulations. Insurance companies were advised to rectify the deviations observed from statutory requirements, within stipulated deadlines. Follow-up actions are taken by IRCSL where necessary. Additionally, certain matters identified during the review of returns are addressed in the onsite inspections conducted.

b. Assessment of Internal Controls, Governance and Risk Management of Insurance Companies

Insurance companies are required to submit their Risk Assessment Report (RAR) to IRCSL each year, as a part of their Annual Returns. These reports provided qualitative information about various aspects of insurance companies including organizational structure, ownership, Board of Directors, business profile, senior management, functions such as marketing and distribution, claims management, risk management, etc. IRCSL uses this information to conduct a thorough assessment and gain insights into the governance, internal controls, and risk management frameworks implemented by the insurance companies.

c. Reinsurance/ Risk Transfer Programs

In accordance with the terms and conditions to be

complied with by insurers in terms of section 31 (1) of the RII Act, insurers are required to report on the reinsurance/ risk transfer program for the year 2024, on or before 31 January 2024 and reinsurance treaty arrangements along with relevant certifications on or before 15 March 2024 to IRCSL.

Ten insurance companies have failed to meet the deadline for submitting their treaty reinsurance arrangements. Of these, nine companies submitted their arrangements within 14 days in compliance with the enforcement strategy, while one company submitted after taking necessary actions in accordance with the enforcement strategy. Additionally, NITF, a general insurance company, has not submitted its reinsurance treaty arrangements entirely due to problems uncouncted during procurement process. In response, the IRCSL has directed NITF to discontinue accepting 30% liability on facultative reinsurance covers until retrocession arrangements are in place after the evaluation of the company's responses.

Further, all insurers are required to submit their facultative reinsurance arrangements on a quarterly basis. IRCSL reviews the said arrangements, and the observations are communicated to relevant insurers to take corrective actions where necessary. Additionally, one instance of non-compliance was

referred to the legal division for further advice regarding one general insurance company

Quarterly Returns

Insurance companies are required to submit their Quarterly Returns to IRCSL within thirty days from the end of each quarter as per the amendment dated 06 October 2022 to Determination 12. The Supervision Division has taken appropriate actions, in accordance with the enforcement strategy, against those who did not submit their quarterly returns. As a result, all companies have submitted their quarterly returns for the year 2024

Throughout the year 2024, the Quarterly returns were scrutinised to evaluate their performance and ensure compliance with the relevant rules and regulations of the Act. The financial position of every insurer for each quarter is continuously monitored during the year by analysing their assets and liabilities, capital adequacy (solvency), liquidity, and other risk areas. Any discrepancies, non-compliances, and significant variations observed during the review of quarterly returns are promptly communicated to the relevant insurers and instructed to rectify and clarify within given time limits.

To evaluate the quarterly performance of each insurer, IRCSL analysed the premium income, underwriting profit, and net profit for both long-term and general insurance companies. Further, the division computes early warning ratios of insurance companies on a quarterly basis based on the quarterly returns submitted to IRCSL. These ratios include premium stability, claim ratio, expense ratio, retention, combined ratio, underwriting results, return

on assets, return on equity, Liquidity Ratio and profitability etc. The division monitors and compares the movement of these ratios company wise as well as at industry level and material variances are further evaluated with quarterly returns and communicated to insurers along with other observations of quarterly returns.

Insurers are required to submit Compliance Certifications along with the quarterly returns which depict the status of compliance with the provisions of the Act, rules and regulations prescribed by IRCSL and the relevant provisions of the Financial Transactions Reporting Act, No. 6 of 2006.

a. Monthly reporting

In 2024, an insurer submitted monthly returns in accordance with the information requirements outlined in Determination 12. They followed the directions issued in response to reported non-compliances. Observations were communicated to the insurer, prompting them to take corrective actions where necessary.

2. Monitoring Compliance and enforcement strategy on Solvency Margin (Risk Based Capital) Rules

According to the Solvency Margin (Risk Based Capital) Rules 2015, every insurance company is required to maintain a minimum required Capital Adequacy Ratio of 120% (CAR) and a Total Available Capital of Rs. 500 million (TAC) for both general and long-term insurance businesses and to submit the Solvency Margin (Risk Based Capital) computations together with the monthly, quarterly, and annual returns. Such computations are reviewed

and analyzed by IRCSL to ensure compliance with the solvency margin rules. If insurers are unable to fulfill the solvency margin requirements or if the computations are inaccurate, IRCSL instructs them to take immediate action to comply with the solvency margin (risk-based capital) rules and rectify the same within stipulated timelines.

In situations where an insurer is at risk of failing to uphold the minimum capital adequacy standards specified in the Solvency Margin (Risk Based Capital) Rules, IRCSL steps in and implements corrective measures by enforcing adherence to the Enforcement Strategy on RBC. The purpose of this is to identify troubled insurance companies at early stages so that practical and effective remedies can be taken to resolve problems. This will enable IRCSL to commence supervisory intervention before a significant deterioration of financial conditions or solvency concerns leading to a crisis. During the year only one company reported TAC below LKR 500 million and two companies reported CAR below 160%. Accordingly, they were requested to comply with requirements under the Enforcement Strategy. However, all said situations have been rectified to date.

3. Monitoring Compliance with Investment Specifications

I. Investment in Government Securities

All insurance companies are required to invest part of their insurance funds in government securities. As per section 25 of the Act, not

less than 20% of the assets of the Technical Reserve and not less than 30% of the assets of the Long-Term Insurance Fund should be invested in government securities. IRCSL monitors compliance with the said provisions on a monthly, quarterly, and annual basis, based on the returns and relevant supporting documents submitted.

Non-compliances or deviations observed are communicated to relevant companies to rectify within stipulated timelines.

II. Other Investments as per the Determination 1

Every insurer is required to invest the balance assets of the Technical Reserve and the Long-Term Insurance Fund in accordance with Determination 1 of 1 March 2011 and its subsequent amendments. IRCSL reviews the investment details of the Technical Reserve and Long-Term Insurance Fund on a monthly, quarterly, and annual basis, based on the returns submitted to ensure compliance with Determination 1.

Throughout the year, IRCSL identified non-compliance and deviations from the requirements of Determination 1 by two insurers. The respective companies were promptly informed to make the necessary rectifications to comply with Determination 1. Both companies subsequently adhered to the requirements.

4. Dividend Distributions

IRCSL received dividend declaration requests from insurers as per the provisions of Direction No. 01 of 2021 dated 10 March 2021 and its subsequent amendment

dated 30 August 2021 and 20 September 2023. The amendment in 2023 primarily aimed to address the financial implications related to recovering all receivable sums from insurance companies to SRCC and TC, as well as the capital requirements for implementing IFRS 17 and IFRS 9. Accordingly, insurers are required to meet the terms and conditions prescribed in Direction No. 01 of 2021 when declaring dividends, which include a confirmation from the Board of Directors of the respective insurance company that it has considered all the terms and conditions stipulated in the said Direction. IRCSL reviewed the dividend declaration requests separately in terms of the requirements of Direction No. 01 of 2021 along with other relevant financial and solvency conditions of the company prior to providing the consent.

Furthermore, the terms and conditions on dividend distributions have been amended by Direction No. 4 of 2024, issued by the IRCSL on 08 May 2024

5. On-site Inspections of Insurance Companies

In 2024, the division conducted three onsite inspections aimed at assessing the performance, procedures, and controls concerning specific aspects of the insurance company, including investments, operations, financial condition, enterprise risk management, and corporate governance. Key findings identified during these inspections were conveyed to the insurer, along with recommendations from IRCSL regarding areas

requiring improvement. Furthermore, onsite observations which lead to taking appropriate enforcement actions were reported to the Legal Division to take appropriate enforcement actions.

Statistical Reporting and Other Activities

1. Industry Handbook 2023

The Supervision division has prepared the industry handbook (e-book) for the year 2023 based on the audited financial statements and statistics submitted to IRCSL by insurance companies and insurance brokering companies. Accordingly, the industry handbook contains statistics pertaining to the insurance industry and company-wise balance sheets, income statements, and concentration of assets, etc. Additionally, a comparison of the insurance industry's performance with selected Asian countries (China, India, Thailand, Malaysia, Indonesia, Vietnam, Philippines, Pakistan) over the past five years has been incorporated into the 2023 Industry Handbook, offering a broader and more comprehensive analysis of industry trends and developments. The handbook has been published on the IRCSL website.

2. Submission of Information to the Central Bank of Sri Lanka

In 2024, IRCSL submitted the following information to the Central Bank of Sri Lanka (CBSL) according to their request.

- Financial information relating to the

performance of the insurance industry on a quarterly basis to the Macro-Prudential Surveillance Department of CBSL based on the information and statistics collated from the Quarterly Returns.

- Insurance industry information on an annual basis for the Insurance Industry Appendix of the CBSL Annual Report.
- Provincial data on premium income, claims paid, and other revenue, to fulfill the information requirement of Provincial GDP Estimates prepared by CBSL.
- Information requested by the CBSL to conduct group wide Supervision (ex. Life agent numbers for each company in the market as of 31 December 2023)
- Data submitted on Exposure of Insurance Companies in Sri Lanka to International Sovereign Bonds (ISBs). In response to the Macro prudential Surveillance Department's request

3. Submission of Progress report to the Ministry of Finance

The division prepares a report on the Progress of Result Achievement of the Division on a quarterly basis, which is submitted to the Ministry of Finance. This covers the division's supervisory activities carried out during each quarter.

4. Risk Tool

Based on the financial and other relevant data provided by insurers through their annual and quarterly returns, IRCSL has developed an internal risk

assessment tool. This tool serves as an early warning mechanism to identify the risk level associated with each insurer. The risk profiling is conducted separately for long-term and general insurance companies, using both quantitative and qualitative criteria gathered from risk assessment summaries, solvency returns, and onsite inspections.

Key financial criteria considered include capital, assets, profitability, and market share. From a compliance perspective, factors such as adherence to solvency requirements, reinsurance terms and conditions, Determination 1, and delays in submissions are evaluated. Additionally, qualitative criteria such as ownership, group structure, corporate governance framework, risk management, internal controls, reinsurance practices, and claims management are also considered.

Insurance companies are categorized as "High," "Medium," or "Low" risk based on their scores. The division uses the annual performance of each insurance company to assign them to these risk categories. Companies categorized as "High Risk" are closely monitored. Depending on the risk score, company-specific regulatory requirements and the degree of supervision will vary.

5. Peer Review Process on Insurance Core Principle (ICP) 16 of International Association of Insurance Supervisors (IAIS)

During the year, IRCSL has performed the peer

review on supervisory and enforcement measures relating to the ICP 16 which were part of the assessment strategy designed by IAIS to support its members with the implementation of the supervisory standards. The main objective of this was to identify the nature and extent of any weakness or gaps in supervisory and regulatory frameworks, and to provide information on the level of current supervisory capacity and extent of future supervisory development.

6. Self-Review on Insurance Core Principle (ICP) 08 of International Association of Insurance Supervisors (IAIS)

In 2024, the Division conducted a GAP assessment on ICP 8 – Risk Management and Internal Controls, identifying areas for improvement in the supervisory and regulatory frameworks. Furthermore, a guideline on the same area is planned to be developed in 2025.

7. Implementation of SLFRS 17

One major development in global accounting standards was the issuance of IFRS 17 – Insurance Contracts. In response, CA Sri Lanka actively engaged with regulatory bodies and industry stakeholders to discuss the implementation of SLFRS 17. Considering the practical challenges faced by preparers, the council approved a revised effective date, setting the implementation for 1st January 2026. Three multinational companies implemented SLFRS 17 in 2023, and progress updates were obtained from other companies during the year 2024.

Insurance Brokering Companies

1. Review of Quarterly Returns, Interim Financial Statements and Audited Financial Statements

Insurance brokering companies are required to submit their Quarterly Returns to IRCSL within 45 days from the end of each quarter as per the Gazette Notification No. 1642/16 of 25 February 2010 and its subsequent amendments.

During 2024, insurance brokering companies submitted their quarterly returns. IRCSL reviewed the quarterly returns to assess their financial position, performance, and compliance with the regulatory requirements. Non-compliance or deviations observed were communicated to respective brokering companies for clarification and rectification.

Insurance brokering companies are required to submit audited financial statements (AFS) within six months of the expiry of the accounting period in terms of Section 86 (2) of the RII Act. IRCSL reviewed the AFSs submitted and the deviations from regulatory requirements and material observations in financial statements were communicated to the respective insurance brokering companies for clarification and rectification.

2. Renewal of Registration

Insurance brokering companies submitted applications for the renewal of their annual licenses for the year 2025. Before proceeding with the license

renewals, IRCSL conducted an analysis of its Annual Financial Statements (AFSs) and quarterly returns to evaluate its financial position and performance.

3. Registration of New Insurance Brokering Companies

During the year, IRCSL received applications from proposed parties to obtain licenses to act as insurance brokering companies. The division analyzed the applicant's business plan including sales and financial forecast, organizational chart, availability of infrastructure, and external auditor's certification prior to recommending for registration.

4. Risk Tool for Insurance Brokering Companies

Based on the financial and relevant data provided by insurance brokering companies through their annual and quarterly returns, IRCSL has formulated an internal risk assessment tool. This tool functions as an early warning system, aiding in the identification of risk levels associated with each company. Risk profiling is conducted based on financial indicators such as total assets, net capital, commission income etc. and non-financial indicators such as delay in submission, inconsistency in data and non-adherence to the instructions provided by the IRCSL etc.

Subsequently, insurance brokering companies are classified into "High," "Moderate," and "Low" risk categories based on their respective scores. The division particularly focuses on closely monitoring the performance of brokering companies categorized

as "High Risk." Regulatory requirements and supervision intensity vary based on the risk score of each company, reflecting a risk-based approach.

5. On-site Inspections of Insurance Brokering Companies

In 2024, the division conducted five onsite inspections aimed at assessing the performance, procedures, compliances to rules and regulations of the Insurance Brokering Company. Key findings identified during these inspections were conveyed to the companies, along with recommendations from IRCSL regarding areas requiring improvement.

ACTUARIAL UNIT REVIEW

The IRCSL is committed to fostering resilient and stable insurance market through the careful oversight of insurers, achieved through a robust system of prudential supervision. The Actuarial Unit plays a critical role in this effort, ensuring a sound regulatory and supervisory framework from an actuarial perspective. The Unit oversees insurance market activities by monitoring regulatory compliance, conducting financial examinations often via off-site analysis, and ensuring the adequacy of actuarial provisions and the correctness of actuarial methodologies. Furthermore, the Unit promotes consistent application of Risk Based Capital (RBC) rules across insurers, developing and proposing relevant guidelines, and engages with insurers' actuarial functions to assess their effectiveness and reporting practices. Further, the Unit scrutinizes the actuarial certificates of long-term insurance products, verifying that they adequately protect the interests of policyholders.

Off-site Monitoring of Insurance Companies

Review of Statutory Returns – Quarterly Returns – Policy Liabilities, Actuarial Abstracts and Reserve Reports

The Solvency Margin (Risk Based Capital) framework was implemented with effect from 1 January 2016 with a view to further strengthen the capital adequacy levels of insurers. In accordance with Determination 14 issued in terms of Sections 26 (1), 47 (1) & 56 of the Act and Determination 15 issued in terms of Section 48 (1) of the Act, all registered insurance companies are required to furnish annual statutory returns. Quarterly Returns are required to be submitted in terms of Determination 12 issued under Section 49 (b) of the Act.

To enhance its actuarial capabilities, the IRCSL engaged Willis Towers Watson India Private Limited (WTW) for a two-year consultancy, beginning August 1, 2024. This engagement, which includes the secondment of two WTW actuaries, will strengthen IRCSL's actuarial functions and capabilities, ultimately improving regulatory

oversight and promoting a robust insurance industry.

Following the secondment of WTW employees, comprehensive checks have been developed for both life and general insurance to facilitate detailed reviews of insurer submissions. These reviews encompass: (a) verification of all quantitative data within the RBC Solvency template, including accuracy, consistency, and analysis of metric movements; (b) in-depth analysis of quarterly and annual questionnaire responses regarding business information, data, models, methodologies, assumptions, liabilities, capital, solvency, and surplus distribution; (c) qualitative assessments of insurer health to identify potential solvency risks; and (d) comparisons with previous valuations to detect key changes and their drivers. These standardized checks consolidate current and historical valuation data for each insurer, enabling identification of missing information, detailed reviews, and trend analysis via a summarized dashboard of key solvency, capital, and liability metrics. Assessment

of current warning signals has been facilitated using internal checklists and dashboards for each insurer to monitor potential warning signs. These tools summarize key financial metrics, enabling the unit to identify any concerning trends and request clarification from the respective companies.

During the year under review, the IRCSL received 16 Actuarial Reports and Abstracts, 14 Reserve reports, and 120 quarterly returns (comprising 30 statutory returns submitted per quarter) from long term and general insurers.

Review of Actuarial Certificates of Long-Term Insurance Products

In terms of Circular 1 of 2021, insurance companies are required to keep the IRCSL informed of the proposed date of launch of insurance product as referred to in Section 37 (1) of the Act and file details of the product. During the year under review, the Unit reviewed insurance products and riders, granting clearance to 15 of them after having satisfied that the terms & conditions are fair and equitable. During

this process, the Unit sought clarification from companies on specific observations where necessary and considered their responses prior to finalizing. This includes verifying consistency of product features and pricing approach with current pricing regulations in place, evaluate appropriateness of pricing assumptions, assessing product profitability against internal targets, and evaluating risk management systems for identified sensitivities.

Supporting IRCSL's Strategic Vision: Actuarial Unit Initiatives

The IRCSL's 2023–2027 Strategic Plan is designed to align its objectives and functions with its core responsibilities of developing, supervising, and regulating Sri Lanka's insurance industry. The IRCSL's actuarial unit is responsible for two strategic objectives: ensuring a responsive legal and regulatory framework and promoting a safe, fair, and stable insurance industry.

To further the strategic objective of "Ensuring a responsive Legal and Regulatory Framework," the unit conducted self-assessments and reviews of Insurance Core Principles (ICP) 17 ("Capital Adequacy") and ICP 14 ("The Supervisor establishes requirements for the valuation of assets and liabilities for solvency purposes"). These reviews aimed to identify weaknesses and gaps in current supervisory and regulatory frameworks, inform further development, and generate recommendations for enhancing supervisory processes. Both the review and subsequent recommendations for ICP 17 were completed during this reporting period. While the ICP 14 review was conducted in the previous year, recommendations based on identified gaps and weaknesses were developed and provided during this year to enhance

supervisory processes.

To achieve the strategic objective of promoting a safe, fair, and stable insurance industry, the actuarial unit focuses on safeguarding policyholders and the industry by enhancing the quality of new products. As part of this, the unit was tasked with reviewing new product approval processes and guidelines of other South Asian regulators, comparing them to the IRCSL's existing procedures and rules, and summarizing the findings in a report. This report, prepared by the actuarial unit, details the study conducted in 2024. The unit will then use this report to identify gaps and areas for improvement in the IRCSL's new product rules and approval procedures for each product category in the coming years.

Driving Improvements to the RBC Rules (2015)

The RBC rule, implemented on 1 January 2016, is currently under review. Feedback from insurers and internal IRCSL discussions has highlighted potential gaps in the rule, which the regulator may address through revisions to either the RBC Rules, 2015, or the accompanying Solvency Margin RBC template and annual/quarterly reporting requirements. WTW has been engaged to provide consulting services, supporting and driving revisions to the RBC Rules, 2015. This process will involve industry-wide consultations on a quantitative impact analysis of initial proposed changes. WTW will then consult with the IRCSL on the results of this analysis and draft recommendations, concurrently engaging in discussions with both the industry and the IRCSL, including subsequent field tests if required. The final deliverable will be robust recommendations, accepted by the industry and aligned with global RBC frameworks.

During the year, a gap assessment of the current RBC Rules was conducted through consultation and discussion with life and general insurers. This resulted in a comprehensive list of improvement areas, each mapped to its materiality. To drive proposed changes to the RBC Rules, a joint committee / task force was established under IRCSL's leadership. This committee / task force comprises industry experts in both life and general insurance, possessing extensive actuarial and market experience, as well as representatives from the Insurance Association of Sri Lanka (IASL), the Actuarial Association of Sri Lanka (AASL), the National Insurance Trust Fund (NITF), and the IRCSL. The committee's purpose is to prepare a formal report to assist the IRCSL in assessing each gap and suggesting potential approaches for implementing revisions to the RBC Rules. Additionally, the task force is required to participate in discussions and address any additional requirements related to implementing the RBC Rule improvements, as directed by IRCSL.

REGULATORY REVIEW

Registration of Insurance Companies

Two new registrations were granted to Sri Lanka Insurance Corporation General Limited and Sri Lanka Insurance Corporation Life Limited in view of the segregation of Sri Lanka Insurance Corporation Limited. Accordingly, the number of registered insurers for the year is 29.

Appendix I: Provides names of all insurance companies registered with the Commission and the class/classes of insurance business they are authorized to carry on.

Enforcement Action Insurance Companies Suspensions

In terms of Section 18 (1) of the Act, the Commission may cancel or suspend the registration of an insurer, either wholly or in respect of a particular class or sub-class of insurance business, inter alia, for failing to maintain the solvency margin of such amount as determined by the Commission and has contravened any provision of the Act or any regulation or rule made thereunder or any condition imposed or any direction given or determination made by the Commission under the Act.

However, no suspensions were imposed on insurance companies during the year.

Directions

1. The Commission has issued a direction to an insurer, under Section 57 of the Act, requiring prior approval from the Commission for the payment of dividends. Further the Commission directed the insurer to recover the payments made to the Chairman, Vice Chairman, CEO and Board of Directors, in violation of the direction issued by the Commission on a previous occasion, and to confirm compliance to the Commission.
2. The Commission has issued a direction to an insurer, under Section 18(7) of the Act, requiring the company to refrain from any act or omission that violates Determination #1, to rectify the consequences resulting from such act or omission immediately, and to demonstrate compliance with Determination #1.
3. The Commission has issued a direction to an insurer, under Section 57(1) (b) of the Act, to remove its Chairman, and some members of Audit, and the Related Party Transactions Review Committees holding the said positions and membership of any other statutory committee of the insurer, and one other director of the board, CFO, AGM – Life Operations and the Specified Officer due to non-compliances, irregularities and anomalies.

Further, the Commission directed the insurer to immediately suspend the sale of an insurance product, sold using different names together with a few other directions.

4. Having observed the vulnerabilities in financial performance and the operations, the Commission has issued several directions to an insurer in terms of Section 57 of the Act.

Warnings

1. The Commission has issued a warning to the Principal Officer of an insurer for contravening the requirement to submit monthly returns. Further, a second warning has been issued to the same insurer for violating Determinations #12 and #14, as well as failing to submit quarterly and annual returns.
2. The Commission has issued a warning to the Principal Officer of an insurer for violating Determination #12, by failing to submit quarterly returns.
3. The Commission has issued a warning to the Principal Officer and to the Board of Directors of an insurer for violating Determinations #12 and #14, failing to submit quarterly returns and annual returns.
4. The Commission has issued a warning to an insurer for having violated a Direction

by increasing the payments to the board members and CEO without obtaining the approval of the Commission.

5. The Commission has issued a warning to the Principal Officer of an insurer for non-compliance with the Determination #1.
6. The Commission has issued a warning to the Directors, CEO and the DGM – HR of an insurer for violating Section 29(1) of the Act.
7. The Commission has issued a warning to the Board of Directors of an insurer based on the findings of an onsite inspection, regarding non-compliances, irregularities, and anomalies of the insurer.

Registration of New Insurance Brokering Companies and Renewal of Registration of Insurance Brokering Companies

The Commission received eleven new business proposals during the year from persons who are interested in being registered as insurance brokers. The Commission granted name approvals to six persons. During the year, the Commission also granted registration to four companies as insurance brokers. Another existing company (carrying on general insurance brokering business) was granted registration to carry out Long Term insurance brokering business.

Applications from 77 insurance brokering companies seeking renewal of registration for year 2025 were received by the Commission during the year, and renewal of registration was granted to 76 out of the said 77 companies. The renewal of registration of one company is pending fulfillment of renewal requirements.

Appendix II: Provides names of all insurance brokering companies registered with the Commission, the class/classes of insurance brokering business they are permitted to carry on, and the period of Registration.

Enforcement Action Insurance Brokering Companies

Directions

The Commission has not issued any directions to insurance brokering companies during 2024.

Warnings

1. The Principal Officers of twenty brokering companies were warned for violation of Section 86 (2) of the Act.
2. The Principal Officers of seven brokering companies were warned for the violation of Section 86 (3) of the Act.

Suspensions

No Suspensions were imposed during the year on any brokering Company.

Registration of Loss Adjusters and Renewal of Registration of Loss Adjusters

The Commission granted re-registration to two persons as loss adjusters during the year. The Commission also accepted annual payments from twenty-nine persons to function as loss adjusters during the year.

In terms of Section 114 (1) of the Act, "Loss Adjuster" means a person who has specialized knowledge in investigating and who assesses losses arising from insurance claims and registered as loss adjusters under the provisions of the Act.

Appendix III: Provides names of loss adjusters registered with the Commission and effective date of license.

Regulatory/Advisory Measures

1. The Commission has granted approval to a number of applications by insurance companies for appointment of Directors in terms of the new provisions introduced by the Amendment Act, while few applications are pending until completion of requirements.

Further, the Commission has refused to approve the appointment of two directors based on findings of onsite inspections.

The Commission has granted approval to a number of applications by insurance companies and insurance brokering companies seeking approval to appoint Principal Officers in terms of the provisions in the Act while objecting to an appointment of a Principal Officer and directing to appoint a suitable person and submit the same for approval of IRCSL.

2. Having reviewed requests of a number of insurance brokers for renewal of overseas health insurance products in terms of Circular #36, the Commission has renewed the authorization period for a further year.
3. Having reviewed qualifications, the Commission approved an appointment of a Valuer to an insurance Company in terms of Circular# 01 of 2024, dated 08th January 2024.
4. Two Loss Adjusters licenses were revoked by the Commission in terms of Section 89D (1) (a) & (b) of the RII Act for non-compliance of conditions specified in the certificate of registration and Rule 5 and

Rule 2(1)(f) of Loss Adjuster Registration Rules published in Gazette Extraordinary No.2026/27 dated 05th July 2017.

The Commission has granted approval to revoke the license of another Loss Adjuster who has not intended to continue with Loss Adjusting.

The Commission has further decided to warn three loss adjusters who have failed to fulfill renewal requirements prior to the deadline.

5. Having obtained comments of the Insurance Association of Sri Lanka (IASL) and Insurance Brokers Association of Sri Lanka (SLIBA), the Commission has recommended to issue the amended Terms & Conditions on Reinsurance placements for obtaining services from foreign insurance or reinsurance brokers
6. Having considered the request, the Commission has entered to Memorandum of Understanding between Sri Lanka Accounting and Auditing Standards Monitoring Board.
7. The Commission has decided not to accede to the request made by one insurance company to grant an interest free loan facility to a Director by having noted that the said insurance company has violated the provisions of Section 29(1) of the RII Act.
8. Having considered the qualifications, the Commission, has granted approval to a number of requests made by prospective insurance agents, to sit for the pre-recruitment test conducted by the Sri Lanka Insurance

Institute in terms of Rule 2(c) (ii) of the Gazette No.1255/3 of 23rd September 2002 as amended by Gazette Extraordinary No. 1674/4 of 5th October 2010.

In terms of Rule 2 (c) (i) of Insurance Agents qualification (Gazette No. 1255/3 of 23rd September 2002, as amended by Gazette Extraordinary No. 1674/4 of 5th October 2010), one of the minimum qualifications specified to be registered as an insurance agent is to pass the GCE (O/L) Examination with an ordinary pass in either Mathematics or Arithmetic and Sinhala or Tamil or English languages. However, in terms of the said Rule 2 (c) (ii), any person qualified in any other relevant discipline, at an equal or higher level than specified in Rule 2 (c) (i), may be considered by the Commission on a case-by-case basis.

9. The Commission has granted time extension to a holding company of two segregated long-term and general insurance companies to remove the term “insurance” from its name and granted time extension to the long-term insurance company to comply with all provisions of the Direction#15 requirement.
10. The Commission has granted six months’ time extension to another holding company of two other insurance companies to discontinue the use of term “insurance” from its company name.

INVESTIGATORY REVIEW

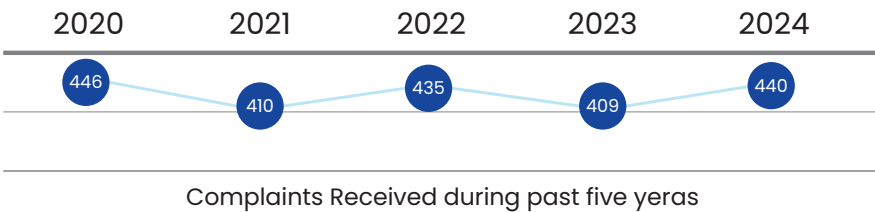
The statutorily entrusted power to the Commission via the Regulation of Insurance Industry Act No. 43 of 2000 to inquire into dispute referred to it by a claimant in relation to a settlement of a claim and make an order if the Commission deems appropriate, is executed through the Investigation Division.

The Division ensures the right of being heard is provided to all parties of a dispute prior to making a decision in relation to disputes.

Claim disputes received are reviewed by the Division keeping in mind the statutory objective of safeguarding the interest of the policyholders. The Division will not hesitate to require an insurer to revise or revisit the decision made to repudiate a claim, if the evidence relied upon by the insurer to reject the same is not adequate or conclusive.

The Commission received 440 complaints during the period under review, out of which 489 matters (which includes matters brought forward from the previous year) were concluded upon inquiry. 116 matters were concluded in favour of the claimants with an approximate value of Rs. 177.2 million.

Chart 1: Total number of complaints received during last five (2020 – 2024) years



The Division received a total of 2140 complaints during the past five (5) year period. Number of matters referred to the Commission during the period under review has increased compared to the year 2023.

Chart 2: Month wise analysis of complaints during 2024

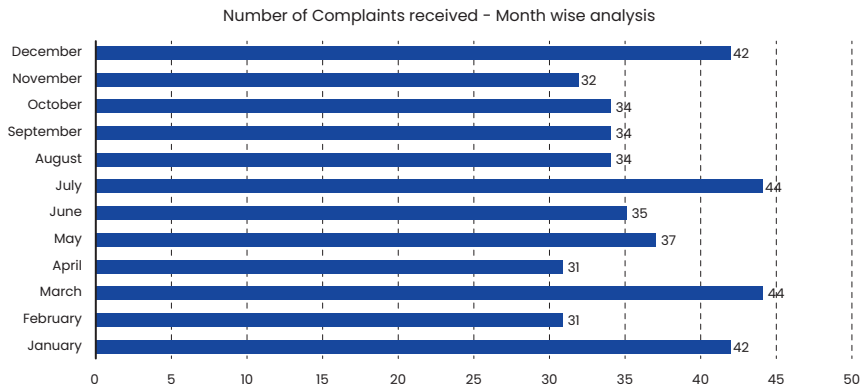


Chart 2 depicts the month-wise analysis of complaints received by the Division. The highest number of complaints were received during March and July while the lowest number of complaints were received in the months of February and April of 2024.

Chart 3 – Classification of complaints based on the class of insurance business in 2024

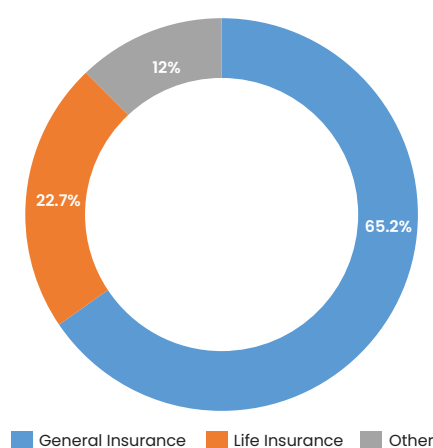


Chart 3 depicts the total matters referred to the Commission during the year 2024. The majority of complaints, i.e. 287 (65.2%) were with respect to general insurance business and 100 (22.7%) complaints were relating to long-term insurance business. The balance 53 (12%) complaints were mainly relating to issues with insurance agents. When compared to the previous year, the percentage of complaints on general insurance business has slightly decreased from 69.7% (in 2023) to 65.2% and the percentage of complaints on long-term insurance business has increased slightly from 21.5% (in 2023) to 22.7%. The proportion of other complaints has also increased from 8.8% (in 2023) to 12%.

Analysis of Complaints on General Insurance Business

An issue-wise analysis of complaints received by the Commission on general insurance business is given in Table 1.

Table 1 – Complaints on General Insurance Business: Issue wise

Issue	No. Of Complaints	Percentage
Claim disputes	275	96%
<i>Non-acceptance of liability</i>	155	56.3
<i>Dissatisfied with the claim offered/ paid</i>	61	22.2
<i>Delays in settling claims</i>	26	9.5
<i>Other</i>	33	12.0
Other Complaints	12	4%
TOTAL	287	100.00

As shown in Table 1, out of the total complaints (287) under the general insurance business, 275 (96%) were claims disputes while the balance 12 complaints (4%) were other complaints such as mid-term policy cancellations, not responding to queries and requests for premium refunds.

The root-cause-analysis of complaints on non-acceptance of liability (56.3%) revealed that the main causes for repudiation of motor insurance claims were non-disclosure or misrepresentation of material facts pertaining to accidents (due to excluded usage, drunken driving, driver not having a valid driving license or the

insured having no insurable interest following the sale of vehicle), the damages caused being inconsistent with the description of the accident or the policy being cancelled as at date of the accident due to non-payment of full premium. Detailed inquiries were conducted with regard to claim repudiations by calling observations from the Department of Government Analyst, the Police, hospitals and 3rd party witnesses (where required).

Dissatisfaction on the claim offered was the other main reason for complaints (22.2%) under claim disputes. Misinterpretation of the policy wording and lack of clarity in explanations provided by insurers on loss adjustments/ deductions were the main causes for complaints of this nature. Most of these disputes were resolved by providing the required explanations to claimants in writing or during the discussions held at the Commission. The balance 26 (9.5%) disputes referred to the Commission were relating to the delay in settling claims. It was observed that most of the delays have occurred due to the company conducting further investigations into claims. In addition, delays on the part of the insured or the repairers in furnishing required information and documents to finalize the claims were also observed.

Analysis of Complaints on Long Term Insurance Business

Table 2 below illustrates an issue-wise analysis of the complaints on long term insurance business.

Table 2 – Complaints on Long Term Insurance Business: Issue wise

Issue	No. Of Complaints	Percentage
Claims Disputes	36	36
<i>Non-acceptance of liability</i>	23	63.9
<i>Delay in settling the claim</i>	05	13.9
<i>Dissatisfied with the claims offered</i>	06	16.7
<i>Other</i>	02	5.5
Other Complaints	64	64
<i>Request to refund/cancellation of revival</i>	19	29.7
<i>Maturity payment/ surrender value</i>	18	28.1
<i>Payment/misappropriation of premia</i>	04	6.2
<i>Other</i>	23	36.0
TOTAL	100	100.00

As per Table 2, the total complaints (100) related to the long-term insurance business consists of (36%) of claim disputes and (64%) of other complaints.

The main cause (63.9%) for claim disputes was relating to non-acceptance of liability. The claim repudiations have been based on non-disclosure or misrepresentation of material facts by the insured at the commencement or revival of the policy. The main reason for such disputes is lack of comprehension of the policy wording and the inadequacy of explanations provided by insurers. Most of the disputes were resolved by providing required clarifications to policyholders in writing and at the discussions conducted by the Commission.

The fundamental legal principle relating to insurance contracts, uberrimae fidei (utmost good faith) acts vice versa on both parties of the insurance contract i.e., insurer as well as insured. An insurer decides on the acceptability of risk of proposer's life and the relevant terms and conditions applicable to an insurance contract based on the information disclosed by the proposer in the proposal form. As such, any non-disclosure or misrepresentation of material facts would amount to a breach of the doctrine uberrimae fidei by the insured.

In some instances, it was observed that the reason for non-disclosure and misrepresentation of facts by proposers has been due to lack of knowledge of the relevant insurance principles and of the obligation to disclose material information. The Commission was able to assist only in a few instances where it could be proved that the non-disclosure or misrepresentation was neither deliberate nor reckless.

Another 16.7% of claim disputes were related to dissatisfaction with the claims offered.

The policyholders have a contractual duty to ensure that they pay the premiums regularly and within the time specified in the policy document. Claims have been repudiated where the policies have been lapsed, due to non-payment of premium. The policyholders are obliged to maintain the in active status policy by paying premiums on time and to retain proof of their payments to be produced in case of a dispute. Accordingly, the Commission could assist only where timely payment of premiums could be confirmed or the delay in payment could be justified.

The majority (29.7%) of the other complaints referred to the Commission were requests to refund/cancel or revival of policies. Matters in relation to requests to cancel the policies and obtain refund of premiums could not be assisted, as the policyholders do not have the right to cancel a policy after the lapse of cooling-off period i.e. 21 days from the date of receipt of the policy document. However, insurers in certain instances granted relief considering the poor financial circumstances of the policyholders. The requests for revival, made after the expiry of specified time period, could be assisted only where the policyholders could justify the delay in taking action to revive the policy. The primary reasons for request to refund premiums paid to life insurance policies are the lack of understanding of the policyholders of the importance of life insurance and financial difficulties faced to pay regular premium.

Other Complaints

53 complaints referred to the Commission were mainly on unfair termination and educational qualifications of agents. Action was taken, where possible, in terms of the powers conferred on the Commission under the Act.

Strategic Plan of the Division

The Division continued its activities initiated in 2023 under the Divisional Strategic Plan which was designed with the strategic objective of protecting the interests of insurance policyholders.

During the year under review the Division gathered information on the Claims and Complaints Handling Procedures of six insurance companies and visited such companies to have a better understanding of how such processes take place within each insurance company. Based on the learnings from this exercise, a draft Claims and Dispute Handling Guideline was finalized by the Division which is to undergo an industry consultation prior to the issuance of the said Guideline to the industry in the coming year.

MARKET DEVELOPMENT & EXTERNAL RELATIONS (MDER) REVIEW

The Insurance Regulatory Commission of Sri Lanka (IRCSL) is dedicated to fostering a robust and transparent insurance industry in Sri Lanka. The Market Development and External Relations (MDER) initiatives are designed to align with the broader objectives of the IRCSL, reinforcing its mandate to regulate and develop the insurance industry of Sri Lanka.

Entrusted with the mission to enhance public confidence and promote insurance industry growth, IRCSL undertakes initiatives to bridge the insurance literacy and protection gaps. At the core of our efforts to enhance insurance literacy is the belief that well-informed individuals can make confident and responsible decisions regarding their financial protection.

Increasing public awareness not only equips individuals with essential knowledge about insurance but also encourages proactive risk management. For the insurance industry to thrive, both existing and prospective policyholders must be well-informed, allowing them to protect their interests and make confident decisions when purchasing insurance. Implementing strong awareness initiatives helps safeguard policyholders by providing them with the necessary knowledge. This, in turn, creates a secure and transparent insurance environment that upholds policyholder rights and maintains professionalism and integrity within the insurance industry.

To fulfill this mission, IRCSL has continuously driven awareness creation through a diverse range of initiatives. In 2024, these efforts were strategically executed across mass media, digital platforms, and direct engagement programs, enhancing public awareness and insurance literacy. The following section presents a comprehensive overview of the key activities undertaken throughout the year.

Mass Communication

Print Media

Press Releases

To enhance public awareness, the IRCSL continuously released press articles on significant news and updates about IRCSL and the insurance industry. These included:

- Study on Public Confidence in Insurance
- Segregation of Sri Lanka Insurance Corporation Limited into Life and General
- Performance of the insurance industry 3rd quarter 2023 and from year 2018 to 2022
- Optional Compensation Scheme (OCS) for third party victims of Motor Vehicle Accidents - For death & permanent disability
- Performance of the Insurance Industry - Q4, 2023 & Q1, 2024
- Appointment of Actuaries to strengthen insurance regulatory framework
- Appointment of new Commission members of the Insurance Regulatory Commission of Sri Lanka
- Empowering Sri Lankans with Insurance on National Insurance Day - 1st September & Insurance Awareness Month
- OECD Delegation to Visit Sri Lanka for key Discussions on Protection Gaps in Retirement Savings and Insurance Coverage for Natural Hazards in Sri Lanka
- IRCSL Issues New Direction on the Sale of Insurance Products through Mobile Network Operators' (MNOs) and Fixed Line Operators' (FLOs).
- IRCSL, IFC, and IASL Host Gender Sensitivity Awareness Training for Sri Lanka's Insurance Sector.

Public Notices

Important Public Notices in three languages (Sinhala, Tamil and English) were circulated on daily and weekend newspapers to educate the general public on essential aspects of insurance, thereby fostering a more informed community.

- Essential Tips to Remember When Paying Your Insurance Premiums
- Essential Tips to Know when purchasing insurance policies through Mobile Network Operators (MNOs) and Fixed Line Operators (FLOS)
- Optional Compensation Scheme for death or permanent disability of third-parties due to motor vehicle accidents

Press Advertisements

Press advertisements on important areas to be considered when purchasing and managing insurance policies were disseminated to educate the public. These advertisements aimed to enhance consumer awareness and provide guidance on policyholder rights and responsibilities, ensuring informed decision-making within the insurance sector:

- Importance of reading and understanding the insurance policy document before purchasing a policy to ensure that it fulfills your needs.
- Make sure to purchase insurance from a registered insurance company or through a brokering company or an insurance agent.
- Importance of the completing the Proposal Form carefully when purchasing an insurance
- Importance of being aware of the coverage in the policy

including the circumstances in which liability is excluded when purchasing an insurance

TV and Radio Programs

To maximize public awareness and engagement, IRCSL leveraged multiple broadcast channels, ensuring widespread dissemination of key insurance concepts. The television program 'Seda Mawatha' on TV Derana, and IRCSL advertisements on main TV channels such as Swarnavahini, Hiru and Derana played a significant role in enhancing outreach.

Further to this, radio endorsements and pre-recorded short messages were aired across multiple radio stations such as Hiru FM and Sooriyan FM, breaking down complex insurance topics into easily understandable information. These efforts not only explained insurance for the public, but also fostered greater engagement and made insurance information more accessible among individuals across the country. These efforts collectively led to increase in public engagement with insurance across the country.

Awareness through Digital Media

E-Newsletter

The annual E-Newsletter, released in September 2024, served as a vital communication tool, reaching an audience of over 500,000 email recipients, published on social media and IRCSL website. This edition focused on delivering valuable insights of insurance topics and enhancing public understanding of key insurance related regulatory updates. A major highlight of the newsletter was the Optional Compensation Scheme (OCS) which is designed to support victims of motor vehicle accidents,

providing more information on its benefits and application process. Additionally, it featured an analysis of Life Insurance industry claims highlights, information on the role and responsibilities of a Loss Adjuster, and an overview of essential Life Insurance Terms to improve awareness. Furthermore, the newsletter provided an update on IRCSL's latest Direction and Guidelines as of August 31, 2024, ensuring stakeholders remained well-informed about the evolving insurance landscape of Sri Lanka.

Leveraging Social Media for Insurance Awareness

The IRCSL leveraged its official social media platforms, including Facebook, LinkedIn, and YouTube to enhance public awareness and engagement on insurance-related topics. Regularly updated content covered key areas such as policyholders' rights and responsibilities, industry developments, regulatory updates, public notices, and educational messages. By maintaining a strong and consistent digital presence, IRCSL played a vital role in promoting insurance literacy, empowering policyholders and potential policyholders, particularly younger generations, to make well-informed insurance decisions.

Throughout the year, these social media campaigns effectively reached and engaged approximately 15,000 followers, fostering a more informed public and industry stakeholders.

Awareness through SMS campaigns

To further enhance public awareness, the IRCSL utilized Short Message Services (SMS) as a direct communication tool to educate the public on insurance. These messages

reached over 6,000 individuals, emphasizing key insurance concepts and encouraging informed decision-making. Throughout the year, a total of eleven (11) messages were disseminated on a phased-out basis via a selected mobile network operator, ensuring timely and widespread distribution which played a vital role in broadening consumer awareness by delivering concise, impactful messages directly to policyholders, potential policyholders and the public.

National Insurance Day and Insurance Awareness Months

In September, to commemorate National Insurance Day (September 1st) and Insurance Awareness Month, the IRCSL organized various activities to boost the public engagement. Press releases in three (03) languages announced the celebrations, ensuring widespread awareness. The “Siththara” online art competition encouraged school children to express their understanding of concept of insurance and protection through art, fostering early insurance literacy and awareness. An online Q&A session was also conducted to gather public suggestions aimed at improving insurance inclusiveness, allowing the public to voice their concerns.

Policyholder protection through regular monitoring of advertisement and insurance products

Review of Marketing/ Advertising material of insurers for Policyholder Protection

Safeguarding policyholders’ interests remained a core priority for IRCSL. To uphold transparency and ethical marketing practices, we conducted thorough review

of insurance product related advertisements on daily basis submitted by insurance and brokering companies to ensure compliance with Direction 03 of 2024 on advertisements issued by insurers, insurance brokers and insurance (14th May 2024). This review process led to the elimination of misleading advertisements, reinforcing trust and ensuring that policyholders receive clear, truthful, and reliable information when making insurance decisions.

Review of New Insurance Products to ensure Policyholder Protection

The IRCSL conducted review of new insurance products submitted by both long-term and general insurers for approval throughout the year. This evaluation was carried out in accordance with the Guideline on Policy Framework for Long-Term Insurance Products and Guideline on Policy Framework for General Insurance Products to ensure that all policy documents were structured in a manner that facilitate the best interests of policyholders. Each submission was precisely assessed for clarity, fairness, and compliance with the guidelines, providing constructive feedback to insurers to enhance product transparency and consumer protection. This review process contributed to the development of well-structured insurance policy documents, ultimately fostering greater trust and confidence among policyholders.

Awareness Programmes

Educational Session for Undergraduates

The IRCSL organized an educational session on the Regulatory Framework for Risk Management in the Insurance Sector for undergraduates

of the Bachelor of Business Management in Insurance degree program, Department of Finance, University of Kelaniya. The session, held at the IRCSL Auditorium, provided undergraduates with in-depth insights into regulatory practices, risk management strategies, and industry compliance standards.

Lecturers and undergraduates from the university actively participated, engaging in discussions that bridged academic learning with real-world regulatory applications. Resource personnel from the Supervision and Actuarial Divisions of IRCSL played a pivotal role in delivering expert knowledge, ensuring that participants gained a well-rounded understanding of risk assessment and policyholder protection. The IRCSL expects this initiative to have contributed to shaping the next generation of insurance professionals by providing them with knowledge on regulatory aspects.

Gender Sensitivity Awareness Programme

In collaboration with the International Finance Corporation (IFC) and the Insurance Association of Sri Lanka (IASL), the IRCSL successfully organized a two-day workshop aimed at promoting gender-sensitive practices within the insurance industry. Officials representing IRCSL participated in the programme on both days.

Day 1: Gender Sensitivity Awareness Training for Life Insurance Senior Officials.

Day 2: Gender Sensitivity Awareness Training for the General Insurance Senior Officials.

The workshop emphasized the importance of understanding gender-specific needs within the insurance sector, strategies

to improve women's access to insurance services, create innovative insurance solutions that cater specifically to women's needs, importance of collecting and analyzing sex-disaggregated data to develop more targeted products, strategies to address and mitigate unconscious biases, women's markets in emerging economies, gaining skills to better serve female clients through empathetic and customer-centric approaches. Each day concluded with an interactive session on practical applications, laying the groundwork for enhancing women's financial protection in Sri Lanka's life insurance sector.

The workshop on each day concluded with a lively Q&A session, offering participants an opportunity to exchange ideas on integrating gender-sensitive practices into their operational strategies. This collaborative initiative is part of a broader series of activities by IRCSL aimed at building a more inclusive and gender-sensitive insurance industry in Sri Lanka.

Hosted International Programmes

IRCSL collaborated with the OECD (Organization for Economic Co-operation and Development) to conduct a gap analysis on retirement savings and insurance coverage for natural hazards in Sri Lanka. IRCSL facilitated meetings between the OECD delegation and key stakeholders, including officials from the Central Bank of Sri Lanka, Employees' Trust Fund Board, Social Security Board, Disaster Management Centre, representatives from the insurance industry, etc. to identify these gaps.

Strategic Plan Activities 2024 of the Market Development & External Relations

Formulate regulatory framework on Market Conduct

IRCSL formulated the regulatory framework on market conduct and finalized the guidelines on regulatory framework for market conduct. The draft guideline was submitted for the Commission's approval with the aim of conducting an industry consultation.

Direction for Insurance Product Information Documents (IPID)

IRCSL issued Direction No. 06 of 2024 on Issuing Insurance Product Information Documents by Insurance Companies and Insurance Intermediaries to enhance customer confidence. The purpose of this Direction is to establish a framework for preparing an Insurance Product Information Document (IPID) that presents the key features of Life and General Insurance policy documents in simple language, ensuring the protection of prospective policyholders' interests. It provides clear and concise information about insurance products, making it easier for customers to understand what they are purchasing. Additionally, it offers a comprehensive overview of the basic coverage and key policy features while enhancing policyholders' confidence in their insurance coverage.

Guideline on Needs Assessment and Customer Onboarding Process for Long-Term Insurance Business

The Guideline on Need Assessment and Customer Onboarding Process for Long-term Insurance companies was drafted and issued for industry consultation. This aims to strengthen policyholder confidence by establishing standards for identifying and

assessing customer needs, streamlining the customer onboarding process, ensuring the suitability of insurance products, enhance customer satisfaction and retention, and foster trust and long-term engagement within the insurance sector.

Guideline on improving the Confidence Level of the Policyholders

This guideline aims to build trust and confidence among policyholders by promoting best practices that improve service quality, reduce dissatisfaction, and ensure transparency and accountability within the insurance industry. The guideline was drafted and forwarded for industry consultation during the period under review.

Guidelines on Incorporating a Framework to Implement SDGs, ESG and Green Finance Initiatives in the Insurance Industry.

This guideline aims to align with the broader vision outlined in the Central Bank of Sri Lanka's (CBSL) Road Map for Sustainable Finance, published in 2019. By aligning with the CBSL's Sustainable Finance Road Map, IRCSL emphasizes its dedication to fostering sustainable practices within Sri Lanka's insurance industry and contributing to the nation's sustainable development goals through the issuance of this guideline which is in progress. The background work has been completed and drafting of the guidelines has commenced during the period under review.

Other activities on creating insurance awareness among the public

Publication of Claims Statistics

IRCSL also focused on analyzing claims statistics of the year 2023 by collecting and validating data from insurance companies. Reports on life and general

claim statistics were published on the IRCSL website, providing transparency and insights about the industry performance in payment of claims. An age analysis of the outstanding claims was reviewed, and advice was provided to improve performance, ensuring speedy settlement of claims and better service to policyholders.

Development of Awareness Materials

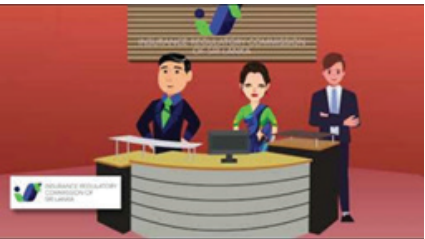
Seven (07) e-handbooks in Sinhala and Tamil languages were published on the IRCSL website, offering comprehensive guides to the public. These e-handbooks provide easy access to essential information on key insurance areas, including motor insurance, life insurance, health insurance, property insurance, and travel insurance serving as valuable resources for those seeking guidance in these sectors.

Response to Public Quarries

Throughout the year, IRCSL responded to a wide range of inquiries from the public, policyholders, and various stakeholders who sought information and guidance related to the insurance industry. These inquiries covered a diverse array of topics, reflecting the public's growing interest in understanding insurance policies, processes, and regulations. The staff attentively addressed each request, providing clear, accurate, and timely responses to ensure that stakeholders received the necessary information and assistance.

Year at a glance

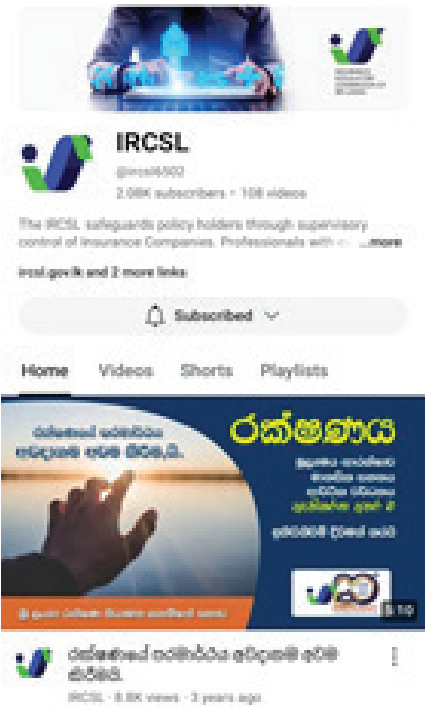
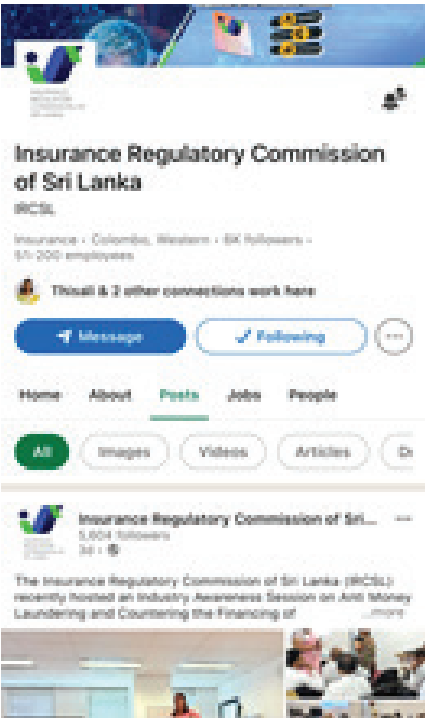
TV Programmes



E-Newsletter



Social Media





Insurance Regulatory Commission of Sri Lanka
1.2K Followers • 0 Following
The Regulator of the Insurance Industry

Following Message

Posts About Videos Photos

Details

Page Government organisation

lrcsl.gov.lk

See Insurance's About info

Stay informed and protected while purchasing insurance using a Mobile/Fixed line platforms DON'T'S

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Press Advertisements

Message from Insurance Regulatory Commission of Sri Lanka

ARE YOU AWARE ?

You can obtain a copy of the insurance policy and read it carefully, before purchasing an insurance cover, to ensure that it fulfils your needs. You can also request the policy document in any language (Sinhala/Tamil/English) of your preference.

For more details visit

www.lrcsl.gov.lk

Insurance Regulatory Commission of Sri Lanka
Level 11, East Tower
World Trade Centre, Colombo 01.
T.P. 0112396184-9

Message from Insurance Regulatory Commission of Sri Lanka

ARE YOU AWARE ?

You should be aware of the coverage in the policy including the circumstance in which liability is excluded when purchasing an insurance.

For more details visit

www.lrcsl.gov.lk

Insurance Regulatory Commission of Sri Lanka
Level 11, East Tower
World Trade Centre, Colombo 01.
T.P. 0112396184-9

Public Notices

NOTICE TO THE PUBLIC
Insurance Regulatory Commission of Sri Lanka

A Revolutionary Step in Insurance: Optional Compensation Scheme for death or permanent disability of third-parties due to motor vehicle accidents

The Insurance Regulatory Commission of Sri Lanka (IRCSL), in collaboration with the Ministry of Transport & Highways and key stakeholders in the transport sector, has implemented the Optional Compensation Scheme (OCS) to compensate for death or permanent disability of third-party victims due to motor vehicle accidents. This innovative scheme marks a significant milestone in the Sri Lankan insurance landscape of providing compensation without the admission of liability.

Who are eligible to obtain compensation under this scheme?

Third Party victims, mainly pedestrians and cyclists who are deceased or permanently disabled due to motor vehicle accidents occurred on or after 01st March 2024 or their legal heirs are eligible for compensation under this scheme.

Who are the parties not eligible to obtain compensation under this scheme?

- Drivers, employees and passengers of motor vehicles.
- Persons who collide with motor vehicles intentionally to obtain compensation.
- Persons who die or become permanently disabled as a result of an accident of a motor vehicle involved in an act of riot or terrorism.
- Parents / Legal heirs in the event of death of a minor.

Who provides compensation?

Compensation is granted by the insurance company that has insured the motor vehicle which caused the accident. Such motor vehicles should have at least a third-party motor vehicle insurance policy issued by a general insurance company licensed by the IRCSL.

How to apply for compensation?

The application provided in Circular No.03 of 2024 issued by IRCSL should be filled in and submitted with the required documents specified in the Circular to the relevant insurance company. The application should be made by the third-party victim or his/her legal heirs.

To whom is compensation paid?

Compensation will be paid to the third-party victim or his/her legal heirs.

How much is the compensation?

In the event of death, Five Hundred Thousand Rupees (Rs.500,000/-).

In the event of permanent disability, up to a maximum of Five Hundred Thousand Rupees (Rs. 500,000/-), subject to the percentages mentioned in the said Circular.

What are the conditions for obtaining compensation?

- Death or permanent disability should be a result of a motor vehicle accident.
- Death or permanent disability should occur or should have commenced to occur within 12 months from the date of the accident.
- The application for compensation should be submitted to the relevant insurance company within 6 months from the date on which the death or permanent disability occurred.

Can a person seek compensation from Court after obtaining compensation under this scheme?

Yes, in cases where the victim or his/her legal heirs are of the view that compensation under this scheme is not sufficient, it is possible to file a case in Court and seek appropriate compensation under the existing legal system of the country.

Application and full details of the OCS can be found in Circular No.03 of 2024 issued by IRCSL. Please visit our website <http://www.lrcsl.gov.lk> or contact the hotline 011-2396188 for more details.

Insurance Regulatory Commission of Sri Lanka
Level 11, East Tower, World Trade Center,
Colombo 01.
Telephone: 011 2396184 - 9 | Fax: 011 2396190 | Email: info@lrcsl.gov.lk | Website: www.lrcsl.gov.lk

NOTICE TO THE PUBLIC
Insurance Regulatory Commission of Sri Lanka

Essential Tips to Know

When purchasing insurance policies through Mobile Network Operators (MNOs) and Fixed Line Operators (FLOs)

The Insurance Regulatory Commission of Sri Lanka (IRCSL) with the objective of ensuring that insurance transactions conducted via mobile and fixed line operators are carried out with integrity and in a professional manner to protect the interests of policyholders and prospective policyholders, has issued Circular No. 05 of 2024 effective from 12th August 2024. This Circular aims to regulate the sale of insurance products by insurers, brokers or agents to customers of MNOs or FLOs.

The IRCSL urges policyholders and prospective policyholders to be knowledgeable and be aware of the following essentials, when purchasing such insurance products:

- Understand the Product:** Familiarize yourself with the insurance cover, including benefits, terms, conditions and exclusions in the contract.
- Know the Insurer:** Ensure that you are aware of the insurance company offering such products.
- Familiarize with Premium Payments:** Understand the premium amount to be paid and payment frequency. Make sure you have sufficient funds for premium payments.
- Process the Policy Document:** Ensure you receive your policy document.
- Confirm Key Details:** Upon purchase, check important details, such as policy benefits, the insurer's contact details, coverage extent, premium amount and beneficiary information.
- Understand the Claims Process:** Familiarize yourself with the steps to file a claim, including necessary documentation. Keep the insurer's call centre contact data for claim notifications.
- Be Aware of the Dispute Resolution Procedure:** Understand the process for filing complaints and resolving disputes, including contact details of the IRCSL, Insurance Ombudsmen, Arbitration and legal avenues.
- Select Your Language:** Ensure you select the preferred language. Policies are available in Sinhala, Tamil and English languages. You can obtain the policy document in your preferred language, and make sure all future communications are in the same language. If you call for a physical copy of your policy, don't hesitate to request from your insurer.
- Protect Your Data:** Your personal information is important! Insurers are required to comply with the Personal Data Protection Act, No. 4 of 2023, to safeguard your data from unauthorized access.
- Stay Informed About Your Insurance Policy:** If your policy is deactivated, the insurer will inform you of the reasons, such as non-payment of premium (i.e. missed premium payments). Stay updated on any changes to your policy.
- Remember Customer Support Contacts:** Use the dedicated support line provided by your insurer and/or broker for any inquiry, advice or staff of the insurer/broker and/or insurance agent will be available to assist you.

This circular with IRCSL social media channels for insurance and investment updates.

Insurance Regulatory Commission of Sri Lanka
Level 11, East Tower, World Trade Center,
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NOTICE TO THE PUBLIC
Insurance Regulatory Commission of Sri Lanka

Do not let your life insurance benefits go unclaimed!

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has observed a significant number of life insurance benefits left unclaimed under life insurance policies issued by licensed life insurance companies in Sri Lanka.

To ensure that all such entitled insurance policy benefits reach rightful recipients, IRCSL advises all life insurance policyholders to ensure their insurance companies are aware of their beneficiaries to life insurance.

1. The life insurance company and the policyholder may have lost communication with each other

Policyholders should ensure to promptly inform their life insurance company of any changes to their contact information. Changes to mailing addresses, phone numbers, or email addresses should immediately be relayed to the respective insurance company.

2. The death of the policyholder may not be known to the life insurance company, and the beneficiaries may be unaware that they are named in the life insurance policy

The life insurance company may not be immediately aware of the death of a policyholder unless informed by the beneficiaries.

Similarly, beneficiaries may not know that they have been named in a life insurance policy. The insurer may have various reasons for not disclosing the information to the beneficiaries. However, this may lead to the unfortunate outcome of the benefits remaining unclaimed, if the beneficiaries are unaware of their entitlement to life insurance.

To ensure a smooth claims process, it is advisable that the policyholder provides his/her beneficiaries with the name and contact information of the life insurance company and the policy number to report, in case of the death of the policyholder and to claim benefits under the policy.

3. The life insurance company may face challenges in locating the policy's beneficiaries

The life insurance company may face challenges in locating the beneficiaries, if the beneficiary details are incomplete or insufficient. Ensure that all relevant beneficiaries are listed in the policy, a valid identity card number (if any) and other relevant identification number, and contact information and update this information as needed. Incomplete or outdated details can hinder the insurer's search and location of rightful recipients of benefits.

4. The original life insurance company may no longer be in business or cannot be located

The insurance company that issued the life insurance policy may have changed, possibly making it more difficult for the beneficiary to locate the insurer to make a claim. Once this occurs, the insurer may have changed its name, merged with another company, or moved to a new location, and if the beneficiary is unaware of these changes, it could make it harder for them to file a claim.

Therefore, ensure that you keep records of any notices regarding changes to the insurer's name, location, or contact information, and share them with your beneficiaries.

Note:

For policyholders, all relevant beneficiaries will be required to promptly submit the necessary documentation to the insurance company to claim the proceeds under the insurance policy.

Please visit the IRCSL website for contact details of regulated life insurance companies: <https://irsl.gov.lk/insurance-companies>

Stay connected with IRCSL social media channels for insurance and latest regulatory updates.

Insurance Regulatory Commission of Sri Lanka
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NOTICE TO THE PUBLIC
Insurance Regulatory Commission of Sri Lanka

Keep Your Insurance Policy Active!

Essential Tips to Remember When Paying Your Insurance Premiums

The Insurance Regulatory Commission of Sri Lanka (IRCSL) advises all policyholders to follow these essential tips to ensure your insurance premium payments are accurately credited to your insurance policy. In order that your policy is kept active during the policy period:

Provide Important Payment Details

Always include your insurance policy number, National Identity Card number and other required information when making insurance premium payments. This will ensure the payment is accurately credited to your insurance policy.

Always Use Authorized Payment Methods

Use the payment methods provided by your insurers, such as through licensed banks, online payment gateways or other authorized channels.

Keep Proof of Payment

Retain your payment receipts and follow up with your insurer for the receipt of payment.

Contact your insurer, if you have not provided the important payment details or have not received the receipt of payment from your insurer

Stay connected with IRCSL social media channels for insurance and latest regulatory updates.

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Press Releases

IRCSL successfully concludes "Siththara" Art Competition

Wednesday, 12 February 2025 09:04

K.K.D. Shehan Akash Suranjith M.R. Fatima Fuha M.A.T. Zehra

The Insurance Regulatory Commission of Sri Lanka (IRCSL) successfully conducted an Art Competition titled "Siththara" in commemoration of the National Insurance Day (1 September) and Insurance Awareness Month 2024. This initiative aimed at inspiring young minds to explore their creativity, while fostering an understanding of the importance of insurance and its role in society.

News > Regulations 30 May 2024

Sri Lanka: Regulator introduces Optional Compensation Scheme for auto accident victims

By AIR team | 30 May 2024

Related News

South Korea: Stricter measures for motor insurance claims

Thailand: Regulator overhauls motor insurance rules after about 2 decades

Malaysia: Transport ministry to study making motor insurance compulsory for private car passengers

India: Finance Minister urged to correlate insurance premiums with traffic violations

Sri Lanka: Insurance watchdog announces plans to roll-out reforms as sector stalls

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has introduced an Optional Compensation Scheme (OCS) through licensed general insurance companies to provide compensation to third-party victims of motor vehicle accidents or their legal heirs.

IRCSL Introduces alternative compensation system for motor vehicle accident victims

Published 30 May 2024 at 10:00 AM

Insurance Regulatory Commission of Sri Lanka

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has implemented a new system aimed at providing compensation to third-party victims of motor vehicle accidents in those legal cases, without the need for court proceedings. Effective from March 1, this alternative method offers compensation up to a maximum of Rs. 400,000.

In collaboration with the Transport and highways ministry and other stakeholders in the transport sector, the Commission introduced this system to streamline compensation processes. Importantly, the existing legal avenues for compensation remain unaffected by this initiative.

Under this scheme, pedestrians and cyclists who are killed or permanently disabled in motor vehicle accidents are eligible for compensation. The insurance company covering the motor vehicle involved in the accident will provide the relevant compensation.

To claim compensation, applicants must complete the application provided in Circular No. 03 of 2018 issued by the Insurance Regulatory Commission and submit the required documentation to the insurer within six months of the accident. Compensation amounts to Rs. 400,000 for death and up to Rs. 200,000 for permanent disabilities, subject to specified limits.

In cases where death or disability occurs within 30 days of the motor vehicle accident and within 12 months of the accident, the compensation is payable under the OCS. In cases where death or disability occurs more than 30 days after the accident, the compensation is payable under the OCS only if the victim is a pedestrian or cyclist who is killed or permanently disabled in a motor vehicle accident.

This alternative compensation system aims to expedite the process of providing relief to victims of motor vehicle accidents.

Insurance watchdog announces plans to roll-out reforms as sector stalls

By Nishita Ratnayake

The Insurance Regulatory Commission of Sri Lanka (IRCSL) yesterday announced plans to implement reforms aimed at strengthening the stability and resilience of the local insurance industry, as the sector grapples with economic challenges that have stalled its growth.

IRCSL Director General Damayanthi Fernando highlighted the decrease in purchasing power among the public since Covid as the biggest challenge affecting the local insurance industry.

This is in addition to the challenges posed by the limited number of economically active people in Sri Lanka and the uncertainty of interest rates in the local market.

Renumeration levels have decreased from 1.3 percent in 2021 to 1.1 percent in 2022, leading to the insurance industry's active population in Sri Lanka to stand at a million out of 22 million.

"This is a situation that really impacts the insurance industry because we all know insurance is sold in Sri Lanka, in part through the income tax system. As the income tax for the insurance industry is borne by these vulnerable ones," Fernando said while addressing the Sri Lanka Insurance Summit 2024.

She further highlighted that for an industry that is heavily reliant on investment income, the uncertainty of interest rates poses a significant hurdle, as companies cannot forecast or plan out long-term strategies, positioning them at a disadvantage.

In a downturned market and environment, insurance companies will find it difficult to demonstrate profitability, if premium rates are increased in a downturned purchasing power environment, it will have a bigger negative impact on the industry," Fernando lamented.

However, in the face of these challenges, she stated that the IRCSL is gearing up to move forward with reforms aimed at strengthening the industry's resilience, primarily targeting the improvement of market penetration levels of insurance products among the general public.

Key reforms include the reorganizing of insurance regulations in line with international principles, regarding Risk-Based Capital (RBC) requirements, and the introduction of a legal framework for the use of micro-insurance products.

"We will be issuing clarity directions or regulations in regard of companies to sell micro-insurance products to middle and lower income sections. That is an easy entry point for the market."

We will also issue revised guidelines on reinsurance placements, with higher rates for consumer protection and strengthening the broader role in insurance placements that we will be issuing this month," Fernando stated.

Moreover, the IRCSL is also gearing up to shift a new legal framework that will allow companies to test innovative products on digital platforms, with plans to implement the project in the pipeline next year.

Additionally, the regulatory committee is looking to broaden its focus on market conduct supervision, with plans to set up a new unit along with the staff to enhance the commission's engagement with regard to product review, governance, regulatory and consumer protection.

E-hand books

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Insurance Awareness Months



Third Place



Age Category 11-14
First Place



Second Place



Third Place



Awareness Programmes



Age Category 8-10
First Place



Second Place



FINANCE AND ADMINISTRATION REVIEW

The Finance & Administration Division is responsible for Finance, Human Resource Management, Administration and Information Technology of the IRCSL. The Division carries out the following functions under each area:

Finance

Overseeing and reviewing the annual budgeting and planning process, preparation of annual/monthly financial statements on time, collection of registration fee, Cess, annual fee and renewal of registration fee on time, prudently investing surplus funds, handling of payroll, making relevant tax payments to the Inland Revenue Department, preparation of delegation of authority;

Financial Review for the year under review is as follows:

Policyholders’ Protection Fund (PPF)

Policyholders Protection Fund is established to credit money realized from the Cess levied and charged under Section 7 of the Regulation of Insurance Industry Act, No. 43 of 2000. At present, 0.4% of net written premium income of general insurance and 0.2% of net written premium of long term insurance is charged as Cess. The monies lying to the credit of the Fund shall be utilized for the general protection of policyholders and for any other specific purpose as may be determined by the Commission, by rules made in that behalf.

As per Section 103 (3) of the Act, any money which is not required immediately for any of the purposes shall be invested by the Commission in such prudent manner as would yield a good return and safeguard the investment. Accordingly, Cess collected to the Policyholders’ Protection Fund (PPF) has been invested by the Commission in a prudent manner. Due to the declining trend of interest rates during the year under review, the overall interest income considerably decreased. Chart 1 depicts the Cess collection and investment income for the years 2020 to 2024.

Chart 1

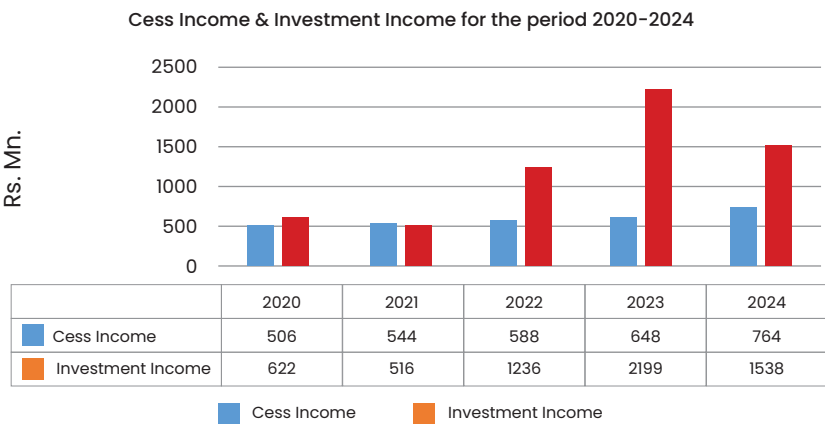
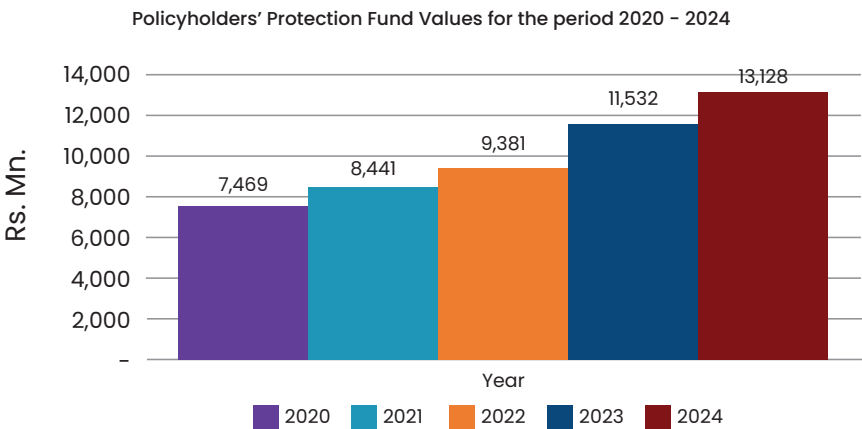


Chart 1 illustrates the growth of the Cess income over the last five years. Due to the impact of favorable market conditions, investment income has significantly increased in 2023. However, due to drop of interest rates in 2024, investment income has sharply decreased.

The value of the PPF has increased over the last five years and Chart 2 depicts the same.

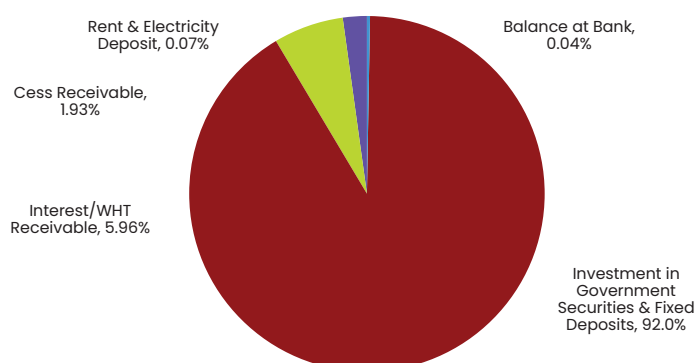
Chart 2



The composition of assets of the Fund as at 31st December 2024 is depicted below:

Chart 3

Assets Composition of Policyholders' Protection Fund as at 31st December 2024



Income of the Commission

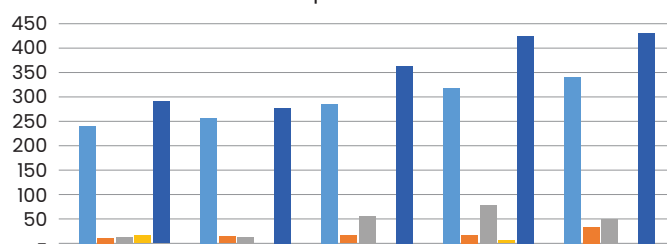
The income of the Commission is derived from the following sources:

- Registration fees from insurers, insurance broking companies & loss adjustors
- Annual Fee levied from insurance companies
- Renewal of registration of insurance broking companies and loss adjustors
- Interest income by investing surplus funds

Chart 4 depicts the breakup of overall income received for the period 2020 to 2024.

Chart 4

Income of the Commission for the period of 2020-2024



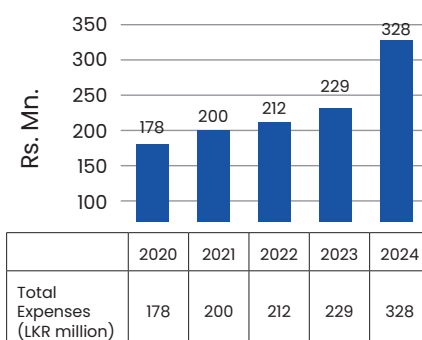
	2020	2021	2022	2023	2024
Annual Fees (LKR million)	245	258	291	319	346
Registration & Renewal Fees (LKR million)	14	15	17	18	35
Other Income (LKR million)	13	13	59	82	51
Recognition of Grants (LKR million)	16	0	0	5	0
Total Income (LKR million)	288	286	367	424	432

Expenses of the Commission

Chart 5 below depicts the total expenses of the Commission for the period 2020 to 2024.

Chart 5

Total Expenses of the Commission for the period 2020 – 2024



Administration

Setting up the administrative processes and systems and continuously reviewing the established processes and systems to ensure the proper functioning of the administration of the IRCSL, preparation of annual procurement plan, procurement of goods and services, setting up and implementing sound processes and systems for the proper management of all assets and records, provides logistical assistance to the entire organization, provide working areas for all staff and office equipment needed by personnel, ensures availability of stationeries and other office supplies, ensures a conducive and orderly office environment, maintenance of vehicle fleet, conduct the annual board of survey and identify the disposable assets and make arrangements to dispose of the identified unusable assets.

Human Resources Management

Attend to all matters of human resource planning, recruitment and selection, performance management, training

and development, health & safety, employee welfare, career planning, employee management including maintenance of attendance and leave records, maintenance of personal files, conducting of exit interviews, attending activities on resignations and retirements.

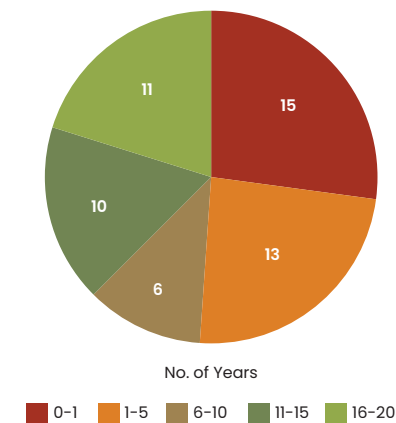
Staffing

Human resource is integral to the success of the IRCSL. They play a significant role in the IRCSL by contributing to its productivity. Human resources are important because they can make the best use of their intellectual nature to create more resources by applying knowledge, skills and technology and they are the greatest asset of IRCSL.

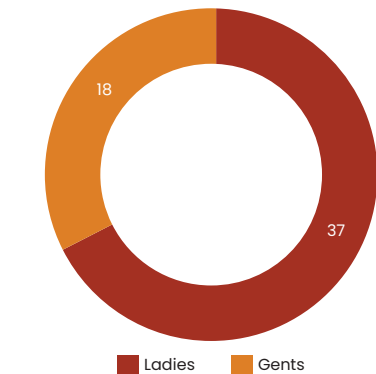
In order to strengthen the functions of IRCSL by focusing on more regulatory aspects to achieve the objectives of IRCSL, approval of the Ministry of Finance, Planning and Economic Development was obtained for recruitment of 2 Directors, 4 Assistant Directors, 12 Executives and 3 Assistant positions during the year 2024.

Assistant Director Actuarial Supervision and Assistant Director Anti-Money Laundering & Countering the Financing of Terrorism (AML/CFT) vacancies were filled during the year. Further, seventeen vacant positions were filled by recruiting twelve staff to the permanent cadre and five staff on contract basis. Three staff members resigned during the year and the total staff strength of the Commission stood at 55 as at 31st December 2024 during the year under review.

Service Information



Gender Composition



Training

Focus on training and development covers the broad policy of enhancing the staff to obtain knowledge and job-related skills to achieve the goals of the organization. Staff were provided with local and overseas training opportunities to sharpen their knowledge in relevant fields. Director Market Development and External Relations participated the overseas training on “OECD-ADB-OJK Roundtable on Insurance & Retirement Savings in Asia” held in Indonesia, Assistant Director Actuarial Supervision participated in the “Capacity building for insurance supervisors: leveraging actuarial skills” held in Malaysia, Assistant Director Market Development and External Relations participated the program on “ADB: Climate Disaster Risk Insurance Forum” held in Philippines, Director

Finance & Administration and Manager (Supervision) participated the China-ASEAN Financial Cooperation and Development Conference held in China, Director General, Assistant Director Investigation and Assistant Director Supervision participated the program on “Global Asia Insurance Partnership Summit (GAIP Summit)” held in Singapore, Director Investigation participated the “FALIA Seminar on Looking back the Management Disruptions Experienced by Japanese Life Insurance Companies” held in Japan. In addition to foreign trainings, Director General participated as a resource person of the International Research Conference on the theme “Innovations for Insurance Inclusion-The way Forward” held in Pune, India and “Global Asia Insurance Partnership Summit (GAIP Summit)” held in Singapore. Further, Director Legal attended the Institute and Faculty of Actuaries (IFoA) India Conference as a Speaker during the year under review.

Apart from overseas training opportunities, many local training opportunities were provided to staff including Anti-Corruption Act Seminar for the Corporate Sector, Member-only webinar on conduct indicators in insurance supervision, NAIC Spring 2024 Virtual International Fellows Program, Briefing about the Reinsurance Operations, Virtual Session on Accounting for Employee Benefits, Online CPD Programme by Munich Re on Significance of Financial Underwriting in Combatting Financial Crimes, Session on SLFRS 17, Guruda Sara Sabhava, Programme on AML /CFT Compliance for Financial Institutions, Training on “Updating AML Manuals and Procedures”, Empowering Government services through

Digital Innovation, Seminar on Winding up Procedures, Evaluate Annual & Quarterly Actuarial Returns, Professional Email Etiquette, CPD Seminar – “Consumer Psychology in the Insurance Market”, Induction Training Program, Public Procurement Procedure, Tax Law & Computation of Income Tax Liability, Gender Sensitivity Awareness Workshop, Training on Board of Survey, Advanced AI Skills for Power Users, New Corporate Governance Rules for banks. In addition to the above, common training programs i.e. Webinar on Cyber Insurance, IFRS17 training program, Training on Cyber Security, Awareness session on Microsoft Copilot & BP and Developing Actuarial Judgment were provided to the staff.

Further, staff was facilitated to participate in national conferences such as National HR Conference, CA Sri Lanka Conference 2024, APFASL’s Annual Conference 2024 and International Insurance Congress 2024. Moreover, IRCSL organized the annual residential training programme for the staff.

Consultant to the Actuarial Unit

Willis Towers Watson India (Pvt) Ltd. (WTW) was selected for two year contract period as the Actuarial Consultant during the year under review. The main objective of obtaining of consultancy service is for guidance, support and execution of all actuarial related matters of the IRCSL, in line with current international standards and to build actuarial skills/ capacity building of IRCSL staff and to assist to effectively position the Actuarial Unit within the current organizational structure.

Internship

IRCSL continued to grant internship opportunities to undergraduates of Universities in order to provide exposure to the functions of the regulator of the insurance industry. Six interns were offered internship training in the IRCSL to enhance their knowledge of relevant areas of specialization.

Staff Welfare

Caring for the well-being of its employees has been an important factor in creating motivation and increasing their morale. Medical reimbursement and insurance schemes, concessionary loan schemes, educational grants, reimbursement of relevant professional membership and unavailed leave payment are some of the benefits given to the staff of the IRCSL.

Information Technology

Ensures that technology is working for every team member, so that there are minimal interruptions to the IRCSL workflow. Attending to the daily maintenance to make sure that data is kept safe. Regularly checking of weak points in the network systems allow IRCSL to stay proactive and avoiding any bigger disasters. It stays focused on keeping IRCSL hardware and software up-to-date.

In order to facilitate staff with the required IT equipment, some of the old laptops were replaced with new ones. Further, it enables the staff member to work through Microsoft 365 from any location. The smart board was procured during the year under review to facilitate the board meetings more conveniently. Cloud-based accounting system was introduced during the year to transform account data into a cloud-based environment. IT unit procured a new PABX

system which supports IP phones as well as copper land phones with more functions.

In addition to the above new implementations/ advancements, the IT unit is involved with routine work such as web maintenance, renewal of software applications and hardware maintenance agreements, maintenance of servers, routers, access points and firewall, and active directory and user management. Further, provision of tech support, security testing, network maintenance and perform device management.

CORPORATE GOVERNANCE

The Insurance Regulatory Commission of Sri Lanka (IRC SL), established under the Regulation of Insurance Industry Act No. 43 of 2000, functions as the statutory authority entrusted with regulating, supervising, and facilitating the development of the insurance industry in Sri Lanka. Guided by its legislative mandate, IRC SL is committed to the highest standards of corporate governance, underpinned by principles of accountability, transparency, integrity, and fairness.

Composition and Expertise of the Commission

The Commission is composed of four appointed Members, each bringing distinguished professional credentials in disciplines such as law, insurance, accounting and finance, business administration, management consulting, marketing, information technology, and human resources. This breadth of expertise ensures a holistic perspective in policy formulation and regulatory decision-making. Complementing these appointed Members, the Deputy Secretary to the Treasury, the Deputy Governor of the Central Bank of Sri Lanka and the Registrar General of Companies serve as the three ex officio members who bring specialized institutional insight and strengthen the Commission's governance depth. This blend of independent professional judgment and institutional representation creates a

governance body that is both strategically astute and operationally grounded.

Governance Framework and Strategic Oversight

The IRC SL operates through a well-defined governance framework that delineates the roles of the Commission, its subcommittees, and the Secretariat. The Commission provide the strategic direction, approve policy frameworks, and monitor progress toward clearly defined Key Performance Indicators (KPIs) that are Specific, Measurable, Achievable, Relevant, and Time-bound. These KPIs form part of an approved multi-year strategic plan, ensuring continuity of vision and measurable outcomes.

Internal Control and Audit Mechanisms

To uphold the integrity of its operations, the Commission has established an Audit Subcommittee, of three Commission Members, chaired by the Deputy Secretary to the Treasury. This subcommittee is responsible for reviewing internal control systems, ensuring compliance with relevant laws and regulations, monitoring risk management practices, and recommending improvements to governance processes. Regular reporting from the subcommittee to the full Commission ensures that oversight is timely, informed, and actionable.

Executive Leadership and Operational Management

The Director General, as the Chief Executive Officer of the IRC SL, is responsible for the day-to-day administration of the Commission's activities. Operating under the general direction and control of the Commission, the Director General ensures that operational decisions align with the organization's strategic priorities and governance principles.

This dual structure of strategic oversight from the Commission and operational execution by the Secretariat, ensures both accountability and agility in regulatory functions in fulfilling its regulatory mandate. The IRC SL prioritizes the interests of all stakeholders, including policyholders, insurers, intermediaries, and the public at large. Transparent communication, fair regulatory practices, and proactive industry engagement are integral to maintaining trust and confidence in Sri Lanka's insurance sector.

Through its structured leadership model, rigorous oversight mechanisms, and principled approach to decision-making, the IRC SL continues to foster a regulatory environment that is fair, transparent, and sustainable. By balancing strategic foresight with operational discipline, the Commission ensures that Sri Lanka's insurance industry is well-governed, resilient, and positioned for long-term growth.

AUDIT COMMITTEE

The Audit Committee for year 2024 comprised of Three Ex-officio Members of the Commission and two appointed Members from time to time, whose details are provided herein. The Committee had four meetings during the year under review in line with the mandate provided and the Charter approved by the Commission. The Audit Committee at all times performed its duties independently and objectively in line with the Charter developed in terms of the Guidelines on Corporate Governance for State Owned Enterprises issued by the Department of Public Enterprises of the Ministry of Finance.

Details of the composition of the Audit Committee

Name	Position in the Committee	Period of service	Position in the Commission
Mr. A K Senevirathna	Chairman	26.08.2022 – 05.04.2024	Ex- officio Member
Mrs. Yvette Fernando	Member	01.01.2021 – 23.06.2024	Ex- officio Member
Mr. Brian Selvanayagam	Member/Chairman	24.02.2023 – 30.09.2024	Member
Mr. J P R Karunaratna	Member	10.07.2024 – 31.12.2024	Ex-officio Member
Mr. Sanjeewa Anthoney	Member	24.02.2023 – 31.12.2024	Member

The Audit Committee comprised three Commission members as required by the treasury guidelines. The members possess combined skills and expertise in finance, accounting, economics and business. The Deputy Secretary to the Treasury acted as the Chairman of the Audit Committee whenever represented the Committee. Mr. Brian Selvanayagam acted as the Chairman of the Audit Committee during the remainder of the period under review. During the period under review, the Audit Committee convened a total of four meetings. A synopsis of key matters discussed at the Audit Committee is listed under the topics identified in the Audit Committee Charter.

1. Financial Reporting

The Committee reviewed the quarterly and Annual Financial Statements of the Commission prepared in accordance with the Sri Lanka Public Sector Accounting Standards (SLPSAS). The Audit Committee while noting the observations of the Auditor General focused and provided advice in relation to accuracy and completeness of the financial statements, significant adjustments that affected the financial statements, adequacy and suitability of accounting methods, evaluation of internal controls, accuracy and adequacy of information disclosure in accordance with relevant financial reporting standards and thereby improve accurate presentation of same. The Draft Budget for the year 2025 was also reviewed and observations made prior to recommending same for the approval of the Commission.

2. Internal Audit Report

The Committee deliberated the contents of the Internal Audit Report 2024 in detail and made recommendations to set timelines for pending actions and high risk areas highlighted while providing several other advices as required prior to recommendation same for the approval of the Commission.

3. Risk Management

The Procedure Manual on Investment, the draft document Management Policy of the IRCSL, Delegation of financial authority 2025 and the Action Plan were reviewed by the Audit Committee during the period under review. Several observations made and thereby improvements were recommended prior to submitting for the approval of the Commission.

4. Relationship with external Auditors

The Management Audit Report of the Auditor General was discussed in detail and appropriate advices were provided to rectify concerns highlighted therein.

5. Compliance

The Audit Committee was of the opinion that the financial statements had been prepared in conformity with financial reporting standards, related party transactions were at arm's length with normal

business conditions, risk management, and internal control and internal audit systems were adequate and effective, and that laws and regulations relating to the operations were fully complied with.

For and on behalf of the Audit Committee of the Insurance Regulatory Commission of Sri Lanka



Mr. H.D.C.L. Silva

Chairman of the Audit Committee

May 16, 2025

AUDITOR GENERAL'S REPORT



ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE



මගේ අංකය
எனது இல.
My No.

INF/B/IRCSSL/FA/2024

ඔබේ අංකය
உமது இல.
Your No.

දිනය
திகதி
Date

30 May 2025

Chairman
Insurance Regulatory Commission of Sri Lanka

Report of the Auditor General on the Financial Statements and Other Legal and Regulatory Requirements of the Insurance Regulatory Commission of Sri Lanka for the year ended 31 December 2024 in terms of Section 12 of the National Audit Act, No. 19 of 2018.

1. Financial Statements

1.1 Opinion

The audit of the financial statements of the Insurance Regulatory Commission of Sri Lanka (the “Commission”) for the year ended 31 December 2024 comprising the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and notes to the financial statements, including material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154(1) of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the National Audit Act No. 19 of 2018 and Finance Act No. 38 of 1971. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Public Sector Accounting Standards.

1.2 Basis for Opinion

I conducted my audit in accordance with Sri Lanka Auditing Standards (SLAuSs). My responsibilities, under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of my report. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

1.3 Other information included in the Commission's 2024 Draft Annual Report.

The other information comprises the information included in the Commission's 2024 Draft Annual Report but does not include the financial statements and my auditor's report thereon, which I have obtained prior to the date of this auditor's report. Management is responsible for the other information.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If based on the work I have performed on the other information that I have obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

1.4 Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Public Sector Accounting Standards and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

As per Section 16(1) of the National Audit Act No. 19 of 2018, the Commission is required to maintain proper books and records of all its income, expenditure, assets and liabilities, to enable annual and periodic financial statements to be prepared of the Commission.

1.5 Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sri Lanka Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Sri Lanka Auditing Standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

2. Report on Other Legal and Regulatory Requirements

2.1 National Audit Act, No. 19 of 2018 includes specific provisions for following requirements.

2.1.1 I have obtained all the information and explanation that were required for the audit and as far as appears from my examination, proper accounting records have been kept by the Commission as per the requirement of section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The financial statements presented is consistent with the preceding year as per the requirement of section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.2 Based on the procedures performed and evidence obtained which were limited to matters that are material, nothing has come to my attention;

2.2.1 To state that any member of the governing body of the Commission has any direct or indirect interest in any contract entered into by the Commission which are out of the normal cause of business as per the requirement of section 12 (d) of the National Audit Act, No. 19 of 2018.

2.2.2 To state that the Commission has not complied with any applicable written law, general and special directions issued by the governing body of the Commission as per the requirement of section 12 (f) of the National Audit Act, No. 19 of 2018 except for;

Reference to laws/ Directions	Descriptions
Public Enterprises Circular No.01/2024 dated 28 February 2024	State Owned Enterprises are required to maintain strict financial discipline to curtail expenditure and ensure business sustainability by adhering to the given directions. However, it was observed a high increase of some expenditure items which led to a significant increase of total expenditure without having a significant growth in total income. Further, it was observed a 43% increase of total expenditure while only 1% increase of total income was reported in the year 2024 compared to the year 2023. As a result of above matter, decrease of taxable profit will cause a reduction of income tax for the government and less contribution to consolidated fund as well.

2.2.3 To state that the Commission has not performed according to its powers, functions and duties as per the requirement of section 12 (g) of the National Audit Act, No. 19 of 2018 except for;

- a) According to the Regulation of Insurance Industry Act No.43 of 2000, the Commission should have qualified professionals with insurance related knowledge and actuarial knowledge to discharge supervision and regulatory functions of the Act. Even though the post of actuary was approved in the year 2016, the position of actuary is remaining vacant for about 8 years.
- b) The Commission had decided to obtain actuarial consultancy service from a private consultant in India for two years effective from 01 August 2024 and an expense of Rs.44,761,668 had been incurred for the year 2024. As per the scope of the work of the Consultant stated in the agreement, the consultant shall evaluate annual and quarterly actuarial returns submitted to the Commission by insurance companies, ensure compliance to regulations, adequacy of actuarial provisions, and correctness in actuarial methodology, review valuation returns, solvency ratios, assumptions, distribution of surplus; and provide feedback to financially strengthen insurance companies, ensure uniformity in application

of Risk Based Capital Rules across insurers and propose guidelines to insurers to this extent etc. As per the sample audit conducted, it was observed that above consultant had issued actuary's reports for the two insurance companies in Sri Lanka. This may have an impact on the independence of the activities of the Commission.

2.2.4 To state that the resources of the Commission had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12 (h) of the National Audit Act, No. 19 of 2018 except for;

- a) The Commission had obtained office space comprising 8,741 square feet of the 11th floor, East Tower, World Trade Center to carry out the official activities under a lease agreement without selecting an economically cost effective place. The Commission has incurred Rs.44,360,674 for rent and service charges, Rs.1,004,595 for parking fees and Rs.3,203,884 for electricity (Sum of Rs.48,569,153) in the year 2024. The percentage of the lease rent of the building represents the 13 per cent of the total expenditure and 10 per cent of the total income of the year 2024. The lease agreement had been renewed for another five years from 2024.10.01 to 2029.10.01 without analysing economically viable alternative premises.


G.H.D. Dharmapala
Acting Auditor General

MATTERS RAISED BY THE AUDITOR GENERAL AND THE RESPONSES MADE BY THE COMMISSION FOR 2024

2.	Report on other Legal and Regulatory requirements	Responses of Insurance Regulatory Commission of Sri Lanka				
2.2.2	To state that the Commission has not complied with any applicable written law, general and special directions issued by the governing body of the Commission as per the requirement of section 12(f) of the National Audit Act, No. 19 of 2018 except for;					
	<table><tr><th>Reference to law/ direction</th><th>Description</th></tr><tr><td>Public Enterprises Circular No.01/2024 dated 28 February 2024</td><td> State Owned Enterprises are required to maintain strict financial discipline to curtail expenditure and ensure business sustainability by adhering to the given directions. However, it was observed a high increase of some expenditure items which led to a significant increase of total expenditure without having a significant growth in total income. Further, it was observed a 43% increase of total expenditure while only 1% increase of total income was reported in the year 2024 compared to the year 2023. As a result of above matter, decrease of taxable profit will cause a reduction of income tax for the government and less contribution to consolidated fund as well. </td></tr></table>	Reference to law/ direction	Description	Public Enterprises Circular No.01/2024 dated 28 February 2024	State Owned Enterprises are required to maintain strict financial discipline to curtail expenditure and ensure business sustainability by adhering to the given directions. However, it was observed a high increase of some expenditure items which led to a significant increase of total expenditure without having a significant growth in total income. Further, it was observed a 43% increase of total expenditure while only 1% increase of total income was reported in the year 2024 compared to the year 2023. As a result of above matter, decrease of taxable profit will cause a reduction of income tax for the government and less contribution to consolidated fund as well.	The annual fee has been charged from insurance companies at 0.125% of the GWP. There was an increase of 7% due to the increase of Gross Written premium. Registration fees was increase by 93%. The above favorable increases have been set back by negative interest income due to interest rate decrease by Rs 31 Mn. There was a salary revision during 2024, The IRCSL has engaged consultants for actuarial professional services after approval of the Cabinet Consultant Procurement Committee, with the related charges incurred August 2024 onwards.
Reference to law/ direction	Description					
Public Enterprises Circular No.01/2024 dated 28 February 2024	State Owned Enterprises are required to maintain strict financial discipline to curtail expenditure and ensure business sustainability by adhering to the given directions. However, it was observed a high increase of some expenditure items which led to a significant increase of total expenditure without having a significant growth in total income. Further, it was observed a 43% increase of total expenditure while only 1% increase of total income was reported in the year 2024 compared to the year 2023. As a result of above matter, decrease of taxable profit will cause a reduction of income tax for the government and less contribution to consolidated fund as well.					
2.2.3	To state that the Commission has not performed according to its powers, functions and duties as per the requirement of section 12(g) of the National Audit Act, No. 19 of 2018 except for;					

	a. According to the Regulation of Insurance Industry Act No. 43 of 2000, the Commission should have qualified professionals with insurance related knowledge and actuarial knowledge to discharge supervision and regulatory functions of the Act. Even though the post of actuary was approved in the year 2016, the position of actuary is remaining vacant for about 8 years. b. The Commission had decided to obtain actuarial consultancy service from a private consultant in India for two years effective from 01 August 2024 and an expense of Rs. 44,761,668 had been incurred for the year 2024. As per the scope of the work of the Consultant stated in the agreement, the consultant shall evaluate annual and quarterly actuarial returns submitted to the Commission by insurance companies, ensure compliance to regulations, adequacy of actuarial provisions, and correctness in actuarial methodology, review valuation returns, solvency ratios, assumptions, distribution of surplus; and provide feedback to financially strengthen insurance companies, ensure uniformity in application of Risk Based Capital Rules across insurers and propose guidelines to insurers to this extent etc. As per the sample audit conducted, it was observed that above consultant had issued actuary's reports for the two insurance companies in Sri Lanka. This may have an impact on the independence of the activities of the Commission.	IRCSL published advertisements several times as mentioned below to recruit suitable candidates to the Actuary and Assistant Actuary posts; <table><tr><th>Advertisement date for Actuary</th><th>Advertisement date for Assistant Actuary</th></tr><tr><td>12.02.2017</td><td>12.02.2017</td></tr><tr><td>26.02.2018</td><td>26.02.2018</td></tr><tr><td>29.11.2020</td><td>01.09.2019</td></tr><tr><td>11.07.2021</td><td>29.11.2020</td></tr></table>	Advertisement date for Actuary	Advertisement date for Assistant Actuary	12.02.2017	12.02.2017	26.02.2018	26.02.2018	29.11.2020	01.09.2019	11.07.2021	29.11.2020
		Advertisement date for Actuary	Advertisement date for Assistant Actuary									
12.02.2017	12.02.2017											
26.02.2018	26.02.2018											
29.11.2020	01.09.2019											
11.07.2021	29.11.2020											
	However, due to the dearth of qualified Actuaries in Sri Lanka and the higher salary expectations, only in one instance i.e. August 2021 we were able to recruit an Assistant Actuary who worked only for 5 Months. All the other attempts of recruiting Actuary and Assistant Actuary were failed. As per the agreement Actuarial Services performed by Loaned Employees / Key Personnel provided by Consultant to the Commission during the term of the assignment. "Consultant" means Willis Towers Watson India Private Limited that will provide the "Loaned Employees/ key Personnel" to undertake the Services to the Commission under the Contract. As per the contract signed with WTW, Section 3.2 (Conflict of Interests) indicates that "the consultant shall hold the Commission's interests paramount without any consideration for future work and enable the Commission to maximize benefits form the Consultant engagement through personnel of the consultant who will work directly under the supervision of the Commission. The personnel shall remain independent of and free of any perceived or actual conflicts of interests between any other engagement of the consultant during the period of this contract and up to six months after the termination or expiration of this contract". Accordingly, the personnel of Consultants engaged in the IRCSL contract refrain from providing their services to other insurers.											
2.2.4	To state that the resources of the Commission had not been procured and utilized economically, efficiently and effectively within the time frames and in compliance with the applicable laws as per the requirement of section 12(h) of the National Audit Act, No. 19 of 2018 except for;											

	a. The Commission had obtained office space comprising 8,741 square feet of the 11th floor, East Tower, World Trade Center to carry out the official activities under a lease agreement without selecting an economically cost effective place. The Commission has incurred Rs. 44,360,674 for rent and service charges, Rs. 1,004,595 for parking fees and Rs. 3,203,884 for electricity (Sum of Rs. 48,569,153) in the year 2024. The percentage of the lease rent of the building represents the 13 per cent of the total expenditure and 10 per cent of the total income of the year 2024. The lease agreement had been renewed for another five years from 2024.10.01 to 2029.10.01 without analyzing economically viable alternative premises.	Several attempts have been made to relocate office premises. The Commission after considering the location, space, safety and security, investment cost and recurrent cost recommended to locate the IRCSL in World Trade Centre. However, we have commenced discussion with the UDA as per the advice of the MOF to relocate IRCSL along with SEC.
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STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2024

	Notes	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	1	41,983,590	23,108,368
Deposits – Policyholders’ Protection Fund	2	10,115,509,789	9,593,949
Other Non Current Assets	3	15,108,074	10,549,513
Total Non Current Assets		10,172,601,453	43,251,830
CURRENT ASSETS			
Inventories	4	557,642	581,384
Policyholders’ Protection Fund- Investments & Others	2	3,012,535,182	11,522,878,141
Other Current Assets	5	44,248,652	21,384,321
Investments in Fixed Deposits		-	114,000,000
Investments in Government Securities -Repo		100,000,000	180,000,000
Investments in Treasury Bills		383,024,130	150,004,810
Deferred Tax Asset	19	11,427,451	7,090,385
Cash and Cash Equivalents	6	17,050,006	8,094,322
Total Current Assets		3,568,843,062	12,004,033,363
TOTAL ASSETS		13,741,444,515	12,047,285,193
RESERVES AND LIABILITIES			
RESERVES & FUNDS			
Policyholders’ Protection Fund	7	13,128,044,971	11,532,472,092
Revaluation Reserve		53,684,928	34,972,754
Accumulated Fund		406,361,005	352,127,844
Total Reserves & Funds		13,588,090,903	11,919,572,690
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred Tax Liability	19	7,869,408	3,922,087
Retirement Benefit Obligation	9	38,091,504	23,634,618
Total Non Current Liabilities		45,960,912	27,556,705
CURRENT LIABILITIES			
Receipt in Advance		38,124,533	34,126,830
Other Current Liabilities	10	69,268,167	66,028,968
Total Current Liabilities		107,392,700	100,155,798
TOTAL RESERVES & LIABILITIES		13,741,444,515	12,047,285,193

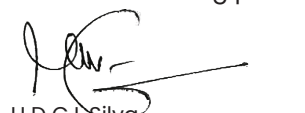
The Members of the Insurance Regulatory Commission of Sri Lanka are responsible for the preparation and presentation of these Financial Statements.

The above Statement of Financial position is to be read in conjunction with the accounting policies and notes appearing on pages 77 to 94.


Dr. W A R De Mel
Chairman, IRCSL


Damayanthi Fernando
Director General

Colombo, Sri Lanka
16th May 2025


H D C L Silva
Chairman, Audit Committee


Sathiesh Kumar
Director – Finance

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER 2024

	Notes	Year Ended 31.12.2024 Rs.	Year Ended 31.12.2023 Rs.
REVENUE			
REVENUE FROM NON- EXCHANGE TRANSACTIONS			
Annual Fees & Renewal Fees	11	380,805,679	336,403,880
Recognition of Grant	8	-	5,061,291
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest Income	12	50,718,089	81,638,422
Other Income	13	529,425	549,484
TOTAL INCOME		432,053,193	423,653,076
EXPENDITURE			
Staff Costs	14	(198,801,875)	(132,146,344)
Professional Charges	15	(45,225,380)	(224,300)
Operational Expenses	16	(83,189,182)	(96,697,394)
Finance and Others	17	(571,524)	(140,396)
TOTAL EXPENDITURE		(327,787,961)	(229,208,435)
Net Surplus /(Deficit) Before Tax		104,265,232	194,444,641
Taxation	19	(29,548,960)	(45,171,143)
Net Surplus /(Deficit) After Tax		74,716,272	149,273,498
Surplus Transferred to Accumulated Fund		64,458,535	150,892,215
Acturial Loss /(Gain) on Retirement Benefit Obligation	9	10,257,737	(1,618,717)
Net Surplus for the Year		54,200,798	152,510,932

The accounting policies and notes appearing on pages from 77 to 94 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2024

	Revaluation Reserves	Accumulated Surpluses/ (Deficits)	Total
	Rs.	Rs.	Rs.
Balance at 1st January 2022	28,593,684	162,942,114	191,535,798
Net Surplus for the Year 2022	-	122,869,939	122,869,939
Gain on property revaluation	3,845,510	-	3,845,510
Actuarial Loss/ (Gain)	-	(2,815,631)	(2,815,631)
Balance at 31st December 2022	32,439,194	282,996,422	315,435,615
Balance at 1st January 2023	32,439,194	282,996,422	315,435,615
Net Surplus for the Year 2023	-	152,510,932	152,510,932
Gain on property revaluation	2,533,560	-	2,533,560
Income tax on previous years	-	(35,430,918)	(35,430,918)
Actuarial Gain	-	(1,618,717)	(1,618,717)
Reversal of over provision previous years	-	3,670,125	3,670,125
Contribution to Consolidated Fund	-	(50,000,000)	(50,000,000)
Balance at 31st December 2023	34,972,754	352,127,844	387,100,598
Balance at 1st January 2024	34,972,754	352,127,844	387,100,598
Net Surplus for the Year 2024	-	54,200,798	54,200,798
Gain on property revaluation	18,712,174	-	18,712,174
Previous years adjustments on Income tax/ interest	-	4,774,626	4,774,626
Actuarial Loss/ (Gain)	-	10,257,737	10,257,737
Contibition to consolidated Fund	-	(15,000,000)	(15,000,000)
Balance at 31st December 2024	53,684,928	406,361,005	460,045,933

Revaluation reserve represents the surplus/deficit arising on the valuation of Motor Vehicles, Furniture and fittings, Office Equipoment and EDP

Accumulated Surplus/ Deficits represent the Surplus/ Deficit transferred from the statement of Financial Performance.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2024

	Notes	Year Ended 31.12.2024 Rs.	Year Ended 31.12.2023 Rs.
Cash Flow from Operating Activities			
Surplus/(deficit) for the Period		104,265,232	194,444,641
Provision for Depreciation	1	12,077,183	10,352,302
Impact on revaluation	1	(14,587,920)	-
Provision for Retirement Benefit	9	6,474,568	6,430,322
Income Tax	19	(29,548,960)	-
Recognition of Grant		-	(5,061,291)
Reversal of over provision previous years		4,774,626	3,670,125
Payment made- Retirement Benefit	9	(2,275,419)	(4,967,900)
Actuarial Profit /(Loss)		10,257,737	-
Interest Income	12	(50,717,962)	(81,638,405)
Net Increase before Working Capital Changes		40,719,085	123,229,795
Change of Working Capital			
(Increase)/Decrease in Inventories	4	23,742	(45,470)
(Increase)/Decrease of Receivables	5	(23,482,457)	3,596,983
Increase/(Decrease) of Receipt in Advance		3,997,703	16,441,049
Increase/(Decrease) of Creditors and Accruals	10	53,890,268	(1,190,107)
Cash Flow used in Operating Activities		34,429,257	18,802,456
Income Tax paid	19	(50,651,070)	(80,476,064)
Net Cash Flows from Operating Activities		24,497,272	61,556,187
Cash Flow from/(used in) Investing Activities			
Investment in Government Securities		(153,019,320)	(227,004,810)
Investment in Fixed Deposits		114,000,000	114,000,000
Interest Income		50,717,962	99,625,674
Purchase of Property Plant and Equipments	1	(12,240,230)	(3,625,311)
Net Cash used in Investing Activities		(541,589)	(17,004,447)
Cash Flow from Financing Activities			
Contribution to consolidated Fund		(15,000,000)	(50,000,000)
Net Cash Flows from Financing Activities		(15,000,000)	(50,000,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		8,955,684	(5,448,260)
Cash and Cash Equivalents at the beginning of the year		8,094,323	13,542,583
Cash and Cash Equivalents at the end of the year		17,050,006	8,094,323
Cash at Bank and in Hand			
Balance at Fund Management Account	6 & 20	15,989,161	7,775,887
Bank of Ceylon 1877		1,050,086	317,804
Savings - NSB		650	632
People's Bank Savings Account		10,109	-
		17,050,006	8,094,323
		17,050,006	8,094,323

The accounting policies and notes appearing on pages 77 to 94 form an integral part of the Financial Statements.

POLICY HOLDERS PROTECTION FUND

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 2024

	Year Ended 31.12.2024 Rs.	Year Ended 31.12.2023 Rs.
Cash Flow from Operating Activities		
Net Increase of Policyholders' Protection Fund	1,595,572,881	2,151,651,257
Net Increase before Working Capital changes	1,595,572,881	2,151,651,257
Change of Working Capital		
(Increase)/Decrease of Interest Receivable on Government Securities	695,499,968	(364,760,935)
(Increase)/Decrease of Cess Receivable	(64,879,357)	(39,599,688)
Increase/(Decrease) of payable	246,095,772	(868,580,507)
Increase/(Decrease) of Receivables	5,037,314	(88,690,828)
Increase/(Decrease) of Amount to be Transferred from PPF	-	18,970,175
	881,753,697	(1,342,661,783)
Net Cash Increase/(Decrease) from Operating Activities	2,477,326,578	808,989,474
Cash Flow from/(used in) Investing Activities		
Investments in Government Securities	(8,908,701,039)	(7,800,000)
Investments in Fixed Deposits	6,426,662,649	(817,312,649)
Net Cash Increase/(Decrease) from Investing Activities	(2,482,038,391)	(825,112,649)
Net Increase/(Decrease) in Cash and Cash Equivalents	(4,711,813)	(16,123,175)
Cash and Cash Equivalents at the beginning of the year	9,438,956	25,562,131
Cash and Cash Equivalents at the end of the year	4,727,143	9,438,956
Balance at Current Account	1,000,000	1,000,000
Balance at Fund Management Account	3,727,143	8,438,956
	4,727,143	9,438,956

ACCOUNTING POLICIES

1. SIGNIFICANT ACCOUNTING POLICIES

1.1. Reporting Entity

1.1.1 Legal Form

Insurance Regulatory Commission of Sri Lanka is established under the Regulation of Insurance Industry Act, No. 43 of 2000, which came into operation with effect from 01 March 2001 by Government Gazette Notification No 1172/27, dated 23 February 2001.

The registered office of the Commission is located at Level 11, East Tower, World Trade Centre, Colombo 01.

1.1.2 Principle activities and nature of operations

The object and responsibility of the Commission shall be, to ensure that insurance business in Sri Lanka is carried on with integrity and in a professional and prudent manner with a view to safeguarding the interest of the policyholders and potential policyholders.

Powers, duties and function of the Commission, which are cited in the Act, are as follows:

- a) register as insurers persons carrying on insurance business in Sri Lanka;
- b) register persons as insurance brokers;

c) advise the Government on the development and regulation of the insurance industry;

d) implement the policies and programmes of the Government with respect to the insurance industry;

e) 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;

f) acquire and hold any property, movable or immovable and sell, lease mortgage or otherwise dispose of the same;

g) enter into such contracts as may be necessary for the exercise, performance and discharges of its' powers, duties and functions; and

h) do all such other acts as may be necessary for the due exercise, discharge and performance of its' powers, duties and functions under this Act.

1.2. BASIS OF PREPARATION

1.2.1 Statement of Compliance

The Financial Statements of the Insurance Regulatory Commission of Sri Lanka comprise the Statement of Financial Position,

Statement of Financial Performance, Statement of Changes in Equity /Net Assets and Cash Flows together with the Notes to the Financial Statements and have been prepared in accordance with the Sri Lanka Public Sector Accounting Standards and are in compliance with the said standards.

These Financial Statements were authorized for issue by the Commission on 16th May 2025.

1.2.2 Basis of Measurement

The Financial Statements have been prepared under the historical cost convention and applied consistently with no adjustment being made for inflationary factors affecting the Financial Statements except for the following;

Defined benefit obligations are measured at its present value based on an Actuarial Valuation as explained in note 3.1.1.

Where appropriate, accounting policies are disclosed in succeeding notes.

1.2.3 Going Concern

When preparing the Financial Statements, the Members of the Commission assessed the ability of the Commission to continue as a going

concern. The Members of the Commission have a reasonable assurance that IRCSL will continue in operation and meet its statutory obligations for the foreseeable future. The IRCSL does not foresee a need for liquidation or cessation of operations, after taking in to account, all available information about the future. Accordingly, the IRCSL continues to adopt the going concern basis in preparing the Financial Statements.

1.2.4 Functional & Presentation Currency

The Financial Statements of the Commission are presented in Sri Lankan Rupees, which is the Commission's functional currency. All financial information presented in Rupees has been rounded to the nearest Rupee.

1.2.5 Comparative Information

The presentation and classification of the Financial Statements of the previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

1.2.6 Materiality & Aggregation

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

1.2.7 Significant Accounting Judgements, Estimates and Assumptions

The preparation of Financial Statements in conformity with SLPSAS requires

management to make judgements, estimates and assumptions that affect the application of Accounting Policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have a significant effect on the amounts recognized in the Financial Statements is included in the following notes:

Assessment of impairment – Key Assumptions used in Discounted Cash Flow Projections

The Commission assesses at each reporting date whether there is objective evidence that an asset or a portfolio of assets is impaired. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing the value in use, the estimated future cash flows are discounted to its present value using appropriate discount rates that reflects the current market assessments of the time value of money and risk specific to the asset.

Depreciation

Judgement is required in determining the method of depreciation, useful life and residual values.

Deferred Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the level of future taxable profits together with future tax planning strategies.

Defined Benefit Plans

The assessment of the liability of defined benefit obligations involves a significant element of assumptions; including discount rates, future salary increases and mortality rates and due to the long term nature of these plans, such estimates are subject to uncertainty.

Current Taxation

Current tax liabilities are provided for in the Financial Statements applying the relevant tax statutes and regulations which the management believes reflect the actual liability. There can be instances where the stand taken by the Commission on transactions is contested by Revenue Authorities. Any additional costs on account of these issues are accounted for as a tax expense at the point the liability is confirmed on the Commission.

1.2.8 Events after the Reporting Period

All material events after the reporting date are considered and appropriate adjustments or disclosures are made in the Financial Statements where necessary.

1.3. Conversion of Foreign Currency

All foreign currency transactions are converted at the rate of

exchange prevailing at the time of the transactions were affected. Assets and Liabilities in foreign currencies are translated at the rates of exchange prevailing at the Balance Sheet date. The resulting gains and losses are dealt within the Income and Expenditure Account.

1.4. Financial Risk Management Objectives & Policies

The Commission's financial liabilities comprise receipt in advance and other payables. Financial liabilities are the income receivables and other receivables and cash and other short-term investments that arrive directly from its operations.

1.4.1 Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise of two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include deposits with financial institutions.

1.4.1.1 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Commission's exposure to the risk of changes in market interest rates relates primarily to the Commission's obligations with floating interest rates.

1.4.1.2 Liquidity risk is that the Commission monitors its risk to a shortage of funds using continuous cash flow forecasts & cash budgeting.

2. ASSETS & BASES OF VALUATION

2.1. Property, Plant & Equipment

Owned Property Plant & Equipment

All the Property, Plant and Equipment are stated at cost/ revaluation amount less accumulated depreciation and impairment losses. The cost of Property, Plant & Equipment is the cost of acquisition with any expenses incurred in bringing the assets to their working condition for the intended use.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

Subsequent cost incurred for the purpose of acquiring, extending or improving assets of a permanent nature in order to carry on or flow future economic benefits associated with the item to the Commission has been treated as capital expenditure. All other repairs and maintenance are charged to the statement of Financial Performance during the financial period in which they are incurred.

Revaluation model is applied for Motor Vehicles, which are revalued once in three years and thereafter to comply with requirements of

revaluation model under SLPSAS 7.

Office equipment, furniture and fittings are revalued annually.

Depreciation

Depreciation is charged on the straight-line basis over the estimated useful life of the asset at following rates. The useful life, depreciating methods and residual values are assessed annually or in an earlier date where any circumstances indicates such assessment is required.

Asset	% per annum
Motor Vehicles	25
Furniture, Fixtures & Fittings	12.5
Office & EDP Equipment	25
Training Equipment	25

Depreciation is provided from the date of purchase up to the date of disposal. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount.

2.2. Investments

Investments are made in fixed deposits and short term investments at Licensed Government Banks, in Government Treasury Bills and Government Treasury Bonds which are stated at cost and interest accrued up to the date of the reporting period. These investments are stated at cost plus accrued interest up to the reporting period. Therefore, there is no risk arisen on financial instruments to which the IRCSL is exposed at the end

of the financial year.

2.3. Inventories

Inventories are stated at lower of cost or net realizable value. The cost of inventories is valued on first-in- first-out (FIFO) basis.

2.4. Receivables

Receivables are carried at expected realizable value after making provision for impairment. All receivables are assessed for specific impairment by considering objective evidence.

2.5. Impairment Of Non-Financial Assets

At the end of each financial period the Commission assesses events or changes in circumstances to indicate that there is an indication that non- financial assets may be impaired. If such an indication exists, the Commission makes an estimated recoverable amount of the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

2.6. Cash & Cash Equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash at banks and cash in hand, deposits on call and liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

3. LIABILITIES AND PROVISIONS

All material liabilities as at the balance sheet date are included in the financial statements and adequate provision has been made for liabilities which are known to exist. All known liabilities have been accounted at cost in preparing the financial statements.

- 3.1. Liabilities classified as Current Liabilities in the Statement of Financial Position are those which will fall due for payment on demand or within one year from the Reporting Date.
- 3.2. Liabilities classified as Non - Current Liabilities in the Statement of Financial Position are those which will fall due for payment after one year from the Reporting Date.
- 3.3. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Commission, or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation.
- 3.4. Provisions are recognized when the Commission has a legal or constructive obligation at present as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

3.5. Nature and purpose of reserves

The IRCSL creates and maintains reserves in terms of specific local requirements.

a) Accumulated Reserve

The surplus/deficit of the Commission is transferred to the Accumulated Fund

b) Revaluation Reserve

Gain/loss on revaluation of assets are transferred to the Revaluation Reserve.

3.6. Retirement Benefits

3.6.1 Defined Benefit Plans – Gratuity

The Commission has adopted the retirement benefit plan as required under the payment of Gratuity Act, No.12 of 1983 for all eligible employees. The retirement benefit plan defines the amount of benefit that an employee will receive on retirement.

The liability recognized in the statement of Financial Position in respect of defined benefit plan is calculated annually by the Commission using the Projected Unit Credit method prescribed in Sri Lanka Public Sector Accounting Standard – SLPSAS 19: Employee Benefits.

At the beginning of financial year 2024	23,634,618
Current Service Cost	3,402,068
Past Service Cost (Due to retirement age change)	-
Interest Cost	3,072,500
Actuarial loss	10,257,737

Charged to profit and loss of the statement of comprehensive income	16,732,305
Benefits paid	(2,275,419)
At the end of financial year 2024	38,091,504

Gains and losses arising from changes due to over or under provision in the previous year are charged to the Statement of Financial Performance in the period in which they arise. The Obligation for the year has recognized immediately in the statement of Financial Performance.

The principal actuarial assumptions used were as follows:

Discount Rate	10.5% per annum
Rate of salary increase	8%
Retirement Age	60 Years

3.6.2 Defined Contribution Plans – EPF & ETF

All employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Commission contributes 12% and 3% of gross emoluments of employees to the Employees' Provident Fund and Employees' Trust Fund respectively.

3.2. Related parties

The IRCSL regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the IRCSL, or vice versa. Members of key management are regarded as related parties and comprise the Line Ministry and Members of the Commission.

4. INCOME & EXPENDITURE

4.1. Revenue Recognition

4.1.1 Revenue From Non-Exchange Transactions

Fees & Taxes

The IRCSL recognizes revenue from fees and taxes when the event occurs, and the asset recognition criteria are met. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

IRCSL revenue consists of Annual fees, Renewal fees, Registration fees and sale of publications, etc.

4.1.2 Revenue From Exchange Transactions

Interest income

Interest income has been recognized on a time proportion basis that takes into account the effective yield on the assets.

Sale of Assets

Revenue from the sale of assets is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods.

4.2. Expenditure Recognition

All expenditure incurred in maintaining the Commission has been charged to revenue in ascertaining the income over expenditure.

4.2.1 Interest income and expenses

Interest expenses are recognized in the Statement of Financial Position on an accrual basis.

4.3. Income Tax Expenses

Current Taxation

Commission's tax expense is made up of current taxation and deferred tax gain or loss during the year. Provision for taxation is based on the profit/surplus for the year adjusted for taxation purposes.

Deferred Tax

Deferred Taxation is provided using the Balance Sheet liability, method of providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognized only to the extent that it is probable that future taxable profits would be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.4. Cash Flow Statement

The Cash Flow Statement has been prepared using the indirect method.

4.5. Budget Information

The annual budget is prepared on an accrual basis; that is, all planned costs and income are presented in a single statement to determine the needs of the IRCSL.

These budget figures are those approved by the Commission at the beginning of the Financial Year.

5. POLICY HOLDERS PROTECTION FUND

5.1. Legal Form

The Policy Holders Protection Fund of Insurance Regulatory Commission of Sri Lanka is established in terms of Section 103(1) of the Regulation of Insurance Industry Act No.43 of 2000 (RII Act) which reads as 'There shall be a fund to be known as the Policy Holders Protection Fund to which shall be credited the CESS charged under Section 7 of the RII Act.'

5.2. Principle activities and nature of operations

According to the Section 103(1) of the Regulation of Insurance Industry Act No.43 of 2000 (RII Act), the funds lying to the credit of this fund shall be utilized for the general protection of the policy holders and for any other specific purpose as may be determined by the Commission by rules made in that behalf.

Further, any money which is not immediately required for any of the purposes referred to above, shall be invested by the Commission in such prudent manner as would yield a good return and safeguard the investment.

There were no changes in the nature of the objects of the Policy Holders Protection Fund during the financial period under review.

Utilization

In terms of Sec 103(2) of the RII Act, the PPF should be utilized for the general protection of Policy holders and for other specific purposes as may be determined by the Commission, by the Rules made in that behalf. In terms of Rule No 10 of the gazette Extraordinary No 1412/30 dated 29th September 2005, money lying to the credit of the PPF, may be utilized for the following specific purposes in so far as it would be for the policyholders and potential policy holders.

- a) Defraying the expenditure incurred in creating awareness of the insurance industry amongst the public and other expenditure incurred in the development of the insurance industry: and
- b) Defraying the expenditure incurred by the commission in the exercise, and discharge and performance of its powers, functions and Duties.

5.3. Basis of Measurement

The Financial Statements have been prepared under the historical cost convention and applied consistently with no adjustment being made for inflationary factors affecting the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1 PROPERTY, PLANT & EQUIPMENT

	Motor Vehicles Rs.	Furniture, Fixtures & Fittings Rs.	Office Equipment (EDP & Others) Rs.	Training Equipment Rs.	Software Rs.	Total Rs.
COST/REVALUATION						
Balance as at 1st January 2021	10,300,000	17,025,562	32,146,704	141,450	-	59,613,716
Additions	-	-	3,025,000	-	-	3,025,000
Disposals	-	-	-	-	-	-
Impact on Revaluation	2,500,000	(7,950,627)	(11,817,033)	-	-	(17,267,660)
Balance as at 31st December 2021	12,800,000	9,074,935	23,354,671	141,450	-	45,371,056
Balance as at 1st January 2022	12,800,000	9,074,935	23,354,671	141,450	-	45,371,056
Additions	-	-	6,190,600	-	1,759,050	7,949,650
Disposals	-	-	-	-	-	-
Impact on Revaluation	-	2,364,409	194,205	-	-	2,558,614
Balance as at 31st December 2022	12,800,000	11,439,343	29,739,476	141,450	1,759,050	55,879,319
Balance as at 1st January 2023	12,800,000	11,439,343	29,739,476	141,450	1,759,050	55,879,319
Additions	-	-	3,625,311	-	-	3,625,311
Disposals	-	-	-	-	-	-
Impact on Revaluation	-	1,728,510	805,050	-	-	2,533,560
Balance as at 31st December 2023	12,800,000	13,167,853	34,169,837	141,450	1,759,050	62,038,190
Balance as at 1st January 2024	12,800,000	13,167,853	34,169,837	141,450	1,759,050	62,038,190
Additions	-	702,932	11,537,298	-	-	12,240,230
Disposals	-	-	-	-	-	-
Impact on Revaluation	4,500,000	(2,522,850)	84,978	-	-	2,062,127
Balance as at 31st December 2024	17,300,000	11,347,935	45,792,113	141,450	1,759,050	76,340,548
ACCUMULATED DEPRECIATION						
Balance as at 1st January 2021	5,150,000	13,771,522	24,566,031	141,450	-	43,629,003
Charge for the year	2,575,000	1,499,751	3,786,704	-	-	7,861,455
Disposals	-	-	-	-	-	-
Impact on Revaluation	(7,725,000)	(9,878,066)	(12,343,701)	-	-	(29,946,767)
Balance as at 31st December 2021	-	5,393,207	16,009,034	141,450	-	21,543,691
Charge for the year	3,200,000	1,165,427	3,803,532	-	151,767	8,320,725
Disposals	-	-	-	-	-	-
Impact on Revaluation	-	(1,054,538)	(232,358)	-	-	(1,286,895)
Balance as at 31st December 2022	3,200,000	5,504,096	19,580,208	141,450	151,767	28,577,520
Charge for the year	3,200,000	2,360,506	4,352,033	-	439,762	10,352,302
Disposals	-	-	-	-	-	-
Impact on Revaluation	-	-	-	-	-	-
Balance as at 31st December 2023	6,400,000	7,864,602	23,932,241	141,450	591,529	38,929,822
Charge for the year	3,200,000	1,988,757	6,448,664	-	439,762	12,077,183
Disposals	-	-	-	-	-	-
Impact on Revaluation	(9,600,000)	(4,418,605)	(2,631,442)	-	-	(16,650,047)
Balance as at 31st December 2024	-	5,434,754	27,749,463	141,450	1,031,292	34,356,958
WRITTEN DOWN VALUE AS AT 31ST DECEMBER 2024	17,300,000	5,913,181	18,042,650	-	727,758	41,983,590
WRITTEN DOWN VALUE AS AT 31ST DECEMBER 2023	6,400,000	5,303,252	10,237,596	-	1,167,521	23,108,368

	Notes	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
2 POLICYHOLDERS' PROTECTION FUND, INVESTMENTS & OTHERS			
NON CURRENT ASSETS			
Rent and Electricity Deposits		9,593,949	9,593,949
Fixed Deposits		2,931,000,000	-
Treasury Bonds		7,174,915,840	-
		10,115,509,789	9,593,949
CURRENT ASSETS			
Investment in the Government Securities		1,741,585,200	7,800,000
Investment in Fixed Deposits		490,000,000	9,847,662,649
Interest Receivable on the Government Securities and Fixed Deposits		714,998,360	1,410,498,328
CESS Receivable		258,865,764	193,986,407
Balance at Fund Management Account		3,727,143	8,438,956
Balance at Bank		1,000,000	1,000,000
WHT Receivable		83,653,514	88,690,828
		3,293,829,980	11,558,077,167
Less			
Cess Payable		2,603,340	2,603,340
Tax expense on PPF		-	18,970,175
Tax Payable on 2024/2025		277,242,830	-
Tax Payable on 2023/2024		1,445,109	-
Interest and penalty Payable on PPF interest income		-	13,625,511
Refund Payable		3,518	-
		281,294,798	35,199,026
		3,012,535,182	11,522,878,141
Total Assets		13,128,044,971	11,532,472,090
3 OTHER NON CURRENT ASSETS			
Refundable Deposit for rent		7,118,454	2,688,246
Staff Loans*		7,989,620	7,861,267
		15,108,074	10,549,513
4 INVENTORIES			
Printing, Stationery and Computer Accessories		479,524	501,266
Stamps		78,118	80,119
		557,642	581,384

NOTES TO THE FINANCIAL STATEMENTS

	Notes	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
5 OTHER CURRENT ASSETS			
Receivable from non-Exchange transactions			
Other Receivables		1,366,451	995,957
Annual Fee Receivables		4,757,177	-
Receivable from Exchange transactions			
Provision for Acquisition		-	398,596
Staff Loans *		2,820,506	2,478,879
Festival advance*		960,100	1,070,100
Advance and Pre-payments		7,223,834	3,666,679
VAT Control		2,027,748	46,390
SSCL Receivable		-	25,551
Deposits	5.1	285,120	285,120
Interest Receivable - Government Securities		6,117,747	9,592,965
WHT Receivable		1,012,066	2,824,083
Income Tax receivable		17,677,902	-
		44,248,652	21,384,321
5.1 Deposits represent fuel deposit and NSB Fixed deposit for safety locker			
*Loans Granted to Staff (Staff loan and Festival Advance)			
Balance as at 1st January 2024		11,410,246	14,021,868
Loans Granted during the year		5,888,500	4,836,000
		17,298,746	18,857,867
Repayments during the year		(5,528,520)	(7,447,621)
Balance as at 31st December 2024		11,770,226	11,410,246
6 CASH & CASH EQUIVALENTS			
Cash at Banks			
Balance at Fund Management Account	20	15,989,161	7,775,887
Bank of Ceylon 1877		1,050,086	317,804
Savings Account - NSB		650	632
PEOPLE'S BANK AC 204200140016621		10,109	-
		17,050,006	8,094,322
Bank of Ceylon Negative Balance			
Bank of Ceylon 1877 - as per Ledger		-	(8,993)
		17,050,006	13,542,583

	Notes	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
7 POLICYHOLDERS' PROTECTION FUND			
Opening Balance		11,532,472,092	9,380,820,835
Cess Received during the year		763,733,054	648,235,021
Interest on Treasury Bill Investment		95,780,825	29,399,915
Interest on Repo		29,918,187	30,757,138
Interest on Treasury Bond Investment		328,166,128	-
Interest on Fixed Deposits		1,079,986,624	2,130,074,192
Interest on Fund Management Account		4,104,037	9,203,551
		13,834,160,948	12,228,490,651
Less:			
Income tax Penalty & interest		-	36,184,139
Income Tax Provision for the year 2023/2024		244,725,479	-
Income tax provision on interest income of PPF	19	461,385,130	659,828,733
Total transfers- Policyholders' Protection Fund		706,110,610	696,012,872
Bank charges		5,368	5,687
		706,115,978	696,018,560
Closing Balance		13,128,044,971	11,532,472,092
8 GRANT			
Balance at the beginning of the year		-	5,061,291
Less: Amortized during the year		-	(5,061,291)
Balance at the end of the year		-	-

Note - Recognition of Grant

The grant has been recognized in the Statement of Financial Performance as income at the following rates:
(i.e. systematic basis over the useful life of the related asset)

Capital Expenditure transferred from Policyholders' Protection Fund was discontinued due to the surplus in the Commission Fund.

Motor Vehicle	25%	25%
Office Equipment - Others & EDP	25%	25%
Furniture Fixtures & Fittings	12.5%	12.5%
Training Equipments	25%	25%

NOTES TO THE FINANCIAL STATEMENTS

	Notes	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
9 RETIREMENT BENEFIT OBLIGATIONS			
Balance at the beginning of the year		23,634,618	23,790,913
Provision made during the year		6,474,568	6,430,322
Under provision of previous year			
Actuarial (Gain)/ loss		10,257,737	(1,618,717)
(-)Payment made during the year		(2,275,419)	(4,967,900)
Balance at end of the year		38,091,504	23,634,618
Discount Rate		10.50%	13%
Future Salary Increment Rate		8%	10%
9.1 SENSITIVITY OF ASSUMPTIONS USED			
A percentage change in the assumptions would have the following effects.			
	Discount Rate Rs.	Discount Rate Rs.	
1% Increase	36,148,580	22,451,026	
1% Decrease	40,215,814	24,930,576	
An actuarial valuation of the retirement gratuity obligation was carried out as at December 31, 2024 by a professional Actuary, Actuarial Management Services (Pvt) Ltd. The valuation method used by the Actuary to value the liability is the "Projected Unit Credit Method (PUC)", a method recommended by the Sri Lanka Public Sector Accounting Standard SLPSAS 19 on "Employee Benefit".			
10 OTHER CURRENT LIABILITIES			
Accrued Expenses		43,680,749	27,454,042
EPF Payable		2,134,374	1,219,797
ETF Payable		320,156	182,971
PAYE Payable		1,075,195	284,257
Retention Payable		36,228	36,228
Income Tax payable		20,983,600	36,124,233
Refunds & Other payables		1,037,865	727,440
		69,268,167	66,028,968
Surplus transferred from Commission Fund was discontinued from 2020			
11 REVENUE FROM NON- EXCHANGE TRANSACTIONS			
Annual Fees from Insurance Companies		346,308,115	318,586,057
Registration and Renewal Fees		34,497,564	17,817,822
		380,805,679	336,403,880
12 REVENUE FROM EXCHANGE TRANSACTIONS			
Interest on Fixed Deposit		11,587,030	34,979,369
Interest on Fund Management Account		2,119,417	3,115,182
Interest on T- Bills		22,001,462	31,099,450
Interest on Savings Account		127	18
Interest on Repos		15,010,052	12,444,405
		50,718,089	81,638,422

	Notes	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
13 OTHER INCOME			
Interest on Vehicle Loan		265,253	233,007
Interest on Distress Loan		259,472	312,507
Sundry Income		4,700	3,970
		529,425	549,484
14 STAFF COSTS			
Staff Salaries		121,392,024	76,631,836
EPF 12%		14,303,015	9,197,393
ETF 3%		3,605,896	2,300,215
Chairman – Allowance		1,200,000	950,685
Chairman – Fuel Allowance		592,225	422,452
Commission Members – Sitting Allowance		880,000	1,333,560
Interns Allowance		1,954,000	2,193,000
Overtime		561,142	357,507
Staff Medical Expenses		3,815,083	2,771,760
Staff Medical Insurance		4,182,995	2,973,423
Insurance Fire and Personal		498,128	423,780
Staff Welfare		1,719,148	1,730,359
Staff Training Local & Subscription		4,965,728	2,978,644
Commission Members and Staff – Overseas Training & Travelling		2,607,620	970,359
Performance Based Incentives		14,637,486	8,302,339
Advertising Recruitment		1,325,635	708,200
Directors Telephone Residence		776,865	711,020
Leave Encashment		1,385,060	1,246,709
Vehicle Operating Lease Charges		3,343,348	1,493,363
Directors Vehicle Allowance		5,166,438	4,550,000
Directors Fuel Allowance		3,415,472	3,469,420
Staff Gratuity		6,474,568	6,430,322
		198,801,875	132,146,344
15 PROFESSIONAL CHARGES			
Tax & Gratuity Valuation Fee		463,712	224,300
Actuarial Consultancy Fee		44,761,668	-
		45,225,380	224,300

NOTES TO THE FINANCIAL STATEMENTS

	Notes	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
16 OPERATIONAL EXPENSES			
Rent & Service Charge		44,360,674	56,504,536
Parking Fees		1,004,595	956,530
Telephone Expenses & Internet		1,259,696	989,218
Electricity		3,203,884	2,996,217
Office Upkeep		684,834	588,550
Printing & Stationary		795,798	1,223,906
Public Awareness		4,466,485	7,249,465
Traveling – Local		188,750	108,874
Office Equipment Maintenance EDP & Others		3,564,046	3,885,984
International Membership of IAIS		5,951,204	6,009,935
Advertising – Others		107,100	180,880
Meeting Expenses		999,000	1,436,438
Subscription Newspapers & Library Books		328,399	294,806
Postage & Courier Charges		112,516	137,177
Audit Fees–Auditor General		600,000	550,000
Audit Fees–Internal		1,700,000	1,700,000
Depreciation		12,077,183	10,352,302
Trade Tax		–	5,000
General Expenses		96,688	10,000
Legal Expenses		702,560	415,824
Investigation Expenses		7,383	7,110
Supervision Expenses		48,460	10,703
Vehicle Maintenance		542,898	721,584
Vehicle Insurance		133,673	87,098
Vehicle Running Charges		253,358	265,497
Surcharges & Penalty		–	9,761
		83,189,182	96,697,394
17 FINANCE & OTHER EXPENSES			
Bank Charges		265,941	140,396
Exchange (Gain) / Loss		305,583	–
		571,524	140,396
18 COMPARISON OF ACTUAL INCOME AND EXPENDITURE AGAINST THE BUDGET	Actual	Budget	Variance
	2024 Rs.	2024 Rs.	Rs.
Income			
Annual Fees from Insurance Companies	346,308,115	341,550,938	1%
Registration and Renewal Fees	34,497,564	34,013,523	1%
Less: Expenditure			
Staff Costs	198,801,875	235,557,325	–16%
Professional Charges & Operational	128,414,562	134,960,716	–5%
Finance and Others	30,120,484	18,460,000	63%

	Notes	As at 31.12.2024 Rs.	As at 31.12.2023 Rs.
19 TAXATION			
a. Commission Fund			
Current Income Tax			
Current Income tax charge		29,938,706	45,874,233
Deferred Tax			
Relating to origination and reversal of temporary differences		(389,746)	(703,090)
Income tax expense reported in the statement of Financial Performance		29,548,960	45,171,143
Tax computation has been carried out at the existing rate of 30%.			
Reconciliation			
			Total
A. Business Income			
Profit before Tax			104,265,232
Add: Deductions not allowed			
Accounting Depreciation on PPE			12,077,183
Provision for Retirement Contributions (Gratuity)			6,474,568
Directors Telephone Residence			776,865
Less: Allowable Deductions			
Contribution to Consolidated Fund			15,000,000
Capital Allowances on Depreciable Assets			6,522,742
Gratuity Paid			2,275,419
			99,795,687
Total Business Income			
Tax payable rate			30%
Current Year Tax			29,938,706
Total Tax			29,938,706
Deferred Tax			
Accelerated Depreciation for tax purposes			
Balance as at 1st January		(3,168,298)	(2,465,208)
Originating/(reversing) during the year		(389,746)	(703,090)
Balance as at 31st December		(3,558,044)	(3,168,298)
Deferred Tax provision as at the year end is made up as follows			
Deferred Tax Provision from temporary differences of			
- Property Plant and Equipment		7,869,408	3,922,087
- Gratuity		(11,427,451)	(7,090,385)
		(3,558,044)	(3,168,298)
b. Policy Holders Protection Fund			
2024	1,537,950,434	30%	461,385,130
Tax on PPF is included under note 7			461,385,130

NOTES TO THE FINANCIAL STATEMENTS

20. Fund Management Accounts, Ledger Balances & Bank Balances

IRCSL operates two Fund Management Account linked to our current account for the Commission and accordingly, over and above favorable balance of Rs. 1,000,000/- prevailed in the current account (in bank records) will automatically be transferred to the Fund Management Account.

The bank balances as at 31st December 2024 are as follows:

Balance of Fund Management Account	Rs. 15,989,160.85
Balance of Current Account	Rs. 1,050,086.09
Total	Rs. 17,039,246.94

21. Capital Commitments

There were no Capital Commitments as at 31st December 2024.

22. Contingent Liabilities & Contingent Assets

There were no Contingent Assets and Liabilities as at 31st December 2024.

23. Events After The Reporting Period

No circumstances have arisen since the reporting date other than mentioned in the note 22, which would require adjustments to or disclosure in the Financial Statements.

24. Taxation

The Provision for Income Tax has been computed in accordance with the provisions of the Inland Revenue Act No. 24 of 2017 and subsequent amendments.

Description	Amount (Rs)
A. Business Income	
Profit before Tax	104,265,232
Add: Deductions not allowed	
Accounting depreciation on PPE	12,077,183
Provision for Retirement Contributions (Gratuity)	6,474,568
Directors Telephone Residence	776,865
Less: Allowable Deductions	
Contribution to Consolidated Fund	15,000,000
Capital Allowances on Depreciable Assets	6,522,742
Gratuity paid	2,275,419
Total Business Income	99,795,687
Tax payable at 30%	29,938,706
Less: Tax Credits	
Self - Assessments paid	(8,955,106)
Balance Payable	20,983,600

25. Sri Lanka Financial Sector Modernization Project (FSMP)

Balance available in the FSMP bank account (BOC 73613) amounting to Rs 507,827.74 was transferred to the "Deputy Secretary to the Treasury" on the 18th of November 2022, to settle the DA account as all payments had been completed of the FSMP project. The Department of External Resources has notified on 20th November 2024 that, the credit account associated with the loan facility pertaining to the above project has been closed effective from 23rd July 2024.

26. Related Party Disclosures

Dr. W. A. Raveendra De Mel was appointed as the Chairman of the IRCSL with effect from 24th December 2024.

Mr. Razik Zarook, PC was appointed as the Chairman of the IRCSL with effect from 2nd January 2020 to 2nd January 2023 and re-appointed on 10th March 2023. Resigned on 23rd December 2024.

Mr. A. K. Seneviratne was appointed as an EX-officio member by virtue of him holding office as Deputy Secretary to the General Treasury with effect from 26th August 2022 and resigned on 05th April 2024.

Mr. H. C. D. L. Silva was appointed as an EX-officio member by virtue of him holding office as Deputy Secretary to the General Treasury with effect from 07th November 2024.

Mrs. T.M.J.Y.P. Fernando was appointed as an EX-officio member by virtue of her holding office as Senior Deputy Governor to the Central Bank of Sri Lanka with effect from 1st January 2021 and resigned on 20th June 2024.

Mr. Janaka Karunaratne was appointed as an EX-officio member by virtue of him holding office as Deputy Governor to the Central Bank of Sri Lanka with effect from 10th July 2024.

Mr. Sanjeewa Dissanayake was appointed as an EX-officio member by virtue of him holding office as Registrar of Companies to the Department of Registrar of Companies with effect from 8th July 2021 and resigned on 07th July 2024.

Mrs. K A P De Silva was appointed as an EX-officio member by virtue of her holding office as Registrar of Companies to the Department of Registrar of Companies with effect from 30th December 2024.

Mr. Brian Selvanayagam was appointed as a Member of the Commission with effect from 24th February 2023 and resigned on 30th September 2024.

Mr. Sanjeewa Anthony was appointed as a Member of the Commission with effect from 24th February 2023.

Dr. Prasad Samarasinghe was appointed as a Member of the Commission with effect from 26th May 2023 (Joined as a member at the 234th Commission Meeting held on 8th June 2023).

26.1 The following table depicts the relationships held by the Members of the Commission who held office during the year under review.

Name of the Member	Name of Related Institution	Relationship	Period
Dr. W. A. R. De Mel	None	-	24.12.2024 – 31.12.2024
Mr. Razik Zarook	None	-	01.01.2024 – 23.12.2024
Mr. H. C. D. L. Silva	State Mortgage and Investment Bank	Board member	01.01.2024 – 31.12.2024
	Securities & Exchange Commission of Sri Lanka	Board member	29.11.2024 – 31.12.2024
Mrs. T.M.J.Y.P. Fernando	Central Bank of Sri Lanka	Senior Deputy Governor	01.01.2024 – 23.06.2024
	Credit Information Bureau of Sri Lanka	Chairperson	01.01.2024 – 20.06.2024
	Institute of Bankers of Sri Lanka	Chairperson	01.01.2024 – 20.06.2024
	Api Wenuwen Api Fund	Member of Board Management	01.01.2024 – 20.06.2024

NOTES TO THE FINANCIAL STATEMENTS

	Securities and Exchange Commission of Sri Lanka	Commissioner	01.01.2024 – 20.06.2024
Mr. Sanjeewa Dissanayaka	Accounting Standards Committee	Ex. Officio Member	01.01.2024 – 07.07.2024
	Securities and Exchange Commission of Sri Lanka	Ex. Officio Member	01.01.2024 – 07.07.2024
	Sri Lanka Accounting and Auditing Standards Monitoring Board	Ex. Officio Member	01.01.2024 – 07.07.2024
Mrs. K A P De Silva	Securities and Exchange Commission of Sri Lanka	Ex. Officio Member	30.12.2024 – 31.12.2024
	Sri Lanka Accounting and Auditing Standards Monitoring Board	Ex. Officio Member	30.12.2024 – 31.12.2024
	Accounting Standards Committee	Ex. Officio Member	30.12.2024 – 31.12.2024
	Employed Trust Fund	Director	01.01.2024 – 31.12.2024
Mr. Brian Selvanayagam	Ceylon Biscuits Private Limited	Director	01.01.2024 – 30.09.2024
	Econsult Global Capital (Private) Limited	Director	01.01.2024 – 30.09.2024
	Vision One Private Limited	Director	01.01.2024 – 30.09.2024
	Loops Creative (Private) Limited	Director	01.01.2024 – 30.09.2024
Mr. Sanjeewa Anthony	None	-	01.01.2024 – 31.12.2024
Dr. Prasad Samarasinghe	HNB PLC	Director	01.01.2024 – 31.12.2024
	HNB Finance PLC	Director	01.01.2024 – 31.12.2024
	Hayleys Fiber PLC	Director	01.01.2024 – 31.12.2024
	Chemanex PLC	Director	01.01.2024 – 31.12.2024
	Lanka Bell Limited	Managing Director	01.01.2024 – 31.12.2024
	Bell Solutions (Private) Limited	Managing Director	01.01.2024 – 31.12.2024
	Bell Active (Pvt) Limited	Managing Director	01.01.2024 – 31.12.2024
	Bellvantage (Pvt) Limited	Managing Director	01.01.2024 – 31.12.2024
	Lanka Number Portability Services (Guarantee) Limited	Director	01.01.2024 – 31.12.2024

	National Transport Commission	Commission Member	01.01.2024 – 30.11.2024
	PranayaPulse (Pvt) Limited	Director	01.01.2024 – 31.12.2024
	Sri Lanka Rupavahini Corporation	Chairman/DG	01.01.2024 – 30.05.2024

26.2 Other than the transactions in the ordinary course of business no other transactions were recorded by the Insurance Regulatory Commission of Sri Lanka, with the governing body may consist of elected or appointed representatives of the Ministry of Finance, Finance Minister and Secretary to the Treasury during the year.

26.3 Transactions with Key Management Persons (KMP)

As per the Sri Lanka Public Sector Accounting Standard – SLPSAS 14 on “Related Party Disclosures”, the KMPs include those who are having authority and responsibility for planning, directing and controlling the activities of the entity.

26.4 Remuneration to Key Management Personnel (KMPs)

Members of the Governing Body

Aggregate remuneration & Sitting Allowance (7 Members)	Rs. 2,080,000
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Chief Executive and Senior Management Group

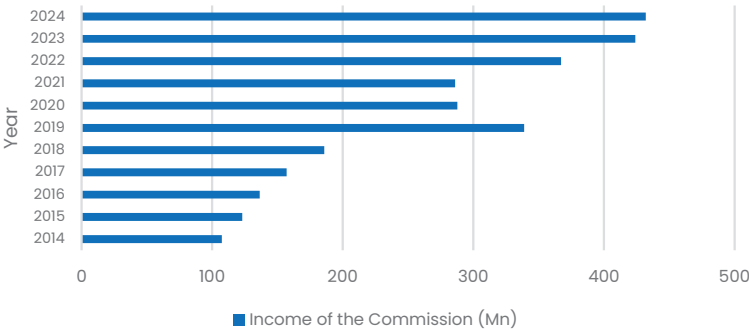
Aggregate remuneration for 6 persons	Rs. 33,414,377
Non cash benefits	Rs. 5,376,495
Medical insurance premium for 6 persons	Rs. 380,182

27. Comparative Information

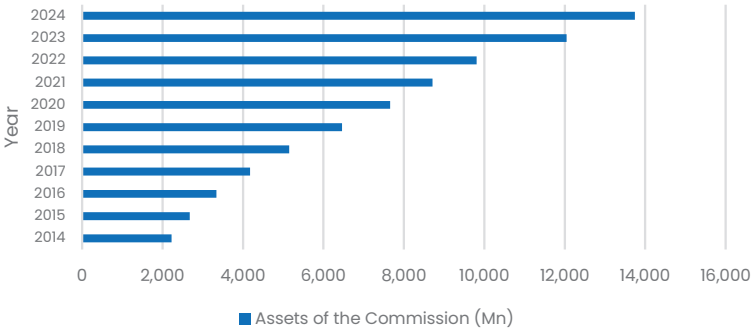
Comparative figures have been presented in the current financial year.

FINANCIAL HIGHLIGHTS

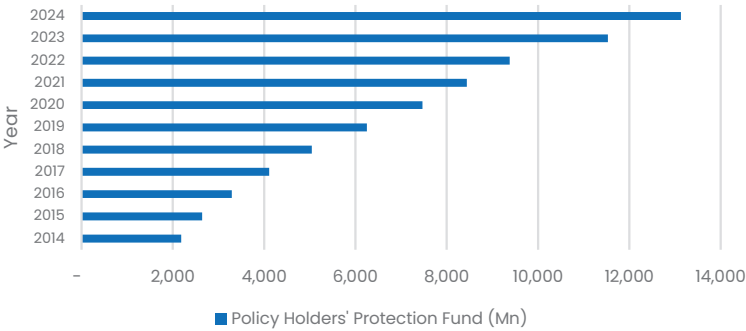
Income of the Commission (Mn)



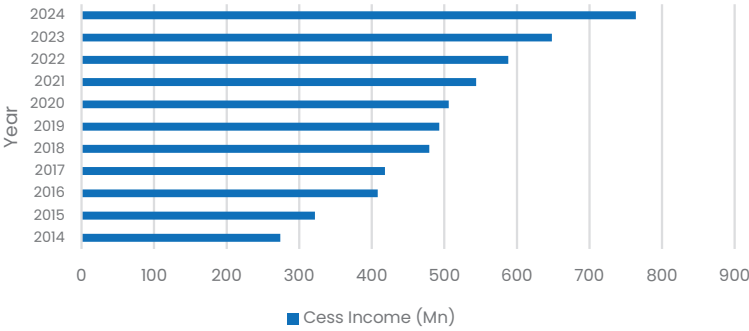
Assets of the Commission (Mn)



Policy Holders' Protection Fund (Mn)



Cess Income (Mn)



APPENDIX I

Insurance Companies Registered under the Regulation of Insurance Industry Act, No. 43 of 2000 as at 31st December 2024

No	Name of the Insurance Company	Class of Insurance Business
1	AIA Insurance Lanka Ltd.	Long Term Insurance
2	Allianz Insurance Lanka Ltd.	General Insurance
3	Allianz Life Insurance Lanka Ltd.	Long Term Insurance
4	Amana Takaful Life PLC	Long Term Insurance
5	Amana Takaful PLC	General Insurance
6	Arpico Insurance PLC	Long Term Insurance
7	Ceylinco General Insurance Limited	General Insurance
8	Ceylinco Life Insurance Limited	Long Term Insurance
9	Continental Insurance Lanka Ltd.	General Insurance
10	Continental Insurance Life Lanka Ltd.	Long Term Insurance
11	Cooperative Insurance Company PLC	General Insurance
12	Cooplife Insurance Limited	Long Term Insurance
13	Fairfirst Insurance Limited	General Insurance
14	HNB Assurance PLC	Long Term Insurance
15	HNB General Insurance Ltd.	General Insurance
16	Janashakthi Insurance PLC	Long Term Insurance
17	Life Insurance Corporation (Lanka) Ltd.	Long Term Insurance
18	LOLC General Insurance PLC	General Insurance
19	LOLC Life Assurance Limited	Long Term Insurance
20	MBSL Insurance Company Limited **	Long Term Insurance and General Insurance
21	National Insurance Trust Fund	General Insurance
22	Orient Insurance Limited	General Insurance
23	People's Insurance PLC	General Insurance
24	Sanasa General Insurance Company Limited	General Insurance
25	Sanasa Life Insurance Company PLC	Long Term Insurance
26	Softlogic Life Insurance PLC	Long Term Insurance
27	Sri Lanka Insurance Corporation General Limited	General Insurance
28	Sri Lanka Insurance Corporation Life Limited	Long Term Insurance
29	Union Assurance PLC	Long Term Insurance

** The company has provided a confirmation that they have ceased underwriting new life insurance business w.e.f 01.06.2020

APPENDIX II

Insurance Brokering Companies Registered under the Regulation of Insurance Industry Act, No. 43 of 2000 as at 31st December 2024

No	Name of Broker	Class of Business
1	3 D H Insurance Brokers (Pvt) Ltd.	General Insurance
2	AASIAN International Insurance Brokers (Pvt) Ltd.	General Insurance
3	Acorn Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
4	ADZ Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
5	Aitken Spence Insurance Brokers (Pvt) Ltd.	General Insurance
6	Alfinco Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
7	Allion Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
8	Aquiline Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
9	Aseki Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
10	Asia Corp Insurance Brokers (Pvt) Ltd. [former JF Insurance Brokers (Pvt) Ltd.]	Long Term and General Insurance
11	Assetline Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
12	Berkly Insurance Brokers (Pvt) Ltd	General Insurance
13	BIMA Lanka Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
14	Brilliance Insurance Brokers Co. (Pvt) Ltd.	Long Term and General Insurance
15	CEILAO Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
16	Ceyexxe Insurance Brokers Ltd.	General Insurance
17	Ceylan Insurance & Reinsurance Brokers Company (Private) Ltd. [former Ceylan Insurance Brokers Co. (Pvt) Ltd.]	General Insurance
18	Ceynergy Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
19	CF Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
20	Charenco Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
21	Colombore Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
22	Commercial Credit Insurance Brokers (Pvt) Ltd. [former A.M.W. Insurance Brokers. (Pvt) Ltd.]	General Insurance
23	Commercial Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
24	D S Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
25	Delmege Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
26	Eagle DVRS Insurance and Reinsurance Brokers (Private) Limited	General Insurance
27	Eagle Insurance Brokers (Private) Limited	Long Term and General Insurance
28	Equity Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
29	Esna Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
30	Essajee Carimjee Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
31	Fairway Insurance Brokers (Pvt) Ltd	Long Term and General Insurance
32	Find My Insurance & Reinsurance Brokers (Pvt) Ltd.	Long Term and General Insurance

33	Foremost Insurance Brokers (Pvt) Ltd	Long Term and General Insurance
34	George Steuart Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
35	Global Insurance Brokers and Services (Pvt) Ltd.	Long Term and General Insurance
36	Grand Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
37	Green Alpha Insurance Brokers (Pvt) Ltd	General Insurance
38	Guardian Insurance Brokers (Pvt) Ltd.	General Insurance
39	Icon Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
40	IIRM Insurance Brokers (Pvt) Ltd. [former Finlay Insurance Brokers (Pvt) Ltd]	Long Term and General Insurance
41	Imperial Specialty Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
42	Infinity Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
43	InsureMe Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
44	J B Boda Insurance & Reinsurance Brokers Lanka (Pvt) Ltd. [former Ax Insurance Brokers (Pvt) Ltd.]	Long Term and General Insurance
45	Jay Insurance Brokers and Consultants (Pte) Ltd.	Long Term and General Insurance
46	K.M. Dastur Insurance Brokers (Pvt) Ltd. [former Lak Insurance Brokers (Pvt) Ltd.]	Long Term and General Insurance
47	L M & A Insurance Brokers & Consultants (Pvt) Ltd	Long Term and General Insurance
48	Life & General Insurance Brokers Ceylon (Pvt) Ltd.	Long Term and General Insurance
49	M R U S Insurance Brokers (Pvt) Ltd	Long Term and General Insurance
50	Maxwell Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
51	Mercantile Fortunes Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
52	Mercantile Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
53	Mutual Insurance Brokers (Pvt) Ltd	General Insurance
54	My Insurance Brokers (Pvt) Ltd.	General Insurance
55	Nations Insurance Brokers Limited	Long Term and General Insurance
56	Penfield Insurance Brokers (Pvt) Ltd.	General Insurance
57	Pflege Insurance Brokers & Consultants (Pvt) Ltd.	Long Term and General Insurance
58	Placid Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
59	Planet Insurance Brokers (Pvt) Ltd	Long Term and General Insurance
60	Prestige Insurance Brokers Ltd	Long Term and General Insurance
61	Priority Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
62	Procure Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
63	Protection & Assurance Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
64	Reliance Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
65	Rinkoon Lanka Insurance Brokers (Private) Limited	General Insurance
66	Royal Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
67	Samson Insurance Brokers (Pvt) Ltd.	General Insurance
68	Senaratne Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
69	Senkadagala Insurance Brokers (Private) Ltd.	Long Term and General Insurance
70	Serendib Insurance Brokers (Private) Ltd.	Long Term and General Insurance
71	Smart Protect Plus Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance

72	Strategic Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
73	Sungate Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
74	SUNTRUST Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
75	Trust Insurance Brokers (Pvt) Ltd.	General Insurance
76	UN Insurance Brokers (Pvt) Ltd.	General Insurance
77	United Insurance Brokers (Pvt) Ltd.	General Insurance
78	Veracity Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
79	Victor Emmanuel Insurance Brokers (Pvt.) Ltd	Long Term and General Insurance
80	Volanka Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
81	XGen Insurance & Re-Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
82	Zenith Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance

APPENDIX III

Loss Adjusters Registered under the Regulation of Insurance Industry Act, No. 43 of 2000 as at 31st December 2024

No	Name of Loss Adjuster	Effective Date of License
1	Entrust International (Pvt) Ltd.	08th June 2020
2	The Shield Adjusters (Pvt) Ltd.	29th March 2019
3	Mr. Ahmed Nazim Nazvi Rahman	25th June 2018
4	Mr. Ambagahakumbure Wijekoon Mudiyansele Bandula Wijekoon	29th March 2019
5	Mr. Anthony Preshant Royce De Mel	28th September 2022
6	Mr. Dissanayaka Mudiyansele Indika Sanjeewa	26th May 2022
7	Mr. Gunawardena Mudiyansele Ananda Udaya Kumara Gunawardena	25th June 2018
8	Mr. Hema Gotabaya Mahanama Liyanage	16th March 2021
9	Mr. Jasin Bastian Arachchige Ravinath Niroshana	26th September 2019
10	Mr. Johann Amarathunga	08th February 2021
11	Mr. Keerthi Delwatta	26th June 2023
12	Mr. Lalindra Krishantha Karunaratne	29th May 2019
13	Mr. Mahabalage Don Sisira Upali Perera	26th June 2018
14	Mr. Mampe Vithanage Rupasena Perera	07th July 2021
15	Mr. Mangala Keerthi Ashoka Kumara Dharmaratne	12th August 2020
16	Mr. Meda Walawwe Ananada Bandara Rambukwella	24th August 2022
17	Mr. Nirosh Sanjeewa Wathukarawatta	16th February 2024
18	Mr. Piyal Watudura	05th July 2021
19	Mr. Rajapaksha Pathirage Don Kanchana Surangika	10th September 2018
20	Mr. Rajapaksha Mudiyansele Herath Rajapakse	12th March 2024
21	Mr. Sithira Pandithasundara	12th August 2020
22	Mr. Sreenath Bandula Amarasekera	12th August 2020
23	Mr. Sugath Weeraratna	07th July 2021
24	Mr. Susantha Mahindaratne Weerakoon	26th June 2018
25	Mr. Swarnakamal Sujiin Swarnaraj	21st January 2021
26	Mr. Wijithasena Leelaratne Fernando	25th June 2018
27	Mrs. Thanuja Higulage	06th December 2021
28	Ms. Udithamala Jinadarie Kurukulasuriya	13th June 2018
29	Ms. Ursula Wijeyasuriya	02nd October 2023

NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

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GENERAL INFORMATION

Office Address

Level 11, East Tower, World Trade Centre
Colombo 01
Sri Lanka.

Telephone : +94112396184-9
Fax : +94112396190
E-mail : info@ircsl.gov.lk
Web site : www.ircsl.gov.lk

Legal Form

A Statutory Board established in Sri Lanka in terms of the Regulation of Insurance Industry Act, No. 43 of 2000, which came into operation with effect from 01 March 2001 by Government Gazette Notification No. 1172/27, dated 23 February 2001.

The Object and Responsibility of the Commission

The object and responsibility of the Commission shall be, to ensure that, insurance business in Sri Lanka is carried on with integrity and in a professional and prudent manner with a view to safeguarding the interests of the policyholders and potential policyholders.

Accounting Year

31 December

Auditors

The Auditor General

Bankers

Bank of Ceylon

Audit Committee

Mr. A. K. Senevirathna	(01.01.2024 - 10.05.2024)
Mr. Brian Selvanayagam	(01.01.2024 - 30.09.2024)
Mrs. T. M. J. Y. P Fernando	(01.01.2024 - 20.06.2024)
Mr. Sanjeewa Anthony	(25.05.2024 - 31.12.2024)
Mr. Janaka Karunaratne	(10.07.2024 - 31.12.2024)



INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

Level 11, East Tower, World Trade Centre, Colombo 01, Sri Lanka.

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