INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA




ANNUAL REPORT 2025

Insurance for All
For a Secure Future

CONTENT

INSURANCE FOR ALL FOR A SECURE FUTURE

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

29
No. Of Insurance Companies

83
No. Of Insurance Brokers

46,076
No. Of Insurance Agents represented the insurers

649
No of Insurance Agents registered with the insurance brokers

Performance of Insurance Industry

	2025	2024	Change %
Gross Written Premium (Rs. Million)	384,894	321,761	19.6
Gross Written Premium Reinsurance (Rs. Million)	3,398	3,187	(6.6)
Total Assets (Rs. Million)	1,435,753	1,217,415	17.9
Penetration as a % of GDP	1.18	1.07	9.9
Insurance Density (Rs.)	17,691	14,682	20.5

Performance of the Commission

Policy Holder's Protection Fund (Rs. Million)	15,063	13,128	14.7%
Cess Income (Rs. Million)	961	764	25.9%
Annual Fees (Rs. Million)	634	346	83.2%

Rs. 1,435,753 Mn.
Total Assets of Insurance Industry

Rs. 388,292 Mn.
GWP of Insurance Industry

CHAIRMAN'S MESSAGE

Digital transformation will remain a major strategic priority moving forward. The Commission will continue strengthening supervisory technology systems, promoting data-driven regulation, supporting InsureTec innovation, and encouraging operational modernisation across the industry.

Dr. W.A.R. De Mel
Chairman

The year 2025 marked a period of gradual economic consolidation and renewed institutional confidence for Sri Lanka as the country continued its recovery journey amidst a challenging global and domestic operating environment.

Sri Lanka demonstrated improving macroeconomic stability while laying the foundation for longer-term sustainable growth, supported by prudent fiscal reforms, disciplined monetary management and progress in debt restructuring initiatives. Inflationary pressures moderated significantly during the year, exchange rate volatility eased and interest rates stabilised compared to the severe fluctuations experienced in previous years. Moreover, economic activity recorded moderate expansion driven by the recovery of tourism, industrial output, remittance inflows and improved investor sentiment. Nevertheless, structural constraints, external market uncertainties and evolving geopolitical developments continued to influence the pace and sustainability of the national recovery effort.

Within this broader context, the Insurance Regulatory Commission of Sri Lanka (IRCSL) remained steadfast in its responsibility to ensure the stability, soundness and sustainable development of Sri Lanka's insurance sector. As the apex regulatory authority of the industry, the Commission continued to strengthen policyholder protection, promote fair market conduct, modernise regulatory oversight and support the sector's long-term contribution towards national economic resilience and financial inclusion.

The financial year 2025/26 also marked a historic milestone for the Commission as the IRCSL commemorated 25 years of prudent regulation and institutional stewardship since the enactment of the Regulation of Insurance Industry Act in 2000 and the establishment of the Commission in 2001. Over the past quarter century, the IRCSL has played a transformative role in shaping Sri Lanka's insurance landscape by fostering stronger governance, regulatory discipline, market stability and consumer confidence.

Creating Value for the Insurance Industry

Against a backdrop of economic recovery and evolving market conditions, Sri Lanka's insurance industry continued to demonstrate resilience and adaptability during the year under review. The sector maintained operational stability while continuing to support businesses, households and national economic activity through risk protection, long-term savings mobilisation and financial security mechanisms. The Commission intensified its regulatory and supervisory focus during the year with particular emphasis on strengthening risk-based supervision, governance standards, consumer protection and market conduct oversight. Regulatory reforms introduced during the year further enhanced institutional resilience and strengthened the industry's preparedness to address emerging risks and structural changes within the operating environment.

The IRCSL strengthened its institutional framework through several strategic organisational reforms. During the year, the Commission established a dedicated Market Conduct Supervision Unit to enhance regulatory oversight relating to ethical conduct, fair treatment of policyholders, transparency, claims management and consumer protection practices across the industry. The establishment of a separate Market Intermediary Licensing and Supervision Division further ensured oversight of brokers and intermediaries while improving regulatory efficiency and accountability.

The year also witnessed accelerated efforts towards strengthening the industry's digital transformation agenda. One of the most notable milestones during the year was the launch of Sri Lanka's E-Motor Insurance Digital Card together with the Insurance Association of Sri Lanka and the Ministry of Public Security. This landmark initiative represented a significant advancement in modernising the motor insurance ecosystem by improving transparency, accessibility, verification capability and operational efficiency, while reducing fraud and administrative inefficiencies.

Complementing this initiative, the Commission facilitated the establishment of Sri Lanka's first Centralised Insurance Data Repository in collaboration with the Credit Information Bureau of Sri Lanka (CRIB) and industry stakeholders. This initiative is expected to strengthen data-driven supervision, improve underwriting standards, support fraud prevention mechanisms and facilitate more informed industry decision-making in the years ahead.

The Commission also continued advancing efforts relating to the implementation of International Financial Reporting Standard (IFRS) 17 and broader regulatory modernisation initiatives. Capacity-building programmes, stakeholder consultations and technical guidance initiatives were undertaken to support insurers in strengthening financial reporting frameworks and improving operational readiness.

The insurance sector itself continued to generate substantial economic and social value during the year. In addition to supporting national financial system stability, the sector plays a critical role in enabling business continuity, protecting livelihoods, mobilising long-term capital and strengthening economic resilience against unforeseen risks and disasters.

Financial Review

The combined Gross Written Premiums (GWP) generated by Life and General insurance sectors amounted to approximately Rs. 384.89 billion resulting a year-on-year growth of 19.6%. The Reinsurance sector recorded a GWP of Rs. 3.39 billion, resulting a year-on-year growth of 6.64%.

The Long-term insurance sector recorded a notable premium growth of 23.5%, primarily driven by increasing consumer awareness regarding financial protection and savings-oriented insurance products. Meanwhile, the General insurance sector expanded by 14.4%, supported by rising demand for motor, health, property, and business-related insurance solutions.

Industry profitability improved during the year, with total post-tax profits of the Life and General insurance sectors reaching approximately Rs. 43.49 billion. However, the Reinsurance segment recorded a loss after tax of Rs. 11.73 billion. Despite the setback in the Reinsurance sector, the overall insurance industry reported a post-tax profit of Rs. 31.76 billion, supported by stronger investment income, enhanced operational efficiencies, and disciplined risk management practices.

Total Industry assets increased to Rs. 1,435.75 billion as at year-end, further strengthening the sector's financial stability and capital adequacy position. Meanwhile, insurance penetration improved marginally to 1.18% of GDP, while insurance density increased to approximately

Rs.17,691 per capita, reflecting gradual expansion in insurance accessibility and public awareness. The industry also continued to make a significant socio-economic contribution through direct employment generation, maintaining a workforce of over 20,343 employees supported by an extensive branch network and intermediary ecosystem across the country.

Key Achievements and Service Delivery Improvements

The Commission recorded several notable achievements during the year as part of its broader strategic objective of creating a more inclusive, transparent, and future-ready insurance industry.

A key focus area during the year was the expansion of nationwide insurance literacy and financial awareness initiatives, with large-scale awareness programmes and roadshows across Matara, Jaffna and Kilinochchi in collaboration with all licensed insurers and industry stakeholders. The Commission also intensified collaboration with academic institutions and professional bodies to strengthen industry knowledge-sharing and talent development initiatives. Significant progress was also made in strengthening policyholder protection and market integrity during the year.

The IRCSL also strengthened its focus on Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) compliance through enhanced industry engagement, awareness programmes, and the operationalisation of a dedicated AML/CFT supervisory function. These efforts further reinforced the integrity and resilience of Sri Lanka's insurance sector amidst increasing global regulatory expectations.

The Commission also introduced several important regulatory and market development initiatives during the year aimed at strengthening supervisory effectiveness, policyholder protection, and market conduct standards. Progress continued with the implementation roadmap for IFRS 17, with insurers undertaking system enhancements, actuarial reviews and reporting framework improvements under the guidance of the Commission. During the year, the Commission issued 06 new regulatory directions, 04 guidelines, and 03 circulars covering areas such as governance, product disclosures, AML/CFT compliance, digital insurance distribution, and policyholder servicing standards. The Commission also expanded supervisory and enforcement activities during the year through targeted inspections, thematic reviews, and enhanced risk-based monitoring mechanisms to further strengthen market discipline, institutional accountability, and sector resilience.

Strategic Outlook

As Sri Lanka continues progressing towards economic stabilisation and recovery, the insurance sector is expected to play an increasingly important role in strengthening financial resilience, supporting economic growth, and enhancing social protection mechanisms across the country.

However, the operating environment facing the insurance industry continues to evolve rapidly. Climate-related risks, cyber threats, demographic shifts, technological disruption, and changing consumer expectations are reshaping the future of insurance both globally and locally. Accordingly, the Commission remains focused on creating a regulatory environment that is adaptive, technology-enabled, and aligned with international best practices.

The IRCSL's long-term strategic direction is guided by the broader vision of expanding insurance accessibility and increasing insurance penetration across Sri Lanka. The recently launched Insurance Roadmap aims to significantly improve insurance penetration levels over the coming decade while promoting financial inclusion and strengthening national resilience.

Digital transformation will remain a major strategic priority moving forward. The Commission will continue strengthening supervisory technology systems, promoting data-driven regulation, supporting InsureTec innovation, and encouraging operational modernisation across the industry.

Simultaneously, greater emphasis will be placed on sustainability, climate resilience, and ESG integration within the insurance sector. The Commission recognises the growing importance of sustainable insurance frameworks and responsible governance practices in ensuring long-term industry resilience and stakeholder trust.

The IRCSL also remains committed to strengthening policyholder confidence through improved transparency, ethical conduct, efficient grievance handling mechanisms, and fair market practices. Protecting the interests of policyholders will continue to remain at the core of the Commission's regulatory philosophy.

Looking ahead, the Commission's strategic priorities for the medium term will focus on accelerating regulatory modernisation, digital transformation and financial inclusion across Sri Lanka's insurance sector. Future initiatives for the period from 2026 to 2030 include the phased implementation of advanced supervisory technology platforms, the strengthening of data-driven regulatory frameworks and the continued enhancement of real-time monitoring and reporting capabilities. The Commission also intends to further support the implementation of IFRS 17 and broader international regulatory alignment initiatives to strengthen financial transparency and governance standards within the industry.

Expanding insurance accessibility among underserved communities will remain a national priority, with targeted initiatives aimed at increasing insurance penetration to 2% by 2030 through inclusive insurance products, digital distribution models and nationwide awareness campaigns. Greater emphasis will also be placed on ESG integration, climate risk management, sustainable insurance practices and consumer protection reforms to ensure that the sector remains responsive to emerging economic and social challenges. Furthermore, capacity-building programmes for insurers, intermediaries and industry professionals will continue to be strengthened in collaboration with local and international stakeholders to support long-term industry development and institutional excellence.

Sustainability and Social Impact

The Commission continued to place strong emphasis on sustainability, governance integrity and social responsibility throughout the year. Recognising the insurance sector's broader role in promoting economic resilience and social wellbeing, the IRCSL encouraged insurers to strengthen Environment, social and governance (ESG)-related frameworks and integrate sustainability considerations into strategic and operational decision-making processes. Public awareness and financial literacy remained important pillars of the Commission's social impact agenda during the year. IRCSL continued working towards building a more informed, financially resilient and insurance-conscious society through nationwide outreach programmes, school and university engagement initiatives, digital awareness campaigns and stakeholder collaboration efforts.

The Commission also remained committed to strengthening governance standards, market discipline, transparency and consumer trust across the insurance industry. These efforts are essential in ensuring the long-term sustainability of the sector. As we commemorate 25 years of regulatory excellence, the IRCSL remains firmly committed to building a resilient, innovative, inclusive and future-ready insurance industry that contributes meaningfully towards Sri Lanka's long-term economic and social development.

Appreciation

On behalf of the Insurance Regulatory Commission of Sri Lanka, I extend my sincere appreciation to the Ministry of Finance, the Central Bank of Sri Lanka, licensed insurers, brokers, agents, professional bodies, industry associations, development partners and all stakeholders for their continued cooperation and support throughout the year.

I also wish to thank the members of the Commission and the staff of the IRCSL for their dedication, professionalism, and unwavering commitment to the fulfilment of the Commission's mandate.

Together, we will continue strengthening Sri Lanka's insurance sector as a trusted pillar of financial security, economic resilience, and national progress.

Dr. W.A.R. De Mel
Chairman

DIRECTOR GENERAL'S REVIEW

"Despite the strong growth in premium income, insurance penetration in Sri Lanka remained comparatively modest relative to regional and global benchmarks, underscoring the significant untapped potential that continues to exist within the domestic insurance market. Insurance density continued its upward trajectory during the year, reflecting increasing public engagement with insurance products and services. The growth in premium volumes, particularly within the long-term insurance sector, indicates the increasing recognition of insurance as an essential financial protection mechanism and long-term savings instrument."

Damayanthi Fernando
Director General

The year 2025 under review represented an important phase in the continued evolution of Sri Lanka's insurance sector as the country gradually progressed towards economic recovery, institutional stabilisation and renewed business confidence. While the operating environment remained complex and at times uncertain, the overall macroeconomic landscape showed meaningful signs of improvement compared to the severe volatility experienced in preceding years.

Against this backdrop, the Insurance Regulatory Commission of Sri Lanka (IRCSL) continued to advance its mandate of ensuring the stability, soundness and sustainable development of Sri Lanka's insurance industry. During the year under review, the Commission remained focused on strengthening regulatory effectiveness, enhancing policyholder protection, improving market conduct oversight and supporting long-term sector development in alignment with emerging economic realities and international regulatory expectations.

The year also carried special significance as the IRCSL gears up to commemorate 25 years of regulatory stewardship in 2026 since the implementation of the Regulation of Insurance

Industry Act No. 43 of 2000 and the establishment of the Commission in 2001. Over the past quarter century, over the years, the the Commission has played a central role in shaping Sri Lanka's insurance landscape through progressive regulation, strengthened governance frameworks, institutional reforms and continued efforts to improve transparency and public confidence in the sector. While tremendous progress has been achieved over the years, the Commission recognises that the insurance sector continues to operate within an environment shaped by rapidly evolving risks, technological disruption, changing consumer expectations and growing demands for greater accessibility, transparency and operational resilience. Accordingly, the period under review 2025 was approached not merely as a year of regulatory continuity, but as a period of institutional strengthening and strategic transformation.

Performance of the Insurance Industry

Sri Lanka's insurance industry recorded a strong performance during 2025, demonstrating resilience and adaptability amidst a gradually improving macroeconomic environment. Improved economic activity, easing inflationary pressures, stabilisation in interest rates and the gradual recovery of business confidence contributed positively towards the expansion of insurance operations across both life and general insurance segments.

Gross Written Premium (GWP) of the insurance industry increased significantly during the year under review, reaching Rs. 384.96 billion compared to Rs. 322.04 billion recorded in 2024, reflecting a robust year-on-year growth of 19.5%. This represents the highest annual premium volume recorded by the industry to date and highlights the sector's continued expansion despite prevailing economic and operational challenges.

The long-term insurance sector continued to remain the primary driver of industry growth during the year. Premium income from long-term insurance business increased substantially to Rs. 227.13 billion in 2025 from Rs. 183.88 billion in 2024, representing a growth of approximately 23.5%. The segment benefitted from increasing demand for protection-oriented and savings-linked products, heightened awareness regarding long-term financial security, and improved distribution capabilities adopted by insurers.

Meanwhile, the general insurance sector also recorded notable expansion during the year. Gross Written Premium from general insurance business increased from Rs. 138.16 billion in 2024 to Rs. 157.84 billion in 2025, reflecting a growth of 14.2%. Increased economic activity, higher motor vehicle usage, infrastructure-related development activity, and greater demand for medical, property, engineering, and commercial insurance solutions supported growth within the segment. The continued expansion of business activity and consumer spending further contributed towards increased demand for general insurance coverage across multiple categories.

Despite the strong growth in premium income, insurance penetration in Sri Lanka remained comparatively modest relative to regional and global benchmarks, underscoring the significant untapped potential that continues to exist within the domestic insurance market. Insurance density continued its upward trajectory during the year, reflecting increasing public engagement with insurance products and services. The growth in premium volumes, particularly within the long-term insurance sector, indicates the increasing recognition of insurance as an essential financial protection mechanism and long-term savings instrument.

The industry's overall asset base expanded significantly during 2025, reinforcing the growing importance of the insurance sector within Sri Lanka's broader financial system. Total industry assets increased from Rs. 1.22 trillion in 2024 to Rs. 1.43 trillion in 2025, recording a strong growth of 17.5% year-on-year.

The long-term insurance business continued to account for the largest share of industry assets, increasing from Rs. 921.17 billion in 2024 to Rs. 1.06 trillion in 2025, reflecting a growth of approximately 15.0%. This expansion was driven primarily by the continued accumulation of policyholder funds and increased investment activity, particularly in government securities and other long-term financial instruments.

The general insurance sector also recorded a notable recovery in its asset base during the year. Total assets of the general insurance business increased substantially from Rs. 286.35 billion in 2024 to Rs. 359.95 billion in 2025, representing a growth of approximately 25.7%. This recovery follows the decline recorded in the previous year due to business segregation adjustments within the industry and reflects improved operational stability and balance sheet growth across insurers.

Meanwhile, the reinsurance business maintained steady growth momentum, with total assets increasing from Rs. 11.74 billion in 2024 to Rs. 12.64 billion in 2025. The continued expansion of reinsurance operations reflects growing demand for risk transfer mechanisms and the increasing complexity of insurance exposures within the market.

The continued growth of the industry's asset portfolio highlights the sector's strengthening financial position, improved capital accumulation, and increasing capacity to support long-term economic activity and financial stability within the country.

Claims incurred by the insurance industry also increased during the year in line with portfolio growth, higher customer utilisation, and the overall expansion of insurance activity across the market. Total claims incurred by the industry increased from Rs. 146.68 billion in 2024 to Rs. 173.48 billion in 2025, reflecting a year-on-year increase of approximately 18.3%.

The long-term insurance sector recorded claims amounting to Rs. 104.70 billion during the year compared to Rs. 83.89 billion in 2024, representing a significant increase of approximately 24.8%. This growth reflects increasing maturity payments, death claims, health-related benefits, and the overall expansion of policyholder portfolios within the life insurance segment.

Claims incurred within the general insurance sector also increased during the year from Rs. 62.80 billion in 2024 to Rs. 68.77 billion in 2025, as a result of Cyclone Ditwah, reflecting a growth of approximately 9.5%. The increase was primarily influenced by motor-related claims, medical insurance utilisation, property-related losses and commercial insurance exposures.

The profitability of Sri Lanka's insurance industry remained under pressure during the year despite strong premium growth and continued business expansion. Total industry profits declined from Rs. 59.95 billion in 2024 to Rs. 41.25 billion in 2025, representing a contraction of 31.2%.

The long-term insurance sector recorded profits amounting to Rs. 32.31 billion during the year compared to Rs. 36.23 billion in 2024, reflecting a decline of approximately 10.8%. Meanwhile, profits within the general insurance sector decreased from Rs. 23.32 billion to Rs. 20.72 billion, primarily due to increased claims costs, operational expenses, and evolving market conditions.

The reinsurance segment recorded a loss of Rs. 11.78 billion in 2025 compared to a profit of Rs. 393 million in the previous year, which significantly impacted the overall industry profitability. Despite these pressures, the industry overall remained financially stable and adequately capitalised, supported by strong asset growth, prudent investment practices, and continued regulatory oversight.

The moderation in profitability reflects the broader operating challenges faced by insurers during the year, including increased claims obligations, lower investment returns arising from declining interest rates, rising operational costs, and competitive market conditions. Nevertheless, the sector continued to demonstrate resilience through disciplined underwriting, stronger risk management practices, and ongoing operational improvements.

Insurance brokers continued to play an increasingly important role within Sri Lanka's insurance ecosystem by facilitating market access, strengthening customer engagement and providing professional risk advisory services across both corporate and retail market segments.

Strengthening Regulatory Oversight and Governance

The Commission continued to strengthen regulatory supervision and governance oversight during the year with the objective of enhancing institutional resilience, improving market discipline and safeguarding policyholder interests. A key milestone achieved during the year was the establishment of a dedicated Market Conduct Unit aimed at strengthening regulatory oversight relating to fair treatment of policyholders, ethical sales practices, transparency standards, claims management and customer protection mechanisms. The increasing complexity of insurance distribution models and customer engagement channels has made market conduct supervision a critical component of modern insurance regulation. The establishment of this dedicated function represents an important advancement in the Commission's supervisory architecture.

Similarly, the establishment of the Market Intermediary Licensing and Supervision Division further enhanced regulatory oversight relating to insurance brokers, agents and loss adjusters and other intermediaries operating within the market. This initiative strengthened governance, accountability, and supervisory coordination while improving operational efficiency within the regulatory framework.

The Commission also continued strengthening Anti-Money Laundering and Countering the

Financing of Terrorism (AML/CFT) supervision during the year. Building on the dedicated AML/CFT Unit established previously, enhanced engagement was carried out with insurers and intermediaries to strengthen compliance standards, risk-based monitoring and internal control frameworks across the industry. These efforts remain essential in maintaining the integrity and international credibility of Sri Lanka's insurance sector amidst increasingly stringent global regulatory expectations.

The year witnessed continued progress relating to the implementation of International Financial Reporting Standard (IFRS) 17. The Commission maintained close engagement with insurers, auditors, actuaries and industry stakeholders to monitor implementation readiness, strengthen reporting frameworks and facilitate capacity-building initiatives necessary to support the transition towards the new accounting standard from year 2026.

Advancing Digital Transformation and Innovation

Digital transformation remained a major strategic priority for both the Commission and the broader insurance industry during the year under review. One of the most notable initiatives achievements during the period was the launch of Sri Lanka's Digital Motor Insurance Card in collaboration with the Insurance Association of Sri Lanka (IASL) and the Ministry of Public Security to be launched in 2026. Still in progress, this initiative representsed a significant advancement in improving insurance verification systems, operational efficiency, transparency, and fraud prevention within the motor insurance sector.

The establishment of the Centralised Motor Insurance Data Repository together with the Credit Information Bureau of Sri Lanka (CRIB) is poised to announce marked another important milestone in strengthening data-driven supervision and market transparency. Once completed, this initiative is expected to significantly improve regulatory analytics, underwriting quality, fraud detection capability, and industry-wide data accessibility over the medium term.

Within the Commission itself, significant efforts were undertaken to strengthen internal technological capability and information security governance. During the year, an Information Security Committee and an IT Subcommittee were established to enhance governance oversight and cybersecurity resilience across the organisation. Discussions were also initiated with Sri Lanka CERT to strengthen cybersecurity frameworks and improve institutional preparedness against emerging cyber threats.

The Commission also commenced re-engineering its regulatory IT systems to improve efficiency, effectiveness and supervisory responsiveness. Eleven IT policies were drafted during the year to strengthen governance, operational controls, information security and digital risk management standards across the institution.

Promoting Insurance Awareness and Financial Inclusion

Despite the growth recorded by the industry in recent years, insurance penetration within Sri Lanka remains a challenge with comparatively low, particularly among rural communities, informal sector workers and economically vulnerable segments. Addressing this protection gap remains one of the Commission's most important long-term priorities. Accordingly, the IRCSL continued to place strong emphasis on insurance literacy, public awareness and financial inclusion initiatives throughout 2025.

A landmark nationwide insurance awareness campaign was launched under the theme 'Insurance for All: For a Secure Future' with programmes conducted across Matara, Jaffna and Kilinochchi in collaboration with all licensed insurers and major industry stakeholders. These programmes represented one of the largest coordinated industry awareness initiatives undertaken in Sri Lanka's insurance sector to date. The campaigns brought together insurers, brokers, industry associations, academics, students, government institutions and the general public through roadshows, workshops, educational sessions and interactive engagement platforms. The programmes focused on increasing awareness regarding the role and benefits of insurance, policyholder rights, compensation mechanisms, financial protection and career opportunities within the industry.

The Commission also intensified engagement with universities and professional institutions during the year as part of broader efforts to strengthen industry-academia collaboration and support long-term talent development within the sector. An important milestone in this regard was the successful launch of 'InsureChamp 2025', the inaugural inter-university insurance quiz competition conducted under the theme, 'Empowering the Future Insurance Leaders'. The initiative created a valuable platform for students to engage with insurance concepts, financial literacy and risk management principles while strengthening awareness regarding career opportunities within the industry.

The Commission also participated actively in national financial literacy programmes organised in collaboration with the Central Bank of Sri Lanka and regional stakeholders, further reinforcing the importance of financial education and insurance awareness in strengthening long-term economic resilience.

Sustainability, Climate Risk, and Sector Resilience

Climate-related risks, natural disasters, demographic shifts and cyber threats are increasingly influencing the future operating landscape of the global insurance industry. Sri Lanka itself continues to remain highly vulnerable to climate-related events and natural catastrophes, making the strengthening of national risk resilience an urgent priority. In recognition of these emerging challenges, the Commission continued to promote dialogue and collaboration relating to climate resilience, sustainable insurance practices and disaster risk financing mechanisms during the year under review. IRCSL's collaboration with the Organisation for Economic Co-operation and Development (OECD) and the Asian Development Bank Institute (ADBI) to host the OECD/ADBI Roundtable on Insurance and Retirement Savings in Asia in year 2026 represented a significant milestone in this regard. The initiative focused on addressing natural hazard protection gaps, retirement savings challenges and long-term financial resilience across the region.

The Commission also commenced the development of a Sri Lanka-specific standard mortality table in collaboration with industry stakeholders and technical experts. This initiative is expected to significantly strengthen actuarial valuation accuracy, product pricing methodologies, and long-term risk management capability within the life insurance sector. Additionally, the Commission continued encouraging insurers to strengthen ESG integration, sustainability governance and responsible business practices as part of broader efforts to build a more resilient and future-ready insurance ecosystem.

Looking Ahead

While the progress achieved during the year is encouraging, the Commission recognises that much more work remains ahead in strengthening insurance accessibility, enhancing market conduct standards, modernising regulation and improving public confidence in the sector. The insurance industry is entering a period of rapid transformation driven by technology, changing customer expectations, environmental risks, demographic transitions and evolving global regulatory standards. In this environment, regulatory agility, institutional adaptability and innovation will be critical determinants of long-term sector resilience.

The Commission's strategic priorities moving forward will therefore focus on accelerating digital regulatory transformation, strengthening risk-based supervision, enhancing consumer protection, expanding financial inclusion and deepening market development initiatives.

The recently announced Insurance Roadmap outlines ambitious long-term targets aimed at significantly improving insurance penetration by 2030 and 2035 while strengthening the industry's contribution towards national economic resilience and social wellbeing. Greater emphasis will also be placed on integrating Sustainable Development Goals (SDGs), ESG principles and sustainable finance frameworks into insurance sector practices in the years ahead.

At the same time, the Commission will continue strengthening collaboration with policymakers, insurers, professional bodies, academic institutions, development partners and international regulatory organisations to ensure that Sri Lanka's insurance industry remains aligned with evolving global standards and best practices.

Appreciation

I wish to express my sincere gratitude to the Chairman and Members of the Commission for their continued guidance, leadership and support throughout the year. Their strategic direction and commitment have been instrumental in advancing the Commission's objectives during a period of significant institutional progress and sectoral transformation.

I also extend my appreciation to the Ministry of Finance, the Central Bank of Sri Lanka, licensed insurance companies, brokers, professional bodies, industry associations, development partners, and all other stakeholders for their cooperation and valuable contributions towards strengthening Sri Lanka's insurance sector.

Most importantly, I would like to thank the staff of the Insurance Regulatory Commission of Sri Lanka for their dedication, professionalism and commitment to public service. Their efforts continue to play a vital role in ensuring the effective functioning and continued development of the insurance industry.

As we commemorate 25 years of regulatory stewardship, We we remain firmly committed to building a stronger, more transparent, more inclusive, and future-ready insurance sector that contributes meaningfully towards Sri Lanka's long-term economic stability and social progress.

Damayanthi Fernando
Director General

MEMBERS OF THE COMMISSION

Dr. W.A.R. De Mel
Chairman

Mr. A.N. Hapugala

Dr. Chandranath Amarasekara

Mrs. K.A.P. De Silva

Mr. R.C. Kotte Hewa

Mr. G.A.S. Jayaratna

Mr. S. Waidyarathne

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 and General Sir John Kotelawala Defence University 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. A.N. Hapugala

Mr. A.N. Hapugala Deputy Secretary to the Treasury, Ministry of Finance, Sri Lanka, has served in the public sector for more than thirty years, beginning in 1992 as an Accountant of the Sri Lanka accounting service including twenty years in Treasury.

Mr. Hapugala holds a Master's degree in Financial Economics from the University of Colombo and a Bachelor's degree (B.Sc.) in Management from Sri Jayawardenapura University in Sri Lanka. Additionally, he has obtained Post Graduate Diplomas in Accountancy from the University of Sri Jayawardenapura in Sri Lanka and Diploma in Public Finance Management in the Institute of Development Administration. Further, he in CPFA Member of the Association of Public Finance Accountants from the Institute of Chartered Accountancy of Sri Lanka.

Dr. Chandranath Amarasekara

Dr. Amarasekara is the Deputy Governor of the Central Bank of Sri Lanka in charge of Price Stability and is an ex-officio member of the Monetary Policy Board. He currently oversees the Departments of Economic Research, Statistics, and Market Operations, Macroprudential Surveillance, Investment Management, Deposit Insurance and Resolution, Facilities Management, and Information Technology. Dr. Amarasekara was previously the Assistant Governor and Secretary to the Monetary Policy Board. From January 2022-February 2024, he was on release to the International Monetary Fund (IMF), Washington DC, USA, as the Alternate Executive Director for the constituency of Sri Lanka, India, Bangladesh and Bhutan.

He has served the Central Bank for more than 22 years specialising in monetary policy and research, and was the Central Bank's Director of Economic Research prior to commencing his assignment with the IMF. He is currently the Chairman of the Institute of Bankers of Sri Lanka (IBSL) and a member of the Board of Governors of the Institute of Policy Studies (IPS). He was previously a member of the and Board of Directors of the Sri Lanka Export Credit Insurance Corporation (SLECIC) and Board of Governors of the Hector Kobbekaduwa Agrarian Research and Training Institute (HARTI). Dr. Amarasekara's research on monetary policy and other central banking themes has been published in several international and local journals and is widely acknowledged and cited. He was the Editor of Staff Studies, the Central Bank's Journal, during 2015-2020. He has volunteered as a guest lecturer, examiner, and quiz master at various academic and professional institutions, including various universities, the Institute of Bankers of Sri Lanka (IBSL), the Centre for Banking Studies (CBS), and the Bandaranaike International Diplomatic Training Institute (BIDTI).

Dr. Amarasekara holds a PhD in Economics from the University of Manchester, United Kingdom, a Master of Science Degree in Economics from the University of Manchester, United Kingdom, and a Bachelor of Arts Degree in Economics from the University of Peradeniya. He is also an Attorney-at-Law.

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 in1995 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 Jayawardenapura 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.

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 Jayewardenepura, which laid a solid academic foundation for his extensive career in accounting and management consultancy.

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.

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.

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.

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 Legal Counsel with over 36 years of distinguished experience in 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 relating to civil, criminal, commercial, industrial, and agrarian law disputes. He has served both local and foreign clients, as well as non-governmental organizations, offering legal consultation, professional advocacy, and representation in litigation.

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 at Sri Lanka Law College and later 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 seeking justice. His leadership and contributions led to his election as President of the Matara Law Society in 2005, during which he notably coordinated legal relief efforts for tsunami-affected citizens. In the same year, he was appointed Zonal Vice President of the BarAssociation of Sri Lanka (BASL), serving on committees relating to Human Rights, Legal Aid, the Future of Legal Education, and Law Delays. Similarly, he served on the Regional Committee of the Human Rights Commission, dedicating his services to fostering interracial amity and harmony in the country during Turbulent times. He also served on the District Committee of the Child Protection Authority of Sri Lanka, contributing to child rights education. Drawing on his wealth of experience in different foreign jurisdictions and his service as a member of the Bar Council, he presented a concept paper to the Ministry of Justice proposing reforms for a more effective justice system to combat law delays. In addition to his professional legal practice and institutional leadership, Mr. Jayaratna has also made significant contributions to constitutional and legal reform. He served on the Public Representation Committee on Constitutional Reforms in 2016 as one of the twenty members appointed 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 global trends.

His expertise has also been recognized internationally. He represented Sri Lanka in election monitorin in the United States in 2000 and participated as a constitutional expert at a round table discussion in Yangon, Myanmar, in 2017. In recognition of his expertise and contributions, he was awarded a fellowship by the Asian Human Rights Commission, Hong Kong, in 2017.

Alongside his legal practice and reform initiatives, Mr. Jayaratna has made noteworthy contributions to legal education and scholarship. He taught Industrial, Commercial, International Human Rights, and Humanitarian Law as a Visiting Lecturer at the University of Ruhuna from 1998 to 2012. He has also served as an examiner at Sri Lanka Law College and as a tutor at Deakin University. As a prolific legal scholar, he has published research articles in law and university journals on law, philosophy, religion, and politics, and has delivered keynote addresses at numerous professional and academic forums. In recent years, he served as a consultant to "Ruhunu Sevaya" of the Sri Lanka Broadcasting Corporation (SLBC), promoting legal and human rights education through broadcast media.

He remains dedicated to advancing legal knowledge, supporting law reform, and promoting human rights through both his legal practice and academic contributions. He has served on the governing bodies of several educational institutions and non-governmental organizations, and for the second time also serves as a Council Member of the University of Ruhuna. He as a duty bound citizen serving the country and community at large through his benevolent his services.

Mr. S. Waidyarathne

Born in Matara, Mr. Sudharman Waidyarathne received his primary education at St. Servatius' College and his secondary education at St. Thomas' College.

During the period from 1978 to 1981, he was a member of the school prefect board and a school coloursman who represented the senior cricket team and the junior football team.

Mr. Sudharman Waidyarathne began his professional career in 1985 after achieving high national-level results in the competitive examination for the recruitment of English teachers. After serving for three years at Kahataruppa Maha Vidyalaya and Kendagolla Maha Vidyalaya, and completing professional teacher training during 1987–1989, he was transferred to Thalpavila Central College in late 1989. In 1993, after receiving training at the Rantembe-Randenigala Cadet Officers' Training Centre, he returned to Thalpavila Central College as a Cadet Officer and established the school's first cadet platoon.

Having obtained high distinction in the 1999 competitive examination for recruitment to the Principals' Service, he entered the educational administration service and commenced duties as the Deputy Principal of Shariputhra Maha Vidyalaya in 2001. Through a special project he designed and launched in 2002, the school was selected among the 22 best Navodya schools in Sri Lanka and was recognized as the best school in that category in the Matara District.

During 2002–2003, he also served as an External Lecturer in the English Language Division of the Faculty of Management at University of Ruhuna. In late 2005, he changed his professional path and entered the insurance industry by joining Sri Lanka Insurance Corporation as the Sales Manager of the Akuressa Branch. In 2006, the branch received awards as the second-best branch in the island in the General Insurance category, while he himself was recognized as the Best Manager. In the same year, he underwent Professional Skill Development and Capacity Building residential training conducted by

LIMRA International.

In 2007, he was transferred to the Deniyaya Branch, and in 2009 the branch won awards as the Best Branch in Category B in the Life Insurance sector, while he was recognized as the Best Sales Manager in the island. He was further honoured with a study tour to China. In recognition of his achievements, he was promoted as Senior Sales Manager.

In 2010, he was promoted and appointed as Senior Sales Manager of the Galle Regional Branch. Under his leadership, the branch received consecutive awards in 2012, 2013, 2015, and 2016 by securing second and third places among the leading branches in the island for business development performance.

During 2012–2013, he obtained a Master of Business Administration (MBA) degree from Cardiff Metropolitan University. In 2018, in recognition of his achievements in business development and training methodologies, he was promoted as Regional Manager and appointed the North Western Province Manager of Sri Lanka Insurance.

Towards the end of 2020, he was again promoted and joined the senior management of Sri Lanka Insurance Head Office as the Head of Special Projects of the Suraksha Student Insurance Division. He retired in late 2021. From 2024 to 2025 Dec. he, had been serving as the Coordinating Secretary to the Governor of the Southern Province. Since early 2025, he has also been serving as a member of the Governing Council of the University of Ruhuna and as a Board Member of the Insurance Regulatory Commission of Sri Lanka. At present, he serves as the Private Secretary to the Governor of the Southern Province.

SENIOR MANAGEMENT TEAM

Mrs. Damayanthi Fernando
(Director General)

Mr. Sathiesh Kumar
(Director Finance)

Mrs. Prabhashini Samarakoon
(Director Investigation)

Mrs. Deepika Navarathna
(Director Market Development and External Relations)

Mr. G. Rajan Nirubasingham
(Director Legal & Enforcement)

Mrs. Chamari Heenatigala
(Director Market Intermediary Licensing and 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. Ravindra Hettiarachchi
(Assistant Director Market Intermediary Licensing & Supervision)

Miss. Chathuri Gunawardana
(Assistant Director Supervision)

Mr. Eranda Vithanage
(Assistant Director Finance)

Mrs. Thumali Kotugoda
(Assistant Director Market Conduct)

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


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. Prabodini Pushpamali

Mrs. Piumi Nelunika

Mrs. Denushika Wijenayaka

Mrs. Gayani Vittoria

Miss. Ruvini Rajakaruna

Dr. Lilanka De Silva

Mrs. Nawodya Kumararathna

Mr. Hashanka Rathnasiri

Mr. Malin Perera

Miss Lakma Satharasinghe

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. Sandun Fernando

Mr. Mahela Hirushan

Mr. Saman Senadeera

Mr. Sanath Udayanga

Mr. Nalin Thalagala

Mr. Chaminda Kumara

Mr. Pasindu Lakshan (Intern)

Miss. Nithya Sewmini (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

No new Rules were published during the year 2025.

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

1. **Direction # 01 of 2025 - Direction on need assessment and customer onboarding process in long-term insurance business**

   This Direction was issued on 25 April 2025 to all long-term insurance companies to establish a framework that promotes need-based sales of insurance products by setting standards for customer onboarding and accurate assessment of customer needs of long-term insurance companies. This Direction is effective from 1st October 2025.

2. **Direction # 02 of 2025- Direction on improving the confidence level of the policyholders**

   This Direction was issued to insurers to foster trust and greater confidence among policyholders by introducing best practices that will enhance service quality, reduce customer dissatisfaction, and encourage transparent and accountable behavior. The Direction was issued on 25 April 2025 and applicable with immediate effect.

3. **Direction # 03 of 2025 - Direction on compliance with the minimum net capital requirement by insurance brokers**

   This Direction was issued to revise the Direction # 19 issued on 24th July 2019 and Direction # 19 (Amended) on 3rd June 2020 in view of amending the minimum net capital requirement applicable to insurance brokers based on whether carry out re-insurance brokering business or not. This Direction was effective immediately.

4. **Direction # 04 of 2025 – Direction on issuing insurance product information document by insurance companies and insurance intermediaries**

   This Direction issued on 28 October 2025 to promote transparency and enhancing awareness of the prospective policyholders and empowering them to have a better understanding regarding insurance policies. It is 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 this applies immediately after approval of the products by the Commission.

5. **Direction # 05 of 2025 – Direction to disclose all types of premium charges and any other policy charges separately and comply with SRCC & T requirements**

   This Direction was issued on 05 December 2025 to general insurers directing to disclose all types of premiums in respect of basic premium, SRCC&T premium, premiums for additional covers/endorsements, and all other types of policy charges (including the fixed and variable types of charges) applicable for the policy, separately in all the documents issued to the policyholders and prospective policyholders such as, in quotations, policy schedules, endorsements, invoices, debit notes, renewal notices and any other relevant document issued to the policyholder reflecting the amount payable. In the event SRCC&T together, or only SRCC cover is not requested by the policyholder, the respective premium values shall be disclosed as zero. This Direction came into effect from 05 December 2025.

6. **Direction # 06 of 2025 – Direction on immediate measures that are required to be taken by all general insurance companies in relation to the catastrophic events faced by the insured public due to floods and Cyclone Ditwah**

   This Direction was issued on 08 December 2025 to general insurers in view of the Cyclone Ditwah resulting floods, and considering that insurers have not yet fully assessed the extent of their exposure, directing all general insurance companies to refrain from declaring or distributing any dividends for the financial years 2024 and 2025 that have not already been declared or distributed. This direction came into effect from 08 December 2025 and shall remain in force until 30 June 2026.

Circulars issued during the year

1. **Circular # 01 of 2025 – Optional Compensation Scheme for third party victims of motor vehicle accidents - for death or permanent disability**

   This Optional Compensation Scheme is available for third-party victims of motor vehicle accidents, which is paid without admitting any legal liability and on ex-gratia basis, by general insurance companies. This Circular, issued on 01 September 2025 was applicable for motor vehicle accidents that occur with effect from 01 September 2025. Accordingly, the criteria laid down in Circular # 03 of 2024 dated 26 February 2024 will be applicable for motor vehicle accidents that occurred during the period from 01 March 2024 to 31 August 2025.

2. **Circular # 02 of 2025 – Enforcement procedure for non-compliances of AML/CFT obligations**

   This Circular was issued on 30 October 2025 and sets out the enforcement procedure that the Commission will apply in cases of non-compliance with Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) obligations by insurers and insurance brokers. This Circular came into effect from 30 October 2025.

3. **Circular # 03 of 2025 and Circular # 04 of 2025 - Requirements on premium payment for policies of general insurance**

   Circular # 03 of 2025 was issued on 17 November 2025 to reduce the credit period for the motor insurance policies to 30 days with effect from 01 January 2026, and to require to issue motor insurance policies only upon receipt of full insurance premium from 01 January 2028. This Circular was effective from 17 November 2025 and cancelled the Circular # 1 of 2023.

   However, in view of catastrophic situation occurred in Sri Lanka due to cyclone Ditwah, extending the effective date for reducing the credit period for the motor insurance policies to 30 days. This Circular was effective from 08 September 2025.

Guidelines issued during the year

1. **Amended Guidelines on Policy Framework for Long-Term Insurance Products**

   These guidelines were issued on 19 May 2025 to extend the timeline applicable for all existing Long-Term insurance products, which are open for new business, up to 09 August 2025.

2. **Guidelines on incorporating a framework to implement key pillars: Sustainable Development Goals (SDGs), Environmental, Social, & Governance (ESG) Principles and Sustainable Finance, Initiatives in the Insurance Industry**

   These Guidelines came into effect from 21 July 2025 .

3. **Guidelines on Anti Money Laundering and Countering The Financing of Terrorism Programme for insurance companies and brokering companies**

   These Guidelines came into force on 25 July 2025 repealing the Guidelines issued in the year 2006 on this matter.

4. **Guidelines on Market Conduct of the insurers**

   These Guidelines were issued on 02 October 2025 and would be effective from 01 October 2026.

Market Structure

Insurers

Subject to the provisions of

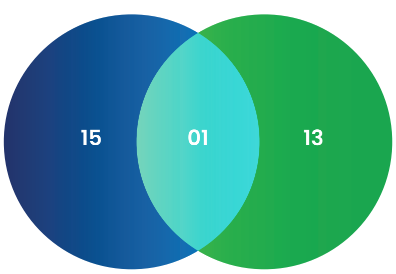
Section 12 of the Act, no person shall carry on insurance business in Sri Lanka unless such person is for the time being registered or deemed to be registered under the Act to carry on insurance business.

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.

Chart 1: Classes of Insurance Business carried on by Insurers



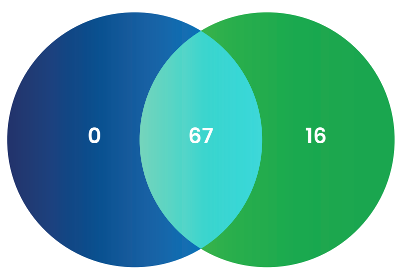
Insurance Brokers

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 83 companies registered as insurance brokers. Out of the said companies, 67 companies were registered in both long term and general insurance brokering business while 16 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.

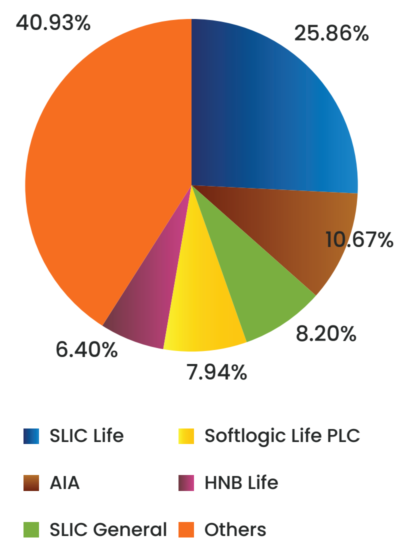
As per Section 34 of the Act, Insurance Agents are an important distribution channel through which insurers procure insurance business.

As per information given by Insurers, the total number of individuals recruited as Insurance Agents during the year was approximately 20,432, which is a 6.16% increase from the previous year (19,246).

The total number of individual insurance agents representing insurers as at the end of year was approximately 46,076, a 8.17% decrease from the previous year (50,178).

Chart 3 depicts individual Insurance Agents registered with Insurance Companies.

Chart 3: Total Agents as at 31.12.2025



The total number of insurance agents representing insurance brokering companies as at the end of year was approximately 649.

Loss adjusters

25 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.

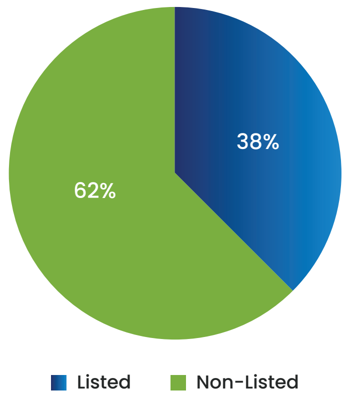
Accordingly, the Commission has specified in the aforesaid Rules the qualifications and/or experience required for a person to be registered as a Loss Adjuster.

Company Status on Listing

Of the insurers registered with the Commission, 11 companies were listed on the Colombo Stock Exchange as at 31st December 2025, 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.

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 2025 is LKR 998,581,075.

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 2025 is LKR 15,100,086,430, a 15% increase from the previous year (LKR13,128,044,971).

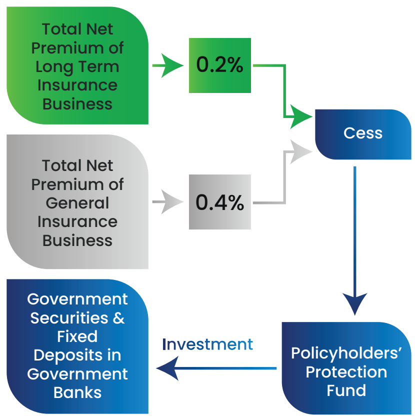
This Fund may be utilized, for the general protection of policyholders and for any other specific purposes, in so far as it would be for the benefit of the policyholders and potential policyholders -

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 was established in 1998 under an amendment brought to the Motor Traffic Act. It is under the purview of Ministry of Transport and Highways. 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 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 utilized to implement programmes for the promotion of road safety and accident prevention. The NCRS consists of 17 representatives from governmental and non-governmental organizations including IRCSL.

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)

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 that promotes and safeguards professional standards through strong ethical governance, high standards of education and practice and an active commitment to research and public interest initiatives. As a full member association of the International Actuarial Association (IAA), the AASL also strengthens professional ties internationally, connecting Sri Lankan actuaries to the global profession and supporting the evolving needs of members and industry stakeholders.

Since being recognised as a professional body within the Sri Lankan insurance regulatory framework in 2024, the AASL has continued to deepen its engagement with the Insurance Regulatory Commission of Sri Lanka (IRCSL) providing technical input and practical support across key regulatory and industry priorities.

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, annual subscriptions from its members and other programmes that it conducts.

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 2025 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	No. of staff
1	Total number of information requests received during 2025 by the Insurance Regulatory Commission of Sri Lanka (IRCSL)	11
2	Number of information requests for which information was provided	7
3	Number of information requests for which information was rejected	4 (2 were rejected as the public authority does not have the requested information in custody)
4	Total number of information requests received during 2025 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 Act	2
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	1
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 AND COUNTERING THE FINANCING OF PROLIFERATION OF WEAPONS OF MASS DESTRUCTION (AML/CFT/CPF)

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/CPF. In fulfilment of the National Policy on AML/CFT/CPF and to ensure sector compliance with AML/CFT/CPF legal requirements, IRCSL has established a dedicated unit for AML/CFT/CPF Supervision.

The unit assesses Money Laundering, Terrorism Financing and Proliferation Financing of Weapons of Mass Destruction (ML/TF/PF) 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 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/PF risk assessment of long-term insurers on off-site basis, using the risk assessment tool to ascertain the ML/TF/PF 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 tool are then used to formulate the risk based on-site supervisory plan for the upcoming year. The ML/TF/PF risk assessment was carried out in the Q4 of the year 2025.

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/CPF regulations on the specific area concerned. IRCSL conducted two thematic reviews in the year 2025 on “Risk Assessment and Risk Profiling” and “Compliance and Reporting Functions”.

Risk-Based Supervision

1. On-site Inspections

IRCSL conducts on-site inspections by efficient allocation of resources based on the ML/TF/PF risk of the insurers. As the initial step of effective risk-based supervision, ML/TF/PF 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 five ML/TF/PF on-site inspections in terms of Section 15(1) (e) read with Sections 18 and 23 of the FTRA for the year 2025. These inspections were aimed to independently verify whether the insurers are effectively implementing its 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.

2. Follow-up inspections

The objective of AML/CFT/CPF follow-up inspection is to verify that the insurers have remediated deficiencies identified in previous on-site examinations and are adhering to legal requirements. IRCSL conducted eight follow-up inspections for year 2025.

Guidance and Awareness to the sector

1. Awareness Sessions

IRCSL conducted four awareness session for the year 2025 and the details of same are tabulated below:

Date	Participants	Topics covered	Mode	Resource Persons
04.06.2025	140 participants representing CEOs and senior Management of insurance brokers	• Introduction to AML/CFT/CPF • Customer Due Diligence • Role of Insurance Brokers in AML/CFT/CPF	In person	Mrs. Damayanthi Fernando - IRCSL Dr. Ayesh Ariyasinghe - FIU Mrs. Theja Pathberiya - FIU Mr. Rajan Nirubasingham - IRCSL Mrs. Thushari Wijegunawardana - IRCSL
28.10.2025	83 participants representing CEOs of insurance brokers	Risk Management	In person	Mrs. Thushari Wijegunawardana - IRCSL
12.11.2025	57 participants representing Compliance Officers of insurers and insurance brokers	Coaching Session on how to face the Mutual Evaluation	In person	Technical assistance from the Department of Revenue of India, in collaboration with the High Commission of India in Sri Lanka, Coordinated by FIU and IRCSL
17.11.2025	440 participants representing Board of Directors, Compliance Officers and Senior Management of insurers and Insurance brokers	AML/CFT/CPF obligations of Insurance Sector	Online	Mrs. Damayanthi Fernando - IRCSL Dr. Subhani Keerthiratne - FIU Mr. Rajan Nirubasingham - IRCSL

2. Issuance of Guidelines

IRCSL issued "Guidelines on anti-money laundering and countering the financing of terrorism programme for insurance companies and brokering companies". These guidelines were issued with the aim of increasing awareness on compliance requirements of Customer Due Diligence Rules, No. 01 of 2019, with specific focus on developing the AML/CFT/CPF program of a company.

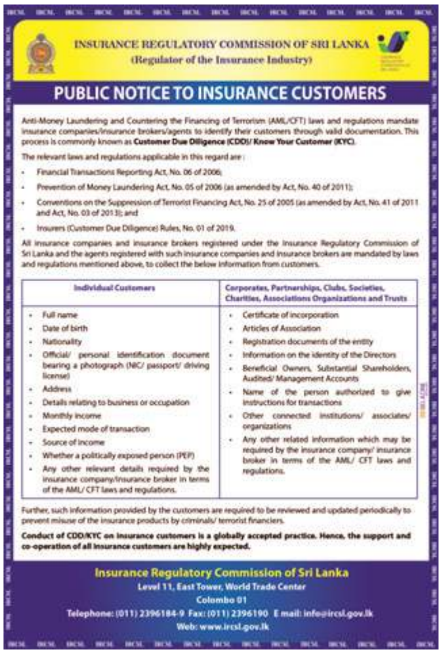
Inter-regulatory Coordination and Corporation

During 2025, IRCSL continued to collaborate closely with relevant Regulatory Authorities domestic and international by sharing information. Further, IRCSL entered into a formal Terms of Reference (TOR) with the FIU to facilitate Joint Supervision of licensed insurers and insurance brokers for compliance with AML/CFT/CPF Laws.

Public Awareness

During 2025, IRCSL continued to increase awareness of the general public on its activities of AML/CFT/CPF Supervision and on the documents/information to be provided by customers when purchasing insurance policies. The details are tabulated below:

Date	Topic
28.07.2025	Press Release - IRCSL hosts awareness session on AML/ CFT/CPF compliance for insurance brokers
28.09.2025	Public notice to insurance customers on Customer Due Diligence
12.12.2025	Press Release - IRCSL and FIU signs TOR to facilitate joint supervision



INSURANCE REGULATORY COMMISSION OF SRI LANKA
(Regulator of the Insurance Industry)

PUBLIC NOTICE TO INSURANCE CUSTOMERS

Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) laws and regulations mandate insurance companies/insurance brokers/agents to identify their customers through valid documentation. This process is commonly known as **Customer Due Diligence (CDD)/ Know Your Customer (KYC).**

The relevant laws and regulations applicable in this regard are :

- Financial Transactions Reporting Act, No. 06 of 2006;
- Prevention of Money Laundering Act, No. 05 of 2006 (as amended by Act, No. 40 of 2011);
- Conventions on the Suppression of Terrorist Financing Act, No. 25 of 2005 (as amended by Act, No. 41 of 2011 and Act, No. 03 of 2013); and
- Insurers (Customer Due Diligence) Rules, No. 01 of 2019.

All insurance companies and insurance brokers registered under the Insurance Regulatory Commission of Sri Lanka and the agents registered with such insurance companies and insurance brokers are mandated by laws and regulations mentioned above, to collect the below information from customers.

Individual Customers	Corporates, Partnerships, Clubs, Societies, Charities, Associations Organizations and Trusts
• Full name • Date of birth • Nationality • Official/ personal identification document bearing a photograph (NIC/ passport/ driving license) • Address • Details relating to business or occupation • Monthly income • Expected mode of transaction • Source of income • Whether a politically exposed person (PEP) • Any other relevant details required by the insurance company/insurance broker in terms of the AML/ CFT laws and regulations.	• Certificate of incorporation • Articles of Association • Registration documents of the entity • Information on the identity of the Directors • Beneficial Owners, Substantial Shareholders, Audited/ Management Accounts • Name of the person authorized to give instructions for transactions • Other connected institutions/ associates/ organizations • Any other related information which may be required by the insurance company/ insurance broker in terms of the AML/ CFT laws and regulations.

Further, such information provided by the customers are required to be reviewed and updated periodically to prevent misuse of the insurance products by criminals/ terrorist financiers.

Conduct of CDD/KYC on insurance customers is a globally accepted practice. Hence, the support and co-operation of all insurance customers are highly expected.

Insurance Regulatory Commission of Sri Lanka
Level 11, East Tower, World Trade Center
Colombo 01
Telephone: (011) 2396184-9 Fax: (011) 2396190 E mail: info@ircsl.gov.lk
Web: www.ircsl.gov.lk

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 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 products. IRCSL seeks clarification from companies on specific observations where necessary and considers their responses prior to finalizing the review. During the year 2025, IRCSL provided its opinion to 13 long term insurance products & riders and 8 general insurance products.

SUPERVISORY REVIEW

The Supervision Division of the Insurance Regulatory Commission of Sri Lanka (IRCSL) oversees the insurance industry to ensure consistent compliance with prudential requirements and regulatory standards. Through effective supervision, the Division promotes fairness, financial stability, and the protection of policyholders.

IRCSL adopts a risk-based supervisory framework in carrying out its regulatory functions. Key supervisory activities include off-site monitoring, such as the review and analysis of statutory returns, assessment of compliance with applicable laws, rules and regulations, evaluation of insurers' risk ratings, and computation of early warning indicators. In addition, the Division conducts on-site inspections to assess operational, financial, and governance practices of regulated entities. The Division also compiles and analyses industry statistical data to support regulatory decision-making and policy development.

Off-site Monitoring of Insurance Companies

1. Review of Statutory Returns

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

In terms of 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 the IRCSL within four months from the end of the respective financial year. In addition, long-term insurance companies are required to submit Actuarial Reports and Abstracts together 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 further evaluated in the onsite inspections conducted.

ii. Evaluation of Governance Internal Controls, compliance and Risk Management of Insurance Companies

Insurance companies are required to submit an annual Risk Assessment Report (RAR) to IRCSL as part of their annual returns. The RAR outlines key qualitative information on governance, ownership structure, management, and core operational functions, including internal controls, compliance, risk management, marketing and distribution, and claims management.

IRCSL reviews the RAR to assess each insurer's governance standards, control environment, risk management framework, and overall regulatory compliance.

iii. Reinsurance/ Risk Transfer Programs

In accordance with the terms and conditions stipulated under Section 31(1) of the RII Act, insurers are required to submit details of their reinsurance/risk transfer programme for the year 2025 on or before 31 January 2025, and their reinsurance treaty arrangements together with the relevant certifications on or before 15 March 2025 to IRCSL.

Four insurance companies failed to meet the deadline for submitting their treaty reinsurance arrangements. Of these, three companies complied within 14 days in line with the enforcement strategy, while the remaining company submitted after taking necessary action in accordance with the enforcement measures. In addition, all insurers are required to submit details of their facultative reinsurance arrangements on a quarterly basis.

IRCSL reviews reinsurance treaty arrangements to ensure that reinsurance programmes are adequate, provide effective risk transfer, and comply with regulatory requirements. The review also assesses the financial strength of reinsurers and the overall impact on policyholder protection and the financial stability of insurers. Observations arising from the review are communicated to the respective insurers for corrective action where necessary. Furthermore, two instances of non-compliance relating to general insurance companies were referred to the Legal Division for further action.

iv. Quarterly Returns

Insurance companies are required to submit their Quarterly Returns to IRCSL within thirty (30) days from the end of each quarter, in terms of the amendment dated 06 October 2022 to Determination 12. The Supervision Division has taken appropriate action, in line with the enforcement strategy, against insurers that failed to submit their quarterly returns within the stipulated timeframe.

During the year 2025, quarterly returns were scrutinized to assess performance and ensure compliance with the relevant provisions of the Act, rules, and regulations. The financial position of each insurer was continuously monitored on a quarterly basis by analysing assets and liabilities, capital adequacy (solvency), liquidity, and other key risk areas. Any discrepancies, non-compliances, or significant variations identified during the review were promptly communicated to the respective insurers, with instructions to provide clarifications or take corrective action within specified timelines. Matters requiring further action were referred to the Legal Division where necessary.

To evaluate quarterly performance, IRCSL analysed premium income, underwriting profit, and net profit of both long-term and general insurance companies. In addition, the Division computed early warning ratios on a quarterly basis using data submitted in the returns. These ratios include premium growth and stability, claims ratio, expense ratio, retention ratio, combined ratio, underwriting results, return on assets, return on equity, liquidity ratio, and other profitability indicators. Trends were monitored and compared at both company and industry levels, and material variances were further examined and communicated to insurers along with other observations arising from the review.

Insurers are also required to submit Compliance Certifications together with their quarterly returns, confirming compliance with the provisions of the Act, rules and regulations issued by IRCSL, and the relevant provisions of the Financial Transactions Reporting Act, No. 6 of 2006.

v. Monthly reporting

In 2025, two insurers were placed under close supervisory monitoring due to compliance concerns and were therefore required to submit monthly returns in accordance with the information requirements stipulated in Determination 12. This enhanced reporting requirement enabled IRCSL to closely monitor their regulatory compliance and financial position.

The insurers complied with the directions issued by IRCSL in respect of identified non-compliances. Observations arising from the review of the monthly returns were formally communicated to the respective insurers, with instructions to take corrective actions within specified timelines. Where issues required further regulatory action, such matters were referred to the Legal Division for appropriate follow-up.

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 under review, two insurers reported Total Available Capital (TAC) below the minimum regulatory requirement of LKR 500 million. One of these insurers restored its capital position and achieved compliance within the year, while the other remained below the required threshold as at the end of the year and continued to be subject to supervisory oversight.

In addition, one insurer reported a Capital Adequacy Ratio (CAR) below 160%, thereby falling within the regulatory enforcement monitoring level; however, this insurer successfully improved its CAR and regained compliance during the year. Further, one insurer reported a CAR below the minimum statutory requirement of 120% and had not restored compliance as at year-end. This insurer remains under close and continuous supervisory monitoring to ensure timely corrective action

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 No. 1 dated 1 March 2011 and its subsequent amendments. The IRCSL reviews the investment details relating to the Technical Reserve and the Long-Term Insurance Fund on a monthly, quarterly, and annual basis, based on the returns submitted by insurers, to ensure compliance with the requirements of Determination No. 1.

During the year, IRCSL identified instances of non-compliance and deviations from the provisions of Determination No. 1 by three insurers. The respective insurers were promptly notified and directed to take the necessary corrective actions within stipulated timelines. All insurers subsequently rectified the deviations and complied with the applicable investment requirements.

4. On-site Inspections of Insurance Companies

In 2025, the Division conducted five on-site inspections to assess insurers' performance, operational procedures, and internal control frameworks. These inspections focused on key areas including investment management, operational processes, financial condition, enterprise risk management (ERM), and corporate governance practices.

The observations and key findings arising from these inspections were formally communicated to the respective insurers, together with recommendations issued by IRCSL on areas requiring improvement. Insurers were required to implement corrective measures within specified timelines and report progress to the Commission.

In instances where on-site findings warranted enforcement action, the matters were referred to the Legal Division for the initiation of appropriate regulatory measures in accordance with the applicable legal and supervisory framework.

Statistical Reporting and Other Activities

1. Industry Handbook 2024

The industry handbook provides a comprehensive overview of the insurance industry, providing both market-wide trends and the performance of individual companies. It presents key industry indicators, including premium income, growth rates, market penetration, and insurance density, while demonstrating these within the broader macroeconomic context of GDP growth and population trends. The analysis further addresses total assets, asset distribution, profitability across both long-term and general insurance segments, shareholders' funds, claims experience, and operational data, including the number of branches, employees, and agents.

At the company level, this handbook provides a detailed assessment of performance from 2020 to 2024, covering gross written premiums, market share, and segment-wise contributions for each product line. It tracks policies in force, new policies issued, and product-specific contributions to growth. The report also evaluates risk management practices, including reinsurance arrangements, retention levels, and claims experience, alongside operational efficiency through expense analysis and combined ratios. The financial health of each insurer is examined with reference to asset concentration, credit quality, solvency measures (TAC and CAR), and regulatory compliance (RCR). For life insurance companies, metrics such as benefits paid and policy lapses are incorporated. These insights are complemented by comprehensive balance sheets and income statements for 2023–2024, collectively providing a thorough and integrated view of industry performance and individual company operation

2. Submission of Progress report to the Ministry of Finance

The Division prepares a comprehensive quarterly report outlining the progress, results, and key achievements of the Supervision Division, which is submitted to the Ministry of Finance. This report provides a detailed overview of the supervisory activities undertaken during the respective quarter, including regulatory reviews, inspections, compliance monitoring, enforcement actions, and other significant developments.

3. Implementation of SLFRS 17

In response to the development of global accounting standards, particularly the issuance of IFRS 17 – Insurance Contracts, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) actively engaged with regulatory authorities and industry stakeholders to facilitate the implementation of SLFRS 17. Recognizing the practical challenges faced by companies, the Council approved a revised effective date, setting the implementation of IFRS 17 in year 2026. During 2025, three multinational insurance companies successfully implemented SLFRS 17, while progress updates were obtained from other insurers to monitor their readiness and ensure a smooth transition to the new reporting standard, and the same was informed to the CA Sri Lanka. In addition to that, IRCSL has developed a regulatory reporting format in line with IFRS 17, and the same was communicated to the industry for their comments.

4. Risk Tool

IRCSL has developed an internal risk assessment tool to strengthen its risk-based supervisory framework. The primary objective of this tool is to facilitate the systematic identification, measurement, monitoring, and mitigation of risks within insurance companies, thereby promoting the stability and resilience of the insurance sector.

This assessment is conducted annually using financial and other relevant information submitted by insurers. The assessment criteria are periodically reviewed and refined based on supervisory experience, identified areas for improvement, and emerging industry developments. The tool also serves as an early warning mechanism, enabling the timely identification of insurers with elevated risk profiles and facilitating proactive supervisory intervention.

Risk profiling is carried out separately for long-term and general insurance companies, incorporating both quantitative and qualitative parameters derived from risk assessment summaries, solvency returns, financial statements, and onsite inspection findings.

Key quantitative indicators include capital adequacy, asset quality, related party exposures, and overall business and operational performance. In addition, qualitative factors such as ownership structure, group structure, corporate governance framework, effectiveness of risk management systems, adequacy of internal controls, reinsurance arrangements, and claims management practices are comprehensively evaluated.

Based on the overall risk scores, insurers are categorized as "High," "Medium," or "Low" risk. The Supervision Division utilizes the annual performance and risk profile of each insurer to determine its respective risk category. Insurers classified as "High Risk" are subject to enhanced monitoring and closer supervisory oversight. The intensity of supervision and the application of company-specific regulatory requirements are proportionate to the assessed level of risk, ensuring a focused and effective supervisory approach.

5. Proposed Acquisition of Allianz Life Insurance Lanka Limited by Softlogic Life Insurance PLC

During the year, Softlogic Life Insurance PLC sought regulatory approval from IRCSL to acquire 100% shareholding of Allianz Life Insurance Lanka Limited through a share purchase transaction.

The Supervision Division conducted a comprehensive review of the submitted documentation, with particular emphasis on the financial position of the acquiring company and the sustainability of the proposed merged entity. The evaluation encompassed key areas, including the source of funding, quarterly financial and solvency projections under both post-acquisition and post-amalgamation scenarios.

Special attention was given to the impact on Total Available Capital (TAC), Capital Adequacy Ratio (CAR), and compliance with all applicable determinations and directions issued by the IRCSL.

The review aimed to ensure that the proposed transaction would not compromise the financial stability of the acquiring company or the merged entity, thereby safeguarding the interests of policyholders and maintaining overall market stability.

6. Development of Guideline for insurance companies based on Insurance Core Principle (ICP) 8 – Risk Management and Internal Controls

In 2024, the Supervision Division conducted a GAP assessment on ICP 8 to evaluate the effectiveness of existing supervisory and regulatory frameworks and to identify areas requiring improvement. Based on the findings of this assessment, the Division developed a comprehensive guideline in 2025 to strengthen risk management practices, enhance internal control frameworks, and ensure that insurers operate in compliance with internationally accepted standards. This guideline serves as a key tool to support insurers in establishing robust risk management systems and promoting sound corporate governance across the insurance sector.

7. Peer Review Process on Insurance Core Principle (ICP) 13 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 13 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.

8. Self-Review on Insurance Core Principle (ICP) 16 of International Association of Insurance Supervisors (IAIS)

In 2025- the Supervision Division conducted a GAP assessment on ICP 16 - Enterprise Risk Management for Solvency Purposes. The objective of this assessment was to evaluate the extent of compliance with the applicable supervisory standards and to identify areas requiring enhancement. The exercise involved benchmarking the existing regulatory and supervisory framework against the requirements of ICP 16, assessing the effectiveness of current practices, and identifying any gaps or weaknesses. The findings of the GAP assessment will inform the development of targeted action plans and policy improvements, thereby strengthening the overall supervisory framework and ensuring alignment with international best practices.

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

In 2025, IRCSL submitted the following information to the Central Bank of Sri Lanka (CBSL) according to their request.

a. 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.

b. Insurance industry information on an annual basis for the Insurance Industry Appendix of the CBSL Annual Report.

c. Provincial data on premium income, claims paid, and other revenue, to fulfill the information requirement of Provincial GDP Estimates prepared by CBSL.

d. Submission of information to facilitate the consolidated supervision conducted by the Central Bank

ACTUARIAL UNIT REVIEW

The IRCSL remains dedicated to strengthening a resilient and stable insurance industry through diligent supervision of insurers, supported by a strong prudential regulatory framework. The Actuarial Unit continues to play a vital role in this process by ensuring that regulatory and supervisory standards are upheld from an actuarial standpoint. The Unit monitors insurance market activities by monitoring regulatory compliance, carrying out financial examinations—primarily through onsite and off-site analysis and evaluating the adequacy of actuarial provisions and the correctness of actuarial methodologies. It also works to ensure consistent application of Risk Based Capital (RBC) requirements across the industry, develops and recommends necessary guidelines, and maintains close engagement with insurers' actuarial functions to assess their effectiveness and reporting quality. In addition, the Unit reviews actuarial certifications of long-term insurance products to ensure that policyholder interests are appropriately safeguarded.

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 further strengthen its actuarial capabilities, the IRCSL has engaged Willis Towers Watson India Private Limited (WTW) for a two-year consultancy, beginning August 1, 2024. Through this engagement, which includes the secondment of two WTW actuaries, the IRCSL aims to enhance its actuarial capabilities, reinforce its supervisory functions, and ultimately support more effective regulatory oversight and robust insurance industry.

Following the secondment of WTW employees, IRCSL introduced comprehensive review checks for both life and general insurance to strengthen the assessment of insurer's submissions. These checks cover verification of all quantitative data in the RBC solvency templates, detailed analysis of quarterly and annual questionnaire responses, qualitative evaluations of insurer financial health, and comparisons with prior valuations to identify significant changes. This standardized review framework consolidates historical and current valuation data for each insurer, enabling efficient identification of gaps, trend analysis and focus scrutiny through summarized dashboard of key solvency, capital, and liability metrics. Internal checklists and dashboards further support early detection of potential risk signals for each insurer, allowing the Unit to monitor emerging concerns and request clarification from the respective companies where necessary.

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.

On-site Monitoring of Insurance Companies

During the year under review, the Unit conducted its first onsite inspection as part of its supervisory activities. The inspection was carried out with WTW support, which assisted in ensuring that the approach and procedures were aligned with established supervisory best practices. The selection of entities for onsite inspection was based on a risk-based supervisory framework. Institutions were identified using an established risk assessment tool, with prioritisation applied to entities assessed as requiring enhanced supervisory attention.

The purpose of the inspection was to evaluate the insurer's performance in key areas, including:

a. Compliance with the Risk-Based Capital (RBC) Rules, 2015

b. Compliance with relevant directions, circulars, and other regulatory requirements applicable to the actuarial function

c. General quality control and conduct mechanisms within the organization

Accordingly, an onsite inspection of a selected life insurance company was conducted. The exercise formed part of the unit's ongoing supervisory efforts to strengthen oversight and promote the safety, soundness, and effective functioning of the insurance sector

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 13 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.

Driving Improvements to the RBC Rules (2015)

The Risk-Based Capital (RBC) Rules, 2015, which became effective on 1 January 2016, continue to be reviewed as part of the IRCSL's efforts to strengthen the solvency framework for the insurance industry. Building on earlier assessments and consultations, this initiative has progressed from gap identification to formal consultation and quantitative testing during the year under review. Following a comprehensive gap assessment of the existing RBC Rules conducted in previous years, a joint task force was established under the leadership of the IRCSL to support the review process. 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. Its mandate is to assess identified gaps, consider international practices, and recommend suitable revisions to the RBC framework.

During the year, the task force completed its work and published its final report. Subsequently a consultation paper analysing international RBC practices and their applicability to the Sri Lankan insurance market was subsequently released for public comment. Public consultations on the proposed RBC framework were carried out, and IRCSL reviewed all submissions received and published its responses accordingly.

To further assess the impact of the proposed changes, a Quantitative Impact Study (QIS) was launched, and Insurance companies were requested to submit their results within the prescribed deadline. The QIS involves testing multiple solutions for identified improvement areas and provides a quantitative assessment of the effects on insurers' liability valuations and solvency positions. The exercise also supports insurers in refining internal processes and models, assists the IRCSL in evaluating alternative regulatory approaches, and facilitates the identification of potential implementation challenges. QIS responses were initially scheduled to be received during the year; however, at the industry's request, the deadline was extended to March of the following year.

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.

In furtherance of the strategic objective of "Ensuring a responsive Legal and Regulatory Framework", the unit progressed the self-assessments and detailed reviews of Insurance Core Principle (ICP) 17 ("Capital Adequacy") and ICP 14 ("The Supervisor establishes requirements for the valuation of assets and liabilities for solvency purposes"). These assessments were undertaken to identify weaknesses and gaps in the existing supervisory and regulatory frameworks, support ongoing development efforts, and inform the refinement of supervisory practices. These reviews were completed in previous years. During the year under review, a set of targeted recommendations was developed based on the gaps and weaknesses identified. Consequently, the suitable recommendations were incorporated into the ongoing improvements to the Risk-Based Capital (RBC) framework via integrating them in to the RBC discussion papers and the draft final report of the RBC Task Force.

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 effort, the unit reviewed new product approval processes and guidelines of other South Asian regulators, compared them to the IRCSL's existing procedures and documented the findings in a comprehensive report. During the year under review, this report underwent validation improvement and incorporated as appropriate. Building on this foundation, the unit has commenced identification of gaps and areas requiring improvement in the existing rules and approval procedures for new insurance products across different product categories. This activity is expected to continue through 2026, culminating the development and issuance of revised guidelines, aimed at strengthening the new product approval framework and further enhancing policyholder protection.

During the year, the Actuarial Unit contributed to the issuance of a clarification to Circular No. 01 of 2021 concerning actuarial certification for long-term insurance products.

REGULATORY REVIEW

Registration of Insurance Companies

New registrations were not granted by the Commission during the year. Nonetheless, Softlogic Life Insurance PLC has acquired the shareholding of Allianz Life Insurance Lanka Limited during the year, and the name of the company has changed from Allianz Life Insurance Lanka Limited to Softlogic Life Insurance Lanka Limited. The number of registered insurers for the year remained at 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.

The suspension of registration of long-term insurer was imposed by the Commission, after considering the non-compliance with the Solvency Margin (Risk Based Capital) Rules 2015 and Determination # 1, where its financial viability was in serious doubt and the submission of false and inaccurate information to IRCSL, to carry-on long-term insurance business, with effect from 05 December 2025, in terms of Section 18(1) (d), (f), (g) and (h) of the Act for a period of three weeks as per the Section 18(2) of the Act. Moreover, the Commission has ordered an investigation of the affairs of the company to be made on behalf of IRCSL by an Independent Auditor and an Independent Actuary.

The company was required to show cause in writing to IRCSL, why such suspension should be removed. Since the Company failed to do so, the Commission has decided to extend the period of suspension for a further period in terms of Section 18(4) (b) of the Act. In terms of Section 18 (5) (a) of the Act, extension of the suspension imposed on the Company further remained effective from 27 December 2025 to 30 January 2026, until it complied with the RBC Rules and rectify the non-compliance.

Directions issued by the Commission

1. To an insurer, under Section 57(1)(b) and Section 3 of the Act, to remove its Chief Consultant to the Board, and to confirm compliance with Direction # 2 of 2022.
2. To an insurer, under Section 57(1) of the Act, to remedy the issue on legal validity of its business operations and confirm compliance.
3. To an insurer, in terms of Section 18(7) of the Act by directing to prevent the continuance of violation of Directions issued on related party transactions previously and furnish to Commission an undertaking from the Board of insurer that the company will not violate the said Directions issued on related party transactions previously.
4. To an insurer in terms of Section 18 (7) of the Act to refrain from violating compliance with Determination #1.
5. To an insurer under Section 57(1) of the Act to appoint an Internal Auditor from 2025 onwards to carry out the internal audit functions and conduct a special audit on the issues identified, refund all excess insurance premiums collected up to 30 October 2025 to respective policyholders, and provide a report from the appointed Internal Auditor detailing the usage of excess premium amounts over the past three years from 1 January 2022 to 30 September 2025.
6. To an insurer under Section 57 of the Act, to immediately implement its revised capital infusion plan and to provide monthly progress updates within five working days after completion of each month, to promptly transfer its long-term insurance portfolio to a licensed long-term insurer or another suitable company subject to IRCSL's approval, and to submit a Board-approved time plan

for the portfolio transfer within the specified period for IRCSL's consideration.

7. To an insurer under Section 57(1) of the Act, to submit monthly returns in accordance with Determination 12 from November 2025, with each return due within 21 days from the end of the month, and to ensure that all long-outstanding documents and information are submitted by 19th December 2025.

Warnings issued by the Commission

1. To the Principal Officer of an insurer for the delay in submission of the quarterly returns for the quarter ended 31 December 2024.

2. To the former Managing Director of an insurer for having violated Section 29 (1) of the Act by misleading the Board of the insurer and not directing the management to comply with the requirement of the afore-mentioned provision of the Act, whilst holding the position of Managing Director of the company.

3. To few Directors of the Board who are also the members of the Related Party Transactions Committee hence directly responsible for reviewing related party transactions and the Principal Officer who is responsible for liaising between the company and IRCSL assuring regulatory compliance of the company, for violation of Directions issued on related party transactions previously.

4. To the Principal Officer of an insurer for the non-compliance of Determination #1 for quarter ended 31 March 2025 and 30 June 2025.

5. To the proposed Principal Officer of an insurer for making payments to the parties belonging the affinity codes after the discontinuation of such codes.

6. To the Principal Officers of three insurers for violating Determination #12, by failing to submit quarterly returns.

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

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

Applications from 80 insurance brokering companies seeking renewal of registration for year 2026 were received by the Commission during the year, and renewal of registration was granted to 79 out of the said 80 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 and the class/ classes of insurance brokering business they are permitted to carry on.

Enforcement Action

Insurance Brokering Companies

Directions

The Commission has not issued any directions to insurance brokering companies during 2025.

Warnings

1. The Principal Officers of four companies were warned for violation of Section 86 (2) of the Act.

2. The Principal Officer of an insurance brokering company was warned for the company's failure to comply with the minimum net capital requirement of Rs. 4 million.

Suspensions

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

Registration of Loss Adjusters and Annual Payment of Registration Fee of Loss Adjusters

The Commission granted registration to a company as a loss adjustor during the year. The Commission did not grant any re-registrations to loss adjusters during the year. The Commission also accepted annual payments from twenty-four 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 assessing 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.

   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. Four Loss Adjusters' licenses were revoked by the Commission in terms of Section 89D (1) (a) & (b) of the 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 05 July 2017.

4. Having considered a request of an insurer, a direction was modified by the Commission permitting the company to re-appoint two independent directors to facilitate the Board of insurer to be compliant with the CSE Corporate Governance Rules.

5. The Commission has granted time extension to a holding company of two segregated long-term and general insurance companies to keep the phrase "insurance" in its name until the conclusion of a pending court case, subject to conditions and granted time extension to the long-term insurance company to comply with all provisions of the Direction#15 requirement.

6. The commission has issued notice to show cause to a holding insurer for making legal fee payments for court cases of its subsidiary insurer. Considering that, inter alia, payments were made from shareholders' fund, the Commission has decided not to take further action on directors.

7. Having considered the request of SLIBA, the commission recommended to amend Rule 3 on Additional Requirements for registration of insurance broker Rules dated 09 September 2004 which were immediately applicable to insurance brokers who apply and engage in reinsurance brokering business.

8. Commission acceded to two requests received from former directors of an insurer to obtain benefits under the directors' insurance scheme of the company.

9. The Commission has received an appeal from a former Principal Officer of an insurer who has been removed from his position. Following the hearing of the appeal, the Commission decided to uphold the previous decision of the Commission.

10. The Commission has granted an exemption to an insurer from being listed on a licensed stock exchange, in terms of Section 15B of the Regulation of Insurance Industry (Amendment) Act, No 17 of 2017.

11. Having considered the request, the Commission has entered into an agreement with the Central Bank of Sri Lanka for the sharing of data and information on macroprudential surveillance.

12. The Commission has approved the Policy on "Confidentiality and Secrecy of the IRCSL" and amendments to the 'Code of Ethics of IRCSL'.

INVESTIGATORY REVIEW

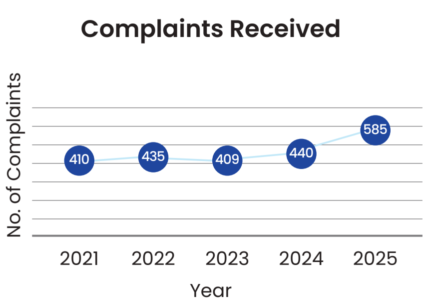
The statutorily entrusted power to the Commission via the Regulation of Insurance Industry Act No. 43 of 2000 to inquire into any dispute arisen in relation to a claim and thereafter make an order if the Commission deems appropriate, is executed through the Investigation Division.

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 it appears that the evidence relied upon by the insurer to reject the same is not adequate or conclusive.

The Commission received 585 complaints during the period under review and there were 77 unresolved matters that were brought forward from 2024. 517 matters were concluded upon inquiry during the year. 184 matters were concluded in favour of the claimants with an approximate value of Rs. 53.96 Million.

Chart 1: Total number of complaints received during last five (2021 - 2025) years



The Division received a total of 2279 complaints during the past five (5) year period. Number of complaints received by the Commission during the period under review has increased compared to year 2024.

Chart 2: Month wise analysis of complaints during 2025

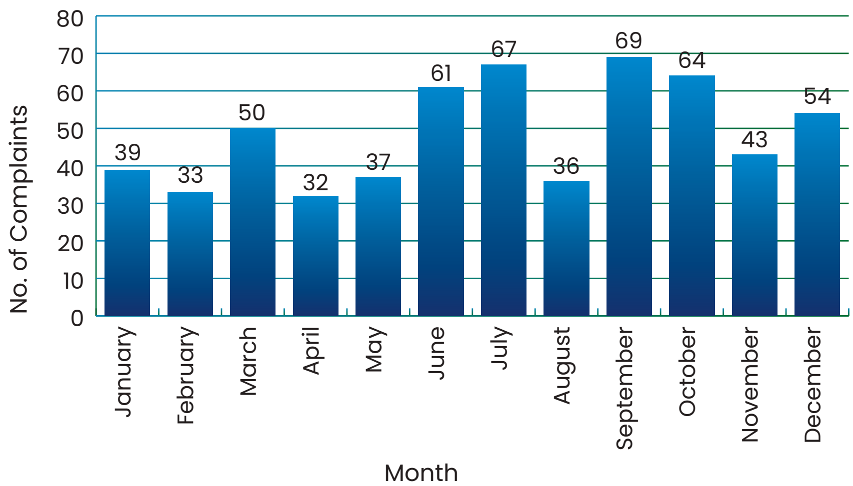


Chart 2 depicts the month-wise analysis of complaints received by the Division. The highest number of complaints were received during September while the lowest number of complaints were received in the month of April 2025.

Chart 3: Classification of complaints based on the class of insurance business in 2025

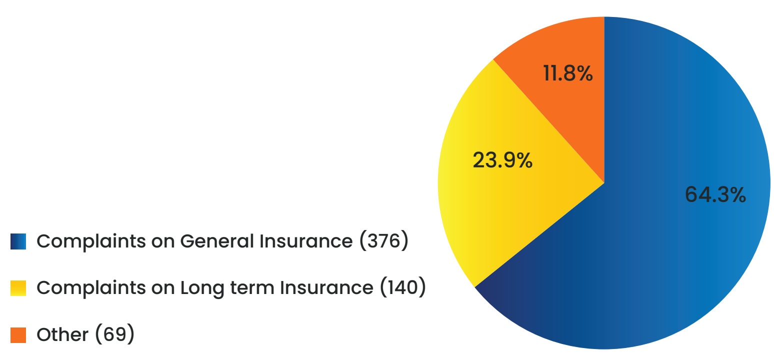


Chart 3 depicts the total matters referred to the Commission during the year 2025. The majority of complaints, i.e. 376 (i.e. 64.3% of the total complaints received) were with respect to general insurance business and 140 complaints (i.e. 23.9% of the total number of claims received) were relating to long-term insurance business. The remaining 69 complaints (i.e. 11.8% of total complaints received) were mainly related to issues with insurance agents. When compared to the previous year, the percentage of complaints on general insurance business has slightly decreased from 65.2% (in 2024) to 64.3% and the percentage of complaints on long-term insurance business has increased slightly from 22.7% (in 2024) to 23.9 %. The proportion of other complaints has slightly decreased from 12% (in 2024) to 11.8%.

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	Number of Complaints	%
Claim disputes	**316**	**84%**
Non-acceptance of liability	166	53%
Dissatisfied with the claim offered/paid	111	35%
Delays in settling claims	30	9%
Request to refund/ cancellation or revival	2	1%
Other	7	2%
Other complaints	**60**	**16%**
TOTAL	376	100

As shown in Table 1, out of the total complaints (376) under general insurance business, 316 (84%) were claim disputes while the balance 60 complaints (16%) were other complaints such as mid-term policy cancellations, not responding to queries, etc.

The root-cause-analysis of complaints on non-acceptance of liability (53%) 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 with the claim offered was the other main reason for complaints (35%) 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. 30 (9%) 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	Number of Com-plaints	%
Claims disputes	**60**	**42.86%**
Non-acceptance of liability	34	56.67%
Delay in settling the claim	11	18.33%
Dissatisfied with the claims offered	11	18.33%
Request to refund / cancellation or revival	1	1.67%
Maturity and surrender benefits	1	1.67%
Other	2	3.33%
Other complaints	**80**	**57.14%**
Dissatisfied with the claims offered	1	1.25%
Maturity and surrender benefits	6	7.50%
Non-acceptance of liability	6	7.50%
Request to refund / cancellation or revival	35	43.75%
Payment / misappropriation of premia	7	8.75%
Other	**25**	**31.25%**
TOTAL	**140**	**100%**

As per Table 2, total of 140 complaints relating to long-term insurance have been received during the year; out of which, 60 complaints (42.86%) are related to claim disputes whereas 80 (57.14%) are other complaints.

The main cause of 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 the breach of *uberrimae fidei* principle 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.

18.33% 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 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 (43.75%) 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 claimants. The requests for revival, made after the expiry of specified times 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

69 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.

Cyclone-Ditwah

Cyclone-Ditwah which struck Sri Lanka in November 2025 severely affected people and families across 25 districts, disrupting livelihoods, essential services and the broader economy of Sri Lanka.

The Commission having recognized the pivotal role played by the Insurers in this situation, took immediate steps to convene meetings among insurance companies to discuss the way forward in compensating affected Policyholders expeditiously. Data pertaining to claims intimated due to damages caused by the Cyclone were collected from the Insurance Companies daily.

The Commission to-date on a weekly basis closely monitors the payment of claims by the Insurance Companies. Information relating to rejected claims has been called to check whether the claims have been rejected on unreasonable grounds. Further, a time-bound action plan has been conveyed to the Insurance Companies to complete payment for the claims where the Companies have admitted the liability.

MARKET DEVELOPMENT & EXTERNAL RELATIONS (MDER) REVIEW

At the heart of the Insurance Regulatory Commission of Sri Lanka (IRCSL), the Market Development and External Relations (MDER) Division serves as the vital bridge between regulation and the public it protects. Its mission goes far beyond routine operations, unfolding through meticulous planning, strategic engagement, and relentless effort, transforming complex insurance concepts into clarity, confidence, and trust.

In 2025, the Commission led a series of outreach programs across television, social media, and community events, aiming to raise awareness, provide education, and strengthen policyholders' understanding of insurance. Each initiative was carefully designed to inform, educate, and empower policyholders. Behind every broadcast, every online interaction, and every public initiative lay a deliberate strategy aimed at closing knowledge gaps, safeguarding policyholders, and fostering a transparent, resilient insurance ecosystem.

Shaping the Culture of Protection

The impact of the MDER Activities extends beyond simple communication; it is about fundamental cultural transformation. By shifting the public perception of insurance from a "mandatory obligation" to a "cornerstone of financial security," the Commission is nurturing a more protected and confident society.

The following sections detail this journey of dedication, illustrating how the Commission continues to illuminate the path toward a more inclusive and resilient insurance sector in Sri Lanka.

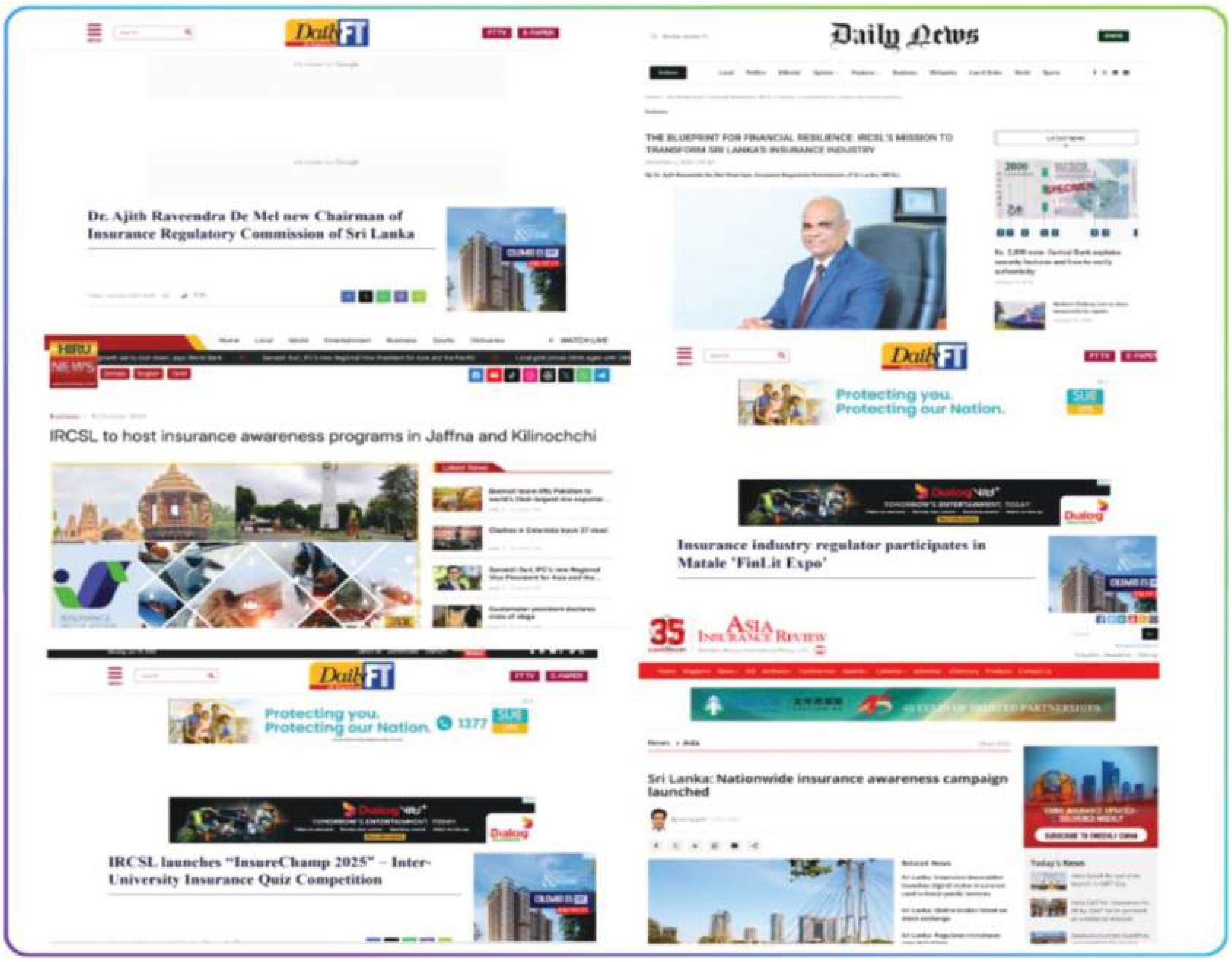
Mass Communication

Ink & Impact: Reaching Minds through Print

In 2025, the Commission brought insurance to life through carefully crafted press articles that shared key updates, milestones, and insights. Each story connected the public to the industry, building awareness, trust, and confidence.

- Dr. Ajith Raveendra De Mel assumes duties as the Chairman of the Insurance Regulatory Commission of Sri Lanka in English and Tamil languages
- Insurance Industry Performance: A Review from 2019 to 2023 and Q3 2024.
- IRCSL Successfully Concludes the 'Siththara' Art Competition
- New Commission Members Appointed to the Insurance Regulatory Commission of Sri Lanka
- IRCSL successfully conducts inaugural program for knowledge sharing and industry collaboration with academia and professionals
- Deputy Minister of Finance & Planning Hon. Dr. Harshana Suriyapperuma Visits IRCSL to Strengthen Government-Insurance Sector Collaboration
- Insurance regulator kicks off nationwide awareness campaign from Matara
- Reviewing Sri Lanka's Insurance Sector Performance: 2020 to 2024 and Q1 2025
- Stepping into resilient and strengthened insurance future
- IRCSL Delegation Undertakes Study Tour to Indian Insurance Regulator and Industry Institutions
- Insurance Regulatory Commission of Sri Lanka Participates in Financial Literacy Exhibition in Matale
- IRCSL Expands Insurance Awareness Campaign to the Northern Province Under the Theme "Insurance for All: For a Secure Future"
- IRCSL Conducts Insurance Awareness Programmes and Roadshows in the Northern Province under the Theme: 'Insurance for All: For a Secure Future
- IRCSL Launches "InsureChamp 2025" – Inter-University Insurance Quiz Competition

- The Blueprint for Financial Resilience: IRCSL's Mission to Transform Sri Lanka's Insurance Industry
- IRCSL launches "InsureChamp 2025" – Inter-University Insurance Quiz Competition
- Insurance Regulatory Commission of Sri Lanka Invites Public Feedback on Life Insurance Product Review and Development
- New Commission Members appointed to Insurance Regulatory Commission of Sri Lanka
- Treasury Secretary discusses measures to fast-track Cyclone Ditwah and flood-related claims
- AML/CFT/PWMD Awareness for the Board members, senior management and Compliance staff of Insurance companies and Insurance brokers
- Public Consultation on changes to Solvency Margin (Risk Based Capital) Rules 2015
- IRCSL and FIU signs Terms of Reference to facilitate Joint Supervision of Licensed Insurance Companies and Licensed Insurance Brokering companies for compliance with AML/CFT/CPF



Across daily and weekend newspapers, key public notices in Sinhala, Tamil, and English reached the eyes and minds of readers, highlighting the essential aspects of insurance. Each notice was more than information; it served as a step toward empowering the community, raising awareness, and nurturing a more confident, informed public.

- Understanding the Average Clause in Insurance - Have you experienced a reduction in your motor insurance claim due to your vehicle being underinsured? If so, please contact us
- Unclaimed benefits - Do not let your life insurance benefits go unclaimed!
- Publication on Rs. One Million Compensation Optional Compensation Scheme (OCS) for Third Party Motor Accident Victims.


NOTICE TO THE PUBLIC
Insurance Regulatory Commission of Sri Lanka
Rs. One Million Compensation

Public Notice
Insurance Regulatory Commission of Sri Lanka
Have you experienced a reduction in your motor insurance claim due to your vehicle being underinsured?
If so, please contact us.

NOTICE TO THE PUBLIC
Insurance Regulatory Commission of Sri Lanka
Do not let your life insurance benefits go unclaimed!

Airwaves of Awareness: TV and Radio

To reach every corner of the country, the Commission harnessed the power of television and radio, bringing key insurance concepts to life. Each programme was carefully designed to inform, engage, and connect with audiences, transforming complex ideas into relatable stories that resonate and empower the public to make confident decisions.

- **Saraprabagira – Radio – 20th June 2025:** *Brought the Commission's insurance awareness initiative to listeners in an engaging and accessible way.*
- **Vanakkam Nethra – TV – 24th November 2025:** *Extended the conversation on key aspects of insurance to regional audiences in Tamil.*
- **InsureChamp 2025 – Rupavahini – 7th December 2025:** *Engaged viewers with interactive quizzes and activities, celebrating the vibrancy of the insurance sector.*
- **ටෙලිවිෂන් වංගුව – Episode 15 – Supreme TV – 23rd December 2025:** *Highlighted claims, fast-tracked settlements, and sector updates, reinforcing public confidence and transparency.*

Through these broadcast initiatives, the Commission created awareness on insurance by presenting complex concepts in a simple and relatable manner, helping the public better understand insurance and build trust across the country.

Digital Horizons: Reaching Readers Online

Insights at Your Fingertips: E-Newsletter

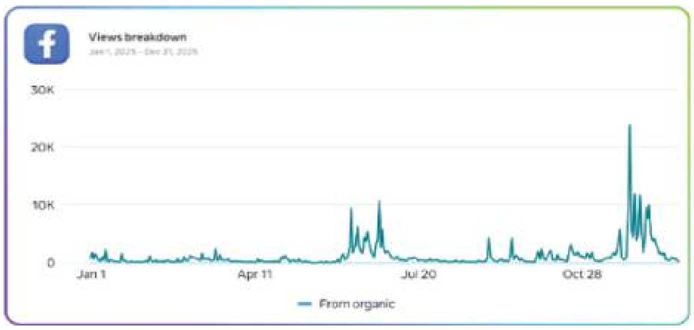
The Commission's e-newsletter is an annual publication that serves as a digital window into the world of insurance, delivering key industry updates and important insurance-related information directly to readers. With a view to expanding its contribution, the Commission adopted a broad and inclusive approach for the newsletter by inviting articles from a wide range of stakeholders, including industry professionals and academia. These articles were carefully reviewed, bringing together diverse insights, research, and practical experience.

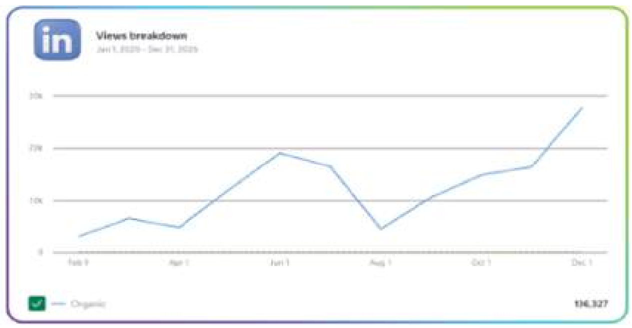
This collection of articles will be launched as a special edition in March 2026 to mark the Commission's 25th Anniversary. The special edition is expected to inform and inspire, presenting fresh perspectives and insightful content that reflects the collective voice of the insurance ecosystem.

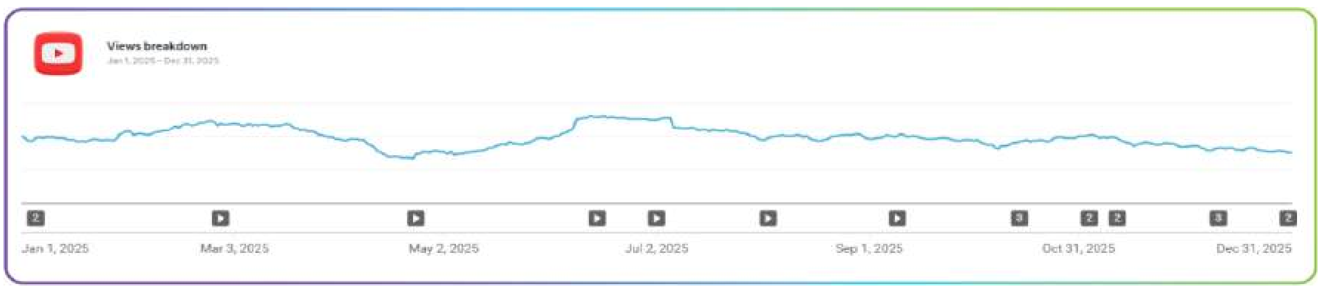
Online Horizons: Sparking Awareness through Social Media

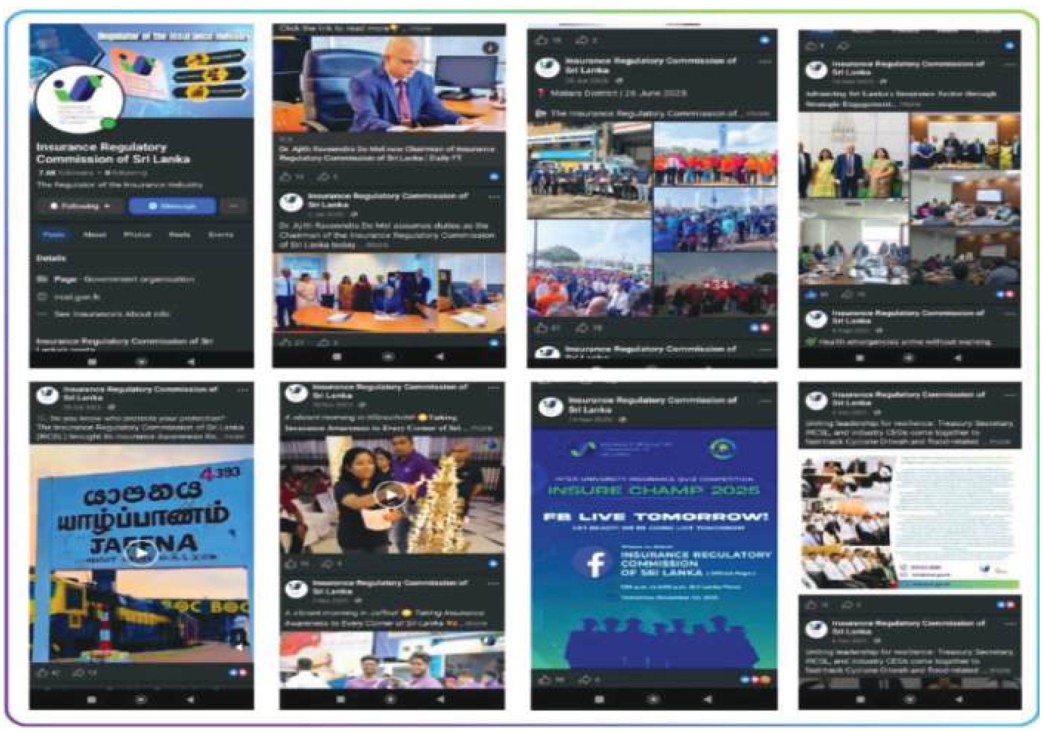
The Commission leveraged social media platforms, including Facebook, LinkedIn, YouTube, and industry WhatsApp groups to raise awareness about insurance. Through carefully crafted posts, it shared stories, insights, and essential updates on topics ranging from policyholder rights to industry trends and educational messages. Each communication was designed to inform, and empower audiences to make confident decisions. The Commission used these platforms to provide timely regulatory updates, ensuring that both the public and industry stakeholders remained well-informed.

These digital initiatives reached a wide and engaged audience, transforming complex insurance topics into accessible knowledge and fostering a deeper understanding of insurance across the country.



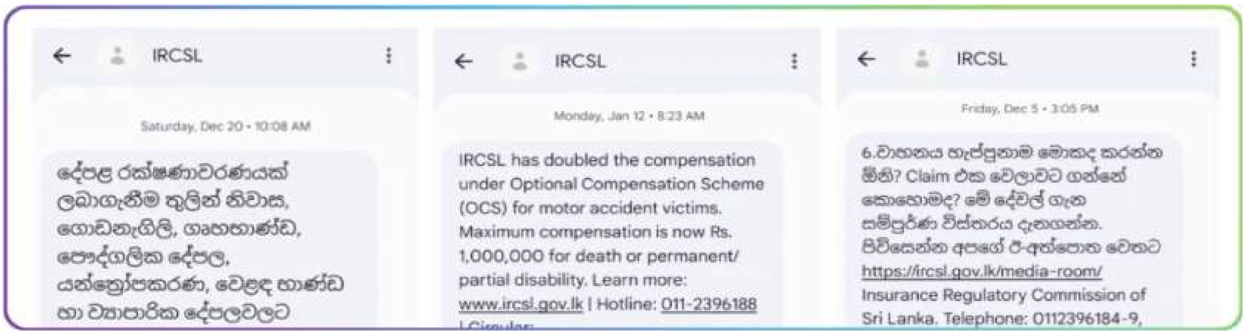






Insights in Your Inbox: SMS Outreach

To promote insurance awareness directly to the public, the Commission utilized Short Message Services (SMS) as a concise and impactful communication tool. Leveraging an in-house developed database of more than 6800 mobile recipients, messages highlighting key insurance concepts and providing information to encouraging informed decision-making were sent throughout the year. By delivering insights straight to their mobile devices, the Commission transformed brief texts into powerful tools for education, engagement, and awareness.



Tales from Insurance Awareness

To make the public better informed about fire, motor, and health insurance, the following videos were created:

- **Ruwan & Harini: A Tale of Health and Hope -** highlighting the importance of health insurance.
- **Motor Insurance: The Story of Nimal -** explaining motor insurance benefits and the importance of insuring market value.
- **Fire Insurance: The Story of Nimal & Amila -** demonstrating coverage for fire-related risks.
- **Optional Compensation Scheme (OCS) -** informing the public about third-party motor accident compensation.

With engaging storytelling, these videos turned abstract insurance concepts into relatable narratives, showing how informed coverage protects families and builds financial resilience.

The Knowledge Vault: E-Handbooks for Every Policyholder

Seven comprehensive e-handbooks in English were published on the Commission's website, complementing the handbooks already available in Sinhala and Tamil. Covering key areas such as motor, life, health, property, and travel insurance, these guides translate complex insurance concepts into clear, practical information. By providing accessible and easy-to-understand resources, the Commission empowers the public to make informed decisions, enhances financial literacy, and fosters greater confidence in engaging.

Igniting Financial Awareness: FinLit Expo 2025

During Insurance Awareness Month, the Commission participated in financial literacy exhibitions organized by the Central Bank of Sri Lanka in Matale (12th September), Anuradhapura (2nd October), and Matara (28th October). The events went beyond traditional booths, offering hands-on activities and interactive sessions for students, government officers, and the public. Participants learned how to lodge claims, key factors to consider when selecting the right insurance products, understand their rights, and explore careers in the insurance sector.

The exhibitions turned questions into understanding, and understanding into confidence. By the end of each day, attendees left better informed and empowered, equipped with practical knowledge to make sound financial decisions and build a secure future.

Planting the Seeds of Knowledge: School Curriculum

Education became a cornerstone of the Commission's vision. A proposal to integrate insurance into school curricula (Grades 6–10) was submitted to the Ministry of Education and the Prime Minister. A working group began crafting lessons that would empower young minds, teaching them not just policies and procedures, but the value of risk awareness, protection, and financial literacy, preparing the next generation to navigate life's uncertainties with confidence.

Awareness Programmes in Motion

Across Provinces, Across Lives: The Story of Insurance Awareness Programmes

In June, the Commission, together with insurance industry stakeholders IASL, SLIBA, and SLII, organized a district-wide awareness programme in Matara under the theme **"Insurance for All: For a Secure Future."** Through roadshows, interactive workshops, and hands-on activities, participants, including students, teachers, undergraduates, lecturers, government officials, and community members, learned about insurance concepts and benefits, regulatory functions, and career opportunities. Personal help desks provided guidance, making complex insurance concepts easy to understand. In October, the programme continued in Jaffna and Kilinochchi, engaging local communities, including students, teachers, undergraduates, lecturers, government officials, and members of local chambers in activities aimed at enhancing their understanding of insurance concepts, policyholders' rights and responsibilities, and potential career opportunities in the sector.

Over 3,200 participants took part in these events, fostering greater knowledge, trust, and confidence in insurance. These initiatives brought insurance closer to the public and contributed significantly to promoting financial literacy across the districts, provinces, and ultimately the entire country.

Inter-University Quiz Challenge - Igniting the Future of Insurance

The Commission hosted **"InsureChamp 2025,"** the Inter-University Insurance Quiz Competition, under the theme **"Empowering the Future Insurance Leaders."** Held on 20th November 2025, the event brought together undergraduates to learn, explore, and showcase their knowledge. Seventeen (17) universities and degree-awarding institutions registered under the University Grants Commission participated in quiz rounds, the Most Elegant Team contest, and a TikTok video challenge, combining creativity with learning.

Participants answered questions on insurance, financial literacy, and logical reasoning, while also gaining insights into careers and opportunities in the insurance sector. Winners were recognized with trophies, medals, and certificates, celebrating excellence, teamwork, and leadership. The event's energy reached a wider audience through live broadcasts, social media, and press coverage.

InsureChamp 2025 was more than a quiz; it inspired young minds, fostered curiosity, and motivated the next generation of insurance leaders, reinforcing the Commission's mission to promote financial literacy and industry engagement among youth.

Regulatory Initiatives

In 2025, the Commission focused on strengthening regulatory frameworks to ensure a transparent, fair, and resilient insurance sector. By enhancing compliance measures, issuing guidelines, and actively engaging with stakeholders, the Commission reinforced policyholder protection and promoted confidence in the insurance industry.

The Watchful Eye: Protecting Policyholders through Reviewing Insurance Ads

The first step in protecting policyholders is maintaining clear and accurate communication. Each day, insurance products related advertisements submitted by insurers and brokers were carefully reviewed to ensure they meet the standards set out in Direction No. 04 of 2024, keeping every claim clear, accurate, and trustworthy.

Targeted audits of advertisements on insurers' official social media platforms ensured that all published content remained consistent with approved messages, with any discrepancies promptly addressed.

Through constant monitoring and decisive intervention, the Commission stays ahead, preventing non-compliance before it occurs. Transparency is not just a promise but a practice, building confidence and trust at every step of the insurance journey.

Charting a Sustainable Future: SDG Guideline

The year began with a strong step toward responsibility. The SDG Guideline was issued to guide the insurance sector toward sustainable practices, in line with the Central Bank of Sri Lanka's Sustainable Finance Roadmap. To drive this forward, a dedicated working group will be formed under IASL to implement and monitor sustainability initiatives across the industry.

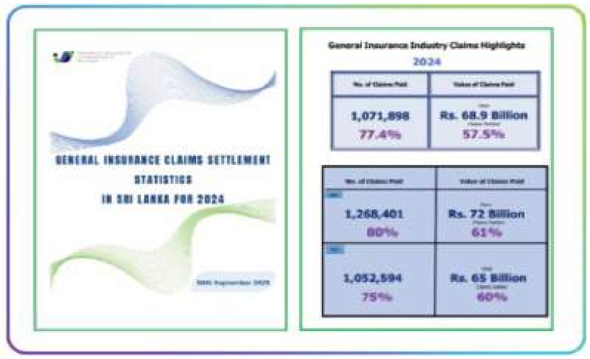
Clarity in Every Policy: IPID Review

The Commission reviewed Insurance Product Information Documents (IPIDs) from life and general insurance companies to ensure clarity and compliance, providing feedback to improve them further. Complex terms were simplified into easy-to-understand guidance, helping policyholders make informed decisions with confidence and trust.

Strategic Focus: Enhancing Transparency, Access, and Policyholder Trust

Claims in the Spotlight: Claims Statistics

The Commission collected and published comprehensive claims data from life and general insurers, providing policyholders with clear and accessible insights into the sector's performance. By making this information publicly available, the initiative promoted transparency, enabling policyholders to compare insurers and make informed choices when purchasing coverage. This effort also enhanced accountability within the insurance industry, encouraging insurers to improve their claims processes and customer service.



Expanding Access: Standardized Insurance Products

Two standardized products, Personal Accident Cover and Term Life Insurance, were drafted and shared with IASL for feedback. These products make insurance simpler, more consistent, and easier to access. By reducing complexity, the Commission enabled broader protection and fair coverage across communities.

Building Trust through Dialogue: Life Insurance Public Consultation

In 2025, the Commission invited the nation to participate in a comprehensive conversation on the future of life insurance under the theme "Fostering Innovation and Trust." Stakeholders from insurance companies, brokers, consumer groups, financial experts, and other members of the public were engaged to share their perspectives and insights on life insurance products, distribution channels, and claims processes.

This public consultation served as a platform for open dialogue, enabling participants to highlight challenges, propose improvements, and suggest innovative solutions to better meet the evolving financial protection needs of consumers. The insights gathered have become a valuable blueprint for the Commission to guide enhanced product development, strengthen claims management processes, and improve distribution strategies. The Commission intends to review the feedback and provide recommendations to the industry in early 2026.

Safeguarding Policyholders: Consumer Protection

The focus remained on the policyholder. A gap analysis of ICP 19 identified areas to strengthen consumer protection, and recommendations were submitted to the Commission. Every action and review emphasized one principle: policyholders' trust is built through transparency, careful work, diligence, and an unwavering commitment to their rights.

Inside the Mind of the Industry: Awareness Tracking Tool

In 2025, the Commission conducted a survey of employees and agents from leading insurance companies and brokering companies to assess awareness of its role, functions, and activities. The insights gained provide a clear picture of knowledge gaps and opportunities for engagement. Using these findings, the Commission will implement targeted measures to keep industry professionals informed of regulatory developments, strengthen understanding of non-core functions, and empower both employees and policyholders to engage confidently with the insurance sector.

Furthermore, the Commission conducts quarterly reviews to assess and measure the effectiveness of its digital awareness tools, ensuring that communication efforts remain impactful and reach both industry stakeholders and the public effectively.

Beyond the Headlines: Catalyzing Insurance Awareness

Insurance Industry-Academia Collaboration: Priority Research Areas and Coordination

In 2025, the Commission facilitated discussions with the heads of all universities and key industry stakeholders to strengthen collaboration between the insurance sector and academia. These discussions focused on identifying priority research areas that address emerging industry challenges, promote innovation, and enhance knowledge in insurance and financial services. The Commission has also provided clear guidance on points of contact for coordination, ensuring seamless engagement for research initiatives, internships, and industry-academic projects. This collaboration aims to foster evidence-based insights, support skill development, and create opportunities for both students and industry professionals to contribute to the growth and modernization of the insurance sector.

Conversations That Matter: Responding to Public Queries

Throughout the year, the Commission responded to a wide spectrum of inquiries from policyholders, stakeholders, and the public, covering topics from policy processes to regulatory guidance. Each question became an opportunity to transform curiosity into understanding, providing clear, accurate, and timely responses that strengthened confidence in insurance.

MARKET INTERMEDIARY LICENSING & SUPERVISION REVIEW

The Market Intermediary Licensing and Supervision (MILS) Division was established on 16th April 2025 with the aim of extending a focused regulatory function with respect to insurance market intermediaries by amalgamating the processes carried out by the Legal & Enforcement Division and the Supervision Division. The scope of the Division includes three categories of market intermediaries viz. insurance brokering companies, loss adjusters and insurance agents. The Division comprises a Director, Assistant Director, and three Executives.

The Division handles registration of insurance brokers and loss adjusters and supervises the financial and regulatory compliance of insurance brokers via off-site and on-site monitoring activities. Further, the Division processes applications for appointment of Principal Officers; assesses the suitability of Board of Directors; processes renewals of approvals granted to place overseas health Insurance products; provides approval to referral arrangements in relation to the placement of overseas health insurance products; processes requests to provide ancillary services; reviews requests for approval where changes in ownership takes place; reviews advertisements and marketing materials; pertaining to insurance brokering companies.

Review of Quarterly Returns, Interim Financial Statements and Audited Financial Statements of Insurance Brokering Companies

Insurance brokering companies are required to submit their Quarterly Returns (QR) to IRCSL within 45 days from the end of each quarter as per the Gazette Notification No. 1642/16 of 25th February 2010 and its subsequent amendments. During the year 2025, 82 insurance brokering companies have submitted their quarterly returns to IRCSL which were reviewed by the Division to assess their financial position, performance, and compliance with the regulatory requirements. Non-compliances or deviations were communicated to respective brokering companies for clarification and rectification where necessary.

Insurance brokering companies are required to submit the Audited Financial Statements (AFS) within six months of the expiry of the accounting period in terms of Section 86(2) of the Regulation of Insurance Industry Act (RII Act). The division reviewed the AFSs submitted, and the deviations from regulatory requirements and material observations were communicated to the respective insurance brokering companies for clarification and rectification.

Risk Tool for Insurance Brokering Companies

IRCSL uses an internal risk assessment tool for insurance brokering companies based on the financial and non-financial data obtained from insurance brokering companies through their AFSs and QRs. This tool functions as an early warning system, aiding in the identification of risk levels associated with each brokering company. Risk profiling has been conducted based on financial indicators such as total assets, net capital, commission income, asset composition as a percentage of net capital, profitability ratio, and liquidity ratio and non-financial indicators such as delay in submission, type of business, composition of the group, concentration to insurers. Further, the qualitative factors such as errors and omissions in the returns, inconsistency in data, and non-adherence to the instructions provided by the IRCSL have also been considered when assigning risk rating to the brokering companies. Insurance brokering companies are classified into High, Moderate, and Low Risk categories based on the overall risk scores. The division particularly focuses on closely monitoring the performance of brokering companies in the High-Risk category. The degree of regulatory supervision on each brokering company depends on the risk score of each company, reflecting a risk-based approach.

On-site Inspections of Insurance Brokering Companies

Three onsite inspections were carried out by the IRCSL during the year 2025 due to lack of human resources. On-site inspections aim at assessing the financial performance, internal procedures, and compliance with rules and regulations of the IRCSL. Key findings or issues identified during the inspections are conveyed to the companies along with recommendations of the IRCSL for improvement.

MARKET CONDUCT SUPERVISION UNIT REVIEW

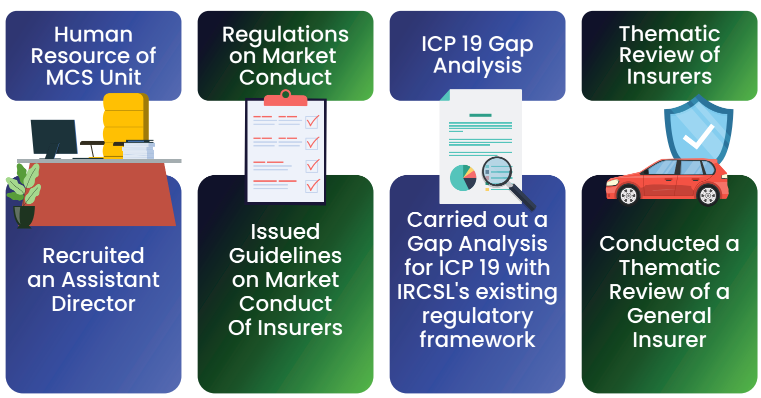
The insurance industry plays a vital role in safeguarding individuals, businesses, and the broader economy by providing financial protection against risk. However, the effectiveness of insurance depends not only on financial soundness, but also on how insurers, intermediaries, and other market participants conduct their business. Issues such as mis-selling, inadequate disclosure, unfair claims practices, and weak customer grievance handling can undermine public trust, discourage insurance uptake, and weaken financial inclusion. In this context, strong market conduct oversight is essential to promote fair treatment of policyholders, enhance transparency and professionalism across the insurance value chain, and build sustained confidence in the insurance sector.

The Insurance Regulatory Commission of Sri Lanka (IRCSL) enters a new phase of proactive regulation, marking a major milestone with the establishment of the Market Conduct Supervision (MCS) Unit under the Directorate of Market Development and External Relations (MDER), to strengthen IRCSL's core mandate under the Regulation of Insurance Industry Act, No. 43 of 2000. The MCS Unit serves to ensure that insurance business is conducted with integrity, professionalism, and with a strong focus on protecting policyholder interests. In fulfilling its mandate, the MCS Unit aligns its supervisory approach with Insurance Core Principle (ICP) 19: Conduct of Business, issued by the International Association of Insurance Supervisors (IAIS), which emphasizes that in the conduct of insurance business, customers are treated fairly, both before a contract is entered into and through to the point at which all obligations under a contract have been satisfied.

The following core objectives are intended to be achieved through the formation of the MCS Unit:

1. Promote transparency, ethical practices, and equitable treatment across all stages of insurance services, from pre-sale to post-sale.
2. Strengthen public confidence in the insurance sector by ensuring that insurers act responsibly, honestly, and in the best interests of their customers.
3. Develop and update conduct rules, guidelines, directions, and tools to provide a robust framework for ethical and compliant business practices.
4. Monitor, detect, and address inappropriate or unlawful practices through offsite surveillance, risk-based onsite examinations, and timely enforcement actions.

Year 2025 at a Glance



1) Key Initiatives of the Year

a) Strengthening the Resources of the Unit

In 2025, the IRCSL recruited an Assistant Director for the MCS Unit to initiate the preliminary planning activities required to operationalize the Unit's objectives. The Assistant Director will also support the MDER Directorate in implementing the Strategic Plan initiatives for the MCS Unit.

b) Issuance of the Guidelines on Market Conduct of the Insurers, 2025

As part of the Strategic Action Plan (2023–2027), the IRCSL prioritized the formulation of a regulatory framework on market conduct supervision under the strategic objective of ensuring a responsive legal and regulatory framework. The task was assigned to both MDER and Legal and Enforcement Divisions as a joint initiative. Following the establishment of the MCS Unit under the MDER Directorate, and the recruitment of an Assistant Director, this task was transitioned to the MCS Unit to be carried out in collaboration with the Legal Division.

Accordingly, the MCS Unit refined the draft "Guidelines on Market Conduct of the Insurers" to align with best practices and to incorporate industry feedback and with the Commission approval obtained at its 266th meeting, the IRCSL issued the Guidelines to the insurance industry on October 03, 2025. This landmark document serves as the primary framework for adopting ethical practices and ensuring the fair treatment of policyholders. Furthermore, the Guidelines establish the minimum standards for market conduct, focusing on the core operational areas of an insurer.

c) ICP 19 Gap Analysis

In line with strategic objectives, the MCS Unit took over the responsibility of performing a gap analysis of ICP 19 (Conduct of Business) from the MDER Division to further refine the regulatory and supervisory framework for insurers. The MCS Unit performed a comprehensive evaluation of the IRCSL's existing regulatory framework against ICP 19 standards to formulate recommendations for the Commission. The analysis reviewed IRCSL's existing rules, directions, guidelines, and circulars against the thirteen (13) sub-standards under ICP 19 (Conduct of Business).

d) Thematic Review of Insurers

A thematic review of a general insurance company was conducted alongside an on-site examination by the Supervision Division. The review focused on advertising, marketing practices, and complaints handling procedures of the company, in line with the "Guidelines on Market Conduct of the Insurers". Key supervisory concerns were shared with the company to address emerging conduct risks and implement corrective actions.

e) Review of the Claims Templates for Long-Term and General Insurers

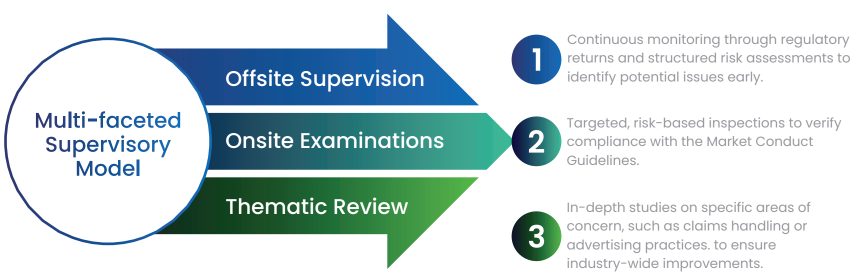
The MCS Unit has enhanced the annual claims reporting templates originally developed by the MDER Division for long-term and general insurers. The modifications focused on moving beyond traditional claims data to provide deeper insights into insurer behavior.

2) Knowledge Gathering Initiatives

The MCS Unit joined the Investigations Division for an on-site inspection of a general insurance company. The visit was undertaken to assess claims handling processes and their alignment with market conduct expectations. In addition, a cross-divisional briefing was held with Assistant Directors of the Supervision Division, focusing on aligning market conduct initiatives with existing prudential supervision frameworks.

Way Forward: A Comprehensive Supervisory Approach

The MCS Unit employs a multi-faceted supervisory model that is gradually moving toward a forward-looking, risk-based approach:



FINANCE REVIEW

The Finance Division is responsible for Income Collection, Accounting, Finance, Payments, Investment, maintenance of Commission and Policyholders Protection Fund and Information Technology of the IRCSL. The Division carries out the following functions:

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 as follows:

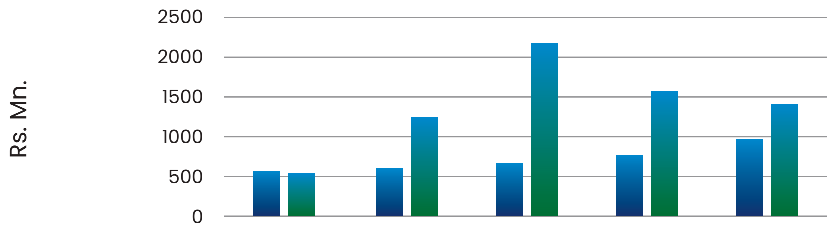
Policyholders' Protection Fund (PPF)

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 on that behalf.

As per Section 103 (3) of the Act, any money which is not immediately required for any of the purposes shall be invested by the Commission in a 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 2021 to 2025.

Chart 1

Cess Income and Investment Income for the Period 2021-2025



	2021	2022	2023	2024	2025
Cess Income	544	588	648	764	961
Investment Income	516	1236	2199	1538	1391

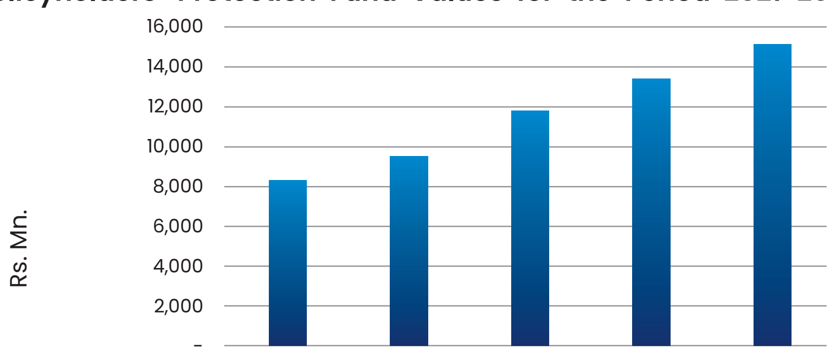
Cess Income Investment Income

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 a drop of interest rates in 2025, 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

Policyholders' Protection Fund Values for the Period 2021-2025



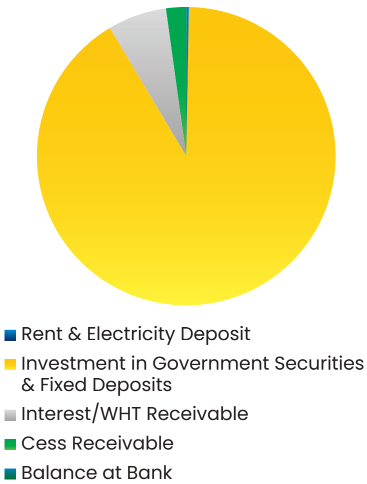
	2021	2022	2023	2024	2025
Fund Value	8,441	9,381	11,532	13,128	15,063

Fund Value

The composition of assets of the Fund as at 31st December 2025 is depicted below:

Chart 3

Assets Composition of Policyholders' Protection Fund as at 31st December 2025



Income of the Commission

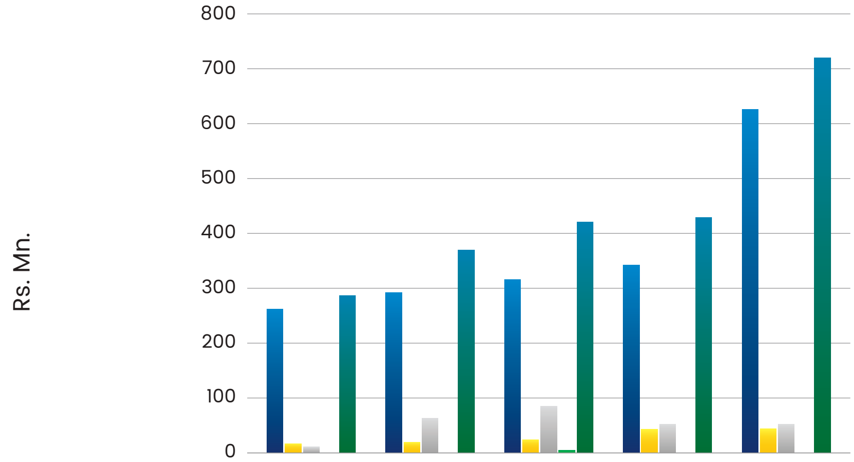
The income of the Commission is derived from the following sources:

- Registration fees from insurance companies, 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 2021 to 2025.

Chart 4

Income of the Commission for the Period of 2021-2025



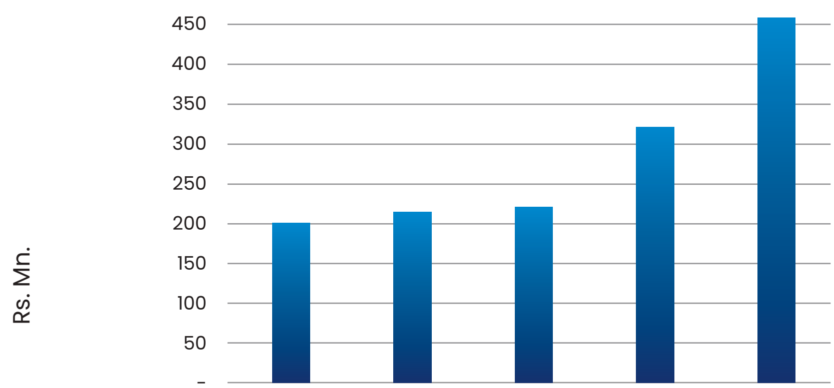
	2021	2022	2023	2024	2025
Annual Fees	258	291	319	342	634
Registration & Renewal Fees	15	17	18	35	40
Other Income	13	59	82	51	57
Recognition of Grants	-	-	5	-	-
Total Income	286	367	424	428	731

Expenses of the Commission

Chart 5 below depicts the total expenses of the Commission for the period 2021 to 2025.

Chart 5

Total Expenses of the Commission for the Period of 2021-2025



	2021	2022	2023	2024	2025
Total Expenses	200	212	229	328	460

Information Technology

The Division ensures that technology effectively supports every team member, minimizing disruptions to IRCSL's workflow. Daily maintenance is carried out to safeguard data integrity and security. By consistently identifying and addressing vulnerabilities within network systems, IRCSL remains proactive and reduces the risk of major disruptions. Continuous efforts are made to keep all hardware and software systems updated and operating efficiently.

An Information Security Committee and an IT Subcommittee were established during the year to strengthen governance and oversight. Discussions were initiated with Sri Lanka CERT to enhance the organization's cybersecurity framework. Steps were also taken to re-engineer the regulatory IT system to improve efficiency and effectiveness. In addition, eleven IT policies were drafted to reinforce governance, security, and operational standards.

To equip staff with the necessary IT resources, several outdated laptops were replaced with new devices. Staff are now able to access and collaborate on files remotely through OneDrive, enabling flexible work from any location.

Beyond these new implementations, the IT Unit continues to manage routine operations, including website maintenance, renewal of software licenses and hardware maintenance agreements and the upkeep of servers, routers, access points, firewalls, Active Directory, and user accounts. The Unit also provides technical support, conducts security testing, maintains network performance, and manages organizational devices to ensure smooth and secure day-to-day operations.

ADMINISTRATION REVIEW

Administration Division is responsible for Human Resource Management, Procurements and Office Administration of the IRCSL. The Division carries out the following functions under each area:

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.

Cadre Management

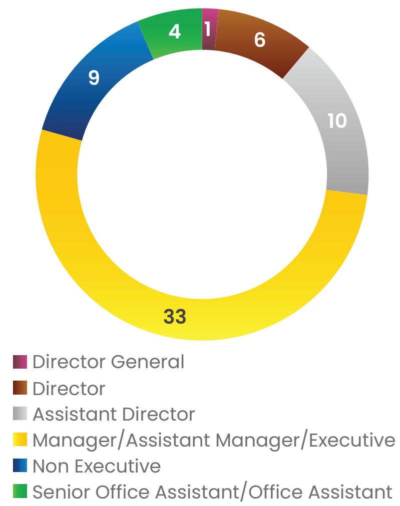
Human resources are integral to the success of the IRCSL. They play a significant role in the IRCSL by contributing to its productivity. Human resources are important because they can make the best use of their intellectual nature to create more resources by applying knowledge, skills and technology,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

IRCSL has made the following recruitments during the year under review:

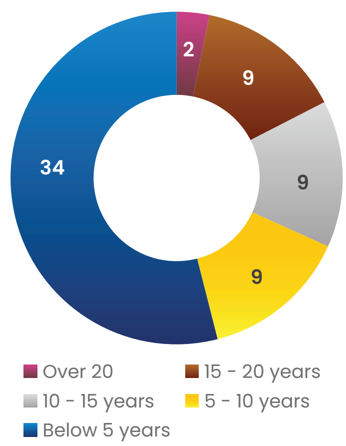
Position	No. of staff
Director Market Intermediary Licensing and Supervision	1
Director Administration	1
Assistant Director Supervision	1
Assistant Director Market Intermediary Licensing & Supervision	1
Assistant Director Investigation	1
Assistant Director Finance	1
Executive	7
Administration Assistant	1
Total	**14**

Three staff members, including Director Supervision, Assistant Director Supervision and an Executive resigned during the year, and the total staff strength of the Commission stood at 63 as at 31st December 2025.

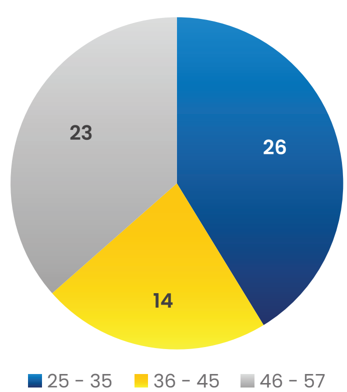
Cadre Information on Employee Category



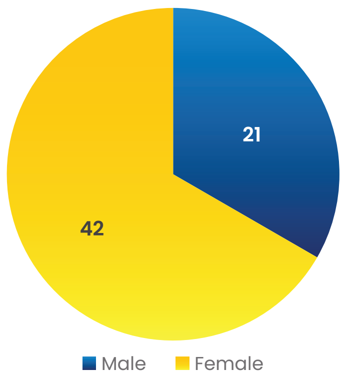
Service Information



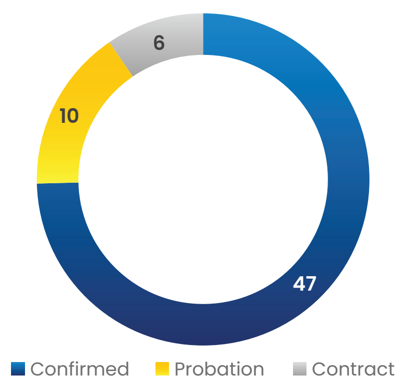
Employee Age Analysis



Gender Composition



Basis of Employment



Staff 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, overseas and online training opportunities to sharpen their knowledge in relevant fields.

Participation of IRCSL Staff in Foreign Training and capacity building programmes in 2025 is as follows:

#	Title of the Programme	Country	Date / Duration	No. of Participants
1	OECD-ADBI Roundtable on Insurance and Retirement Savings in Asia 2025	Kuala Lumpur, Malaysia	9 & 10 July 2025	1
2	Official Visit to Insurance Regulatory Development Authority in India (IRDAI) and Insurance Institute of India (III)	Hyderabad & Mumbai India	25 - 28 August 2025	4
3	FALIA Seminar on Current challenges of the healthcare markets and the role of public and private life insurance	Tokyo, Japan	03 - 12 September 2025	1
4	Global Asia Insurance Partnership Summit 2025 (GAIP Summit 2025) on "From Dialogue to Action – Collaborating Towards Risk Resilience"	Singapore	15 – 16 September 2025	2
5	FALIA Seminar on Lessons from the history of the Japanese life insurance industry	Tokyo, Japan	05 - 12 November 2025	1
6	Technical Excellence in Life Insurance (CT) International	Mumbai, India	08 - 13 December 2025	5
7	08th AFIR-FSI-IAIS Asia Pacific High-Level Meeting on Insurance Supervision and AFIR 20th Annual Meeting & Seminar	Hyderabad, India	09 - 11 December 2025	2

Staff exchanged knowledge through virtual training programmes conducted by insurance-related international organizations as follows:

Title of the Programme	Institute	Date / Duration	No. of Participants
NAIC Spring 2025 Virtual International Fellows Program	National Association of Insurance Commissioners	28 April to 12 May 2025	5
FSI–IAIS Regulatory and Supervisory Training	FSI of the BIS and IAIS	6 days	16
Virtual Training Program on "Crop Insurance Focus Parametric Products"	Institute of India (III) and College of Insurance (COI)	½ day	9

Participation of IRCSL Staff in Local Training programs in 2025 is as follows:

Title of the Programme	Institute	Date / Duration	No. of Partici-pants
Conference on AML Compliance for the Insurance Industry	South Asian Technologies (SAT)	1 day	2
Zoholics Sri Lanka 2025 (Accounting package) workshop	Zoholics APAC	1 day	1
CPD Programme - "Principles for Sustainable Insurance"	SLII	½ day	2
Seminar on the Proceeds of Crime Bill	Corporate Management Consultants	½ day	4
In-depth Workshop on Personal Data Protection Act No. 9 of 2022	Ernst & Young	1 day	5
Strengthening the Capacity of Sri Lanka to Prevent the Financing of Terrorism through Effective Implementation of UNSCRs 1267, 1988 & 1373	Financial Intelligence Unit, CBSL	3 days	2
Enhancing Attitudes and Professional Knowledge of Office Assistants and Drivers (Sinhala medium)	Distance Learning Centre	1 day	1

The Art of Professional Customer Communication	CSM Business Solutions (Pvt) Ltd	1 day	2
Presentation on D & O Insurance & Cyber Insurance	Sri Lanka Insurance Brokers Association (SLIBA)	½ day	5
Certificate Program on Risk Based Internal Audit and IT Audit for SOEs	CA Sri Lanka	2 days	7
AML/CFT Workshop for Financial Sector Regulators	Central Bank of Sri Lanka	1 day	5
New Procurement Guidelines 2024	National Institute of Labour Studies	1 day	1
Data Protection Act and amendment bill of 2025	International Association for the Promotion of Integrity Ltd	½ day	1
Apps and AI Tools for Workplace Productivity	Distance Learning Centre	1 day	5
Training on Catastrophe Modelling	J B Boda Insurance & Reinsurance Brokers Lanka (Pvt) Ltd	½ day	7
Strengthening the Capacity of Sri Lanka to Prevent the Financing of Terrorism	Financial Intelligence Unit, CBSL	3 days	3
Certificate Course in Value Added Tax	School of Taxation of CA Sri Lanka	(3 hours x 10 sessions)	1
Workshop Advanced MS Excel	Distance Learning Centre	2 days	4
Email Communication Workshop	Distance Learning Centre	½ day	1
Risk-based approach in Regulation of Financial Institutions	Financial Intelligence Unit, CBSL	½ day	1
Data Protection Seminar	Data protection Authority of Sri Lanka	½ day	4
Adapting to Change - Medical Breakthroughs Transforming Insurance	SLII	½ day	1
Workshop on Cyber Security	Distance Learning Centre	2 days	2
IT Procurement in the Public Sector	CA Sri Lanka	2 days	2
Capacity Building Programme on AML CFT Supervision	Central Bank of Sri Lanka	5 days	4
Data Analysis Using MS Excel & Power BI	Distance Learning Centre	3 days	1
Seminar on Companies (Amendment) Act No. 12 of 2025	Corporate Management Consultants	½ day	5
Risk-Based Internal Audit & IT Audit Workshop for SOEs	CA Sri Lanka	2 days	1
Submission of Nominations, Project Proposals, and Experience Notes - NQI-RIA Workshop	Ministry of Science & Technology	2 days	3
Workshop on Office Systems with Digital File Management	Distance Learning Centre	2 days	2
Productivity Improvement through 5S and 3R Concepts by SLSI	Sri Lanka Standard Institution	1 day	1
New Procurement Guideline	Distance Learning Centre	1 day	5
MS Office Essentials	Distance Learning Centre	2 days	1
Bid Evaluation	PRAG Institute	1 day	2
Financial Statements	PRAG Institute	1 day	1
Modern Secretary's Toolkit Programme (online)	RH Training & Development (Pvt) Ltd.	½ day x 6 days	2

Staff was facilitated to participate in national conferences, and the participation details are as follows:

Title of the Pro-gramme	Institute	Date / Duration	No. of Par-tici-pants
CIPM National HR Conference 2025 - Empowering People for a Thriving Nation	CIPM	2 days	1
Fourth South Asian Actuarial Conference (SAAC2025)	Actuarial Association of Sri Lanka	3 days	4
CPFA & APFA Annual Conference 2025 – "Public Sector Reforms for Economic Revival"	CA Sri Lanka	½ day	2
CA Sri Lanka Conference - 2025	CA Sri Lanka	3 days	3
43rd National IT Conference 2025	Computer Society of Sri Lanka (CSSL)	2 days	3

Residential Training Programme

A residential training programme was conducted for all the staff during the period in order to boost knowledge retention, networking, and skill development by removing daily distractions. Participants benefited from intensive, focused, and collaborative environments that enhance engagement and foster deep connections. Accelerating professional development, improving team dynamics, and bridging the gap between theory and practice were some of the benefits reaped out of the residential training programme.

Sponsorships and Renewal of Subscriptions

IRCSL offered sponsorship to follow Diploma in Insurance conducted by the Sri Lanka Insurance Institute (SLII) for three staff members to enhance their knowledge on insurance. In addition, IRCSL reimbursed subscription fees of professional membership of staff for Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka), Chartered Institute of Management Accountants (CIMA), Chartered Institute of Marketing (CIM) and Institute of Management Accountants of Sri Lanka (CMA) considering its benefit to the employee as well as IRCSL.

Internships

IRCSL continued to grant internship opportunities to undergraduates of University Grants Commission (UGC) approved universities to provide exposure to the functions of the regulator of the insurance industry. Twelve 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 for distress loan and vehicle loan, and encashment of balance unutilized leave are some of the benefits given to the staff of the IRCSL.

Procurements

The Administration Division ensures procurement is compliant, efficient, and aligned with organizational needs and acted as the primary point of contact between internal requestors and external vendors. The Division acted on harmonizing procurement requests from various divisions, managing the end-to-end purchasing process, and ensuring an organization's operational continuity by acquiring necessary goods and services at the best value.

The Division took responsibility of seeking approval for the appointment of Department Procurement Committees (DPCs), Department Consultant Procurement Committee (CPCD) and Bid Evaluation Committees (BECs) to execute the planned procurement activities successfully. Further, it involved preparing and disseminating Requests for Quotations (RFQs), Requests for Proposals (RFPs), Purchase Orders (POs) and Goods Received Notes (GRNs) while ensuring all actions follow the provisions of the Procurement Guideline and Procurement Manual 2024. Further, the Division was involved in the preparation of service agreements in collaboration with the Legal Division and supervised the awarded jobs with relevant service providers.

Twenty-five procurements were completed in the year, and two were continued to the following year.

Annual Report

Coordination of preparation of annual report is a prime responsibility of the Administration Division. Accordingly, collation of Divisional reviews and obtain translations of the annual report 2024 was performed by the Division. Further, the printed annual report with cabinet paper and relevant supporting documents were submitted to the Parliament within three months of receiving the Auditor General's report.

Correspondence with Ministries & Departments

Official correspondence of IRCSL were coordinated and handled with the Ministry of Finance, Planning and Economic Development (Line Ministry), Department of Public Enterprises, Department of Management Services, and other statutory authorities in relation to corporate activities related to the Division in the year.

Annual Board of Survey

The annual board of survey for the year 2024 was carried out in January 2025. A board comprising six members were appointed to carry out the survey. Items required to be disposed of were identified.

Based on the board of survey report for year 2022, 2023 and 2024, actions were taken to dispose of the items identified. As approved by the Commission, disposable assets were donated to the Sri Lanka Army.

Logistical Assistance

Administration division involved the planning, coordination, and execution of daily operational support tasks that ensure IRCSL runs smoothly. Maintaining office equipment, managing inventory, coordinating archive of physically handled documents, coordinating repairs of office equipment, renovations, arranging transportation, accommodation, and venue logistics for meetings and workshops were some of the areas that the Division involved. Further, supporting upkeep, scheduling, and documentation of company vehicles are also a role played by the Division.

CORPORATE GOVERNANCE

The Insurance Regulatory Commission of Sri Lanka (IRCSL) established by virtue of the powers vested in the Regulation of Insurance Industry Act No. 43 of 2000, is the statutory authority entrusted to regulate, supervise, and facilitate the growth of the insurance industry in Sri Lanka. IRCSL in its statutory mandate ensures that the insurance business in Sri Lanka is carried out with integrity and in a professional and prudent manner with a view of safeguarding the interest of policyholders and potential policyholders.

Composition and strategic direction of the Commission

The Commission is spearheaded by three ex-officio Members and four appointed Members. The Members bring to the Commission professional credentials and expertise 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 on policy formulation and regulatory decision-making. 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 bring specialized institutional insight and strengthen the Commission's governance depth.

Governance Framework and Strategic Oversight

The IRCSL operates through a well-defined governance framework that delineates the roles of the Commission, its subcommittees, and the Secretariat. The Commission provides 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

The Commission's Audit Subcommittee comprised of the Deputy Secretary to the Treasury as the Chairman and by two other Members with expertise. 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 IRCSL is responsible for the direction of the affairs and transaction of all the business of the Commission 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.

AUDIT COMMITTEE

The Audit Committee for year 2025 comprised of The Deputy Secretary to the Treasury as the Chairman of the Audit Committee and two Ex-officio Members of the Commission. The Committee held several meetings during the year under review in line with the mandate provided, and the Charter approved by the Commission. The Audit Committee in performing its duties ensured that such is carried out 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. H C DL Silva	Chairman	01.01.2025 – 10.10.2025	Ex-officio Member
Mr. A N Hapugala	Chairman	28.10.2025 – 31.12.2025	Ex-officio Member
Mr. R C Kottehewa	Member	27.02.2025 – 31.12.2025	Member
Mr. G A S Jayaratne	Member	27.02.2025 – 31.12.2025	Member

The Audit Committee members possess combined skills and expertise in finance, accounting, economics, and business. During the period under review the Audit Committee convened a total of four meetings and 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 2026 was also reviewed and observations made prior to recommending the same for the approval of the Commission.

2. Internal Audit Report

The Committee deliberated the contents of the Internal Audit Repot 2025 in detail and made recommendations to set timelines for pending actions and high risk areas highlighted while providing several other advice as required prior to recommendation same for the approval of the Commission.

3. Risk Management

The Administration Manual prepared under Operational Manual for State-Owned Enterprises issued by the PED, the amendments proposed to the Procedure Manual on investment for PPF & Commission Fund were deliberated by the Audit Committee prior to forwarding to the approval of the Commission. The Procurement Plan, the Strategic Plan for the year 2026, were also deliberated in detail prior to recommending the same for approval.

4. Relationship with external Auditors

The Management Audit Report of the Auditor General was discussed in detail and appropriate advice 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.

A N Hapugala
Chairman, Audit Commitee
18th June 2026

AUDITOR GENERAL'S REPORT

ජාතික විගණන කාර්යාලය
தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය
எனது இல.
My No. } INF/B/IRCSL/6/25/28

ඔබේ අංකය
உமது இல.
Your No. }

දිනය
திகதி
Date } 25 June 2026

The 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 2025 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 2025 comprising the statement of financial position as at 31 December 2025 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. The Report of the Auditor General in pursuance of provisions in Article 154 (6) of the Constitution of the Democratic Socialist Republic of Sri Lanka will be tabled in Parliament 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 2025, 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 2025 Annual Report.

The other information comprises the information included in the Commission's 2025 Annual Report but does not include the financial statements and my auditor's report thereon, which is expected to be made available to me after 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.

When I read the Commission's 2025 Annual Report, if I conclude that there are material misstatements therein, I am required to communicate that matter to those charged with governance for correction. If further material uncorrected misstatements are existed those will be included in my report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution that will be tabled in due course.

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, the Companies Act, No. 7 of 2007 include specific provisions for following requirements.

2.1.1 I have obtained all relevant 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 163 (2) of the Companies Act, No. 7 of 2007 and Section 12 (a) of the National Audit Act, No. 19 of 2018.

2.1.2 The Financial Statements presented are consistent with the preceding year as per the requirement of Section 6 (1) (d) (iii) of the National Audit Act, No. 19 of 2018.

2.1.3 The financial statements presented include all the recommendations made by me in the previous year as per the requirement of Section 6 (1) (d) (iv) 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 course 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;

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;

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.

L.S.I. Jayaratna
Auditor General

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2025

	Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
ASSETS			
NON CURRENT ASSETS			
Property, Plant and Equipment	2	**31,418,390**	41,255,831
Intangible Assets	3	**530,145**	727,758
Deposits - Policyholders' Protection Fund	4	**4,797,128,192**	10,115,509,789
Other Non Current Assets	5	**16,793,626**	15,108,074
Total Non Current Assets		**4,845,870,353**	10,172,601,452
CURRENT ASSETS			
Inventories	6	**338,483**	557,642
Policyholders' Protection Fund - Investments & Others	4	**10,265,742,408**	3,012,535,182
Other Current Assets	7	**53,047,973**	44,248,652
Investments in Government Securities-Repo		**346,500,000**	100,000,000
Investments in Treasury Bills		**374,987,040**	383,024,130
Deferred Tax Asset	20	**12,408,563**	11,427,451
Cash and Cash Equivalents	8	**6,057,850**	17,050,006
Total Current Assets		**11,059,082,316**	3,568,843,063
TOTAL ASSETS		**15,904,952,669**	13,741,444,515
RESERVES AND LIABILITIES			
RESERVES & FUNDS			
Policyholders' Protection Fund	9	**15,062,870,601**	13,128,044,971
Revaluation Reserve		**56,715,736**	53,684,928
Accumulated Fund		**558,162,430**	406,361,005
Total Reserves & Funds		**15,677,748,767**	13,588,090,903
LIABILITIES			
NON CURRENT LIABILITIES			
Deferred Tax Liability	20	**5,257,727**	7,869,408
Retirement Benefit Obligation	10	**41,361,877**	38,091,504
Total Non Current Liabilities		**46,619,604**	45,960,912
CURRENT LIABILITIES			
Receipt in Advance		**41,563,379**	38,124,533
Other Current Liabilities	11	**139,020,918**	69,268,167
Total Current Liabilities		**180,584,297**	107,392,700
TOTAL RESERVES & LIABILITIES		**15,904,952,669**	13,741,444,515

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 89 to 107.

Dr. W A R De Mel
Chairman, IRCSL

A N Hapugala
Chairman, Audit Commitee

Damayanthi Fernando
Director General

Sathiesh Kumar
Director - Finance

Colombo, Sri Lanka
18th June 2026

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31ST DECEMBER 2025

	Notes	Year Ended 31.12.2025 Rs.	Year Ended 31.12.2024 Rs.
REVENUE			
REVENUE FROM NON- EXCHANGE TRANSACTIONS			
Annual Fees & Renewal Fees	12	**673,914,978**	380,805,679
REVENUE FROM EXCHANGE TRANSACTIONS			
Interest Income	13	**56,407,994**	50,718,089
Other Income	14	**739,088**	529,425
TOTAL INCOME		**731,062,060**	432,053,193
EXPENDITURE			
Staff Costs	15	**(237,530,213)**	(198,801,875)
Professional Charges	16	**(105,991,916)**	(45,225,380)
Operational Expenses	17	**(114,412,738)**	(83,189,182)
Finance and Others	18	**(2,214,447)**	(571,524)
TOTAL EXPENDITURE		**(460,149,314)**	(327,787,961)
Net Surplus / (Deficit) Before Tax		**270,912,746**	104,265,232
Taxation	20	**(82,442,833)**	(29,548,960)
Net Surplus / (Deficit) After Tax		**188,469,913**	74,716,272
Surplus Transferred to Accumulated Fund		**188,469,913**	64,458,535
Acturial Loss / (Gain) on Retirement Benefit Obligation	10	**(865,889)**	10,257,737
Net Surplus for the Year		**189,335,802**	54,200,798

The accounting policies and notes appearing on pages from 89 to 107 form an integral part of the Financial Statements.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31ST DECEMBER 2025

	Revaluation Reserves	Accumulated Surpluses/ (Deficits)	Total
	Rs.	Rs.	Rs.
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 Loss/ (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
Contribution to Consolidated Fund	-	(15,000,000)	(15,000,000)
Balance at 31st December 2024	**53,684,928**	**406,361,005**	**460,045,933**
Balance at 1st January 2025	53,684,928	406,361,005	460,045,933
Net Surplus for the Year 2025	-	189,335,802	189,335,802
Gain on property revaluation	3,030,808	-	3,030,808
Previous years adjustments on income tax/ over provision of performance based incentives	-	2,465,622	2,465,622
Contribution to Consolidated Fund	-	(40,000,000)	(40,000,000)
Balance at 31st December 2025	**56,715,736**	**558,162,430**	**614,878,166**

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

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

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST DECEMBER 2025

	Notes	Year Ended 31.12.2025 Rs.	Year Ended 31.12.2024 Rs.
Cash Flow from Operating Activities			
Surplus/(deficit) for the Period		**270,912,746**	104,265,232
Provision for Depreciation	2 & 3	**18,056,403**	12,077,183
Impact on revaluation	2	**-**	(14,587,920)
Provision for Retirement Benefit	10	**7,847,412**	6,474,568
Income Tax	20	**(82,442,833)**	(29,548,960)
Previous years adjustments		**2,465,622**	4,774,626
Payment made- Retirement Benefit	10	**(3,711,150)**	(2,275,419)
Actuarial Profit /(Loss)		**-**	10,257,737
Interest Income	13	**(56,407,050)**	(50,717,962)
Net Increase before Working Capital Changes		**156,721,150**	40,719,085
Change of Working Capital			
(Increase)/Decrease in Inventories	6	**219,159**	23,742
(Increase)/Decrease of Receivables	7	**(11,465,985)**	(23,482,457)
Increase/(Decrease) of Receipt in Advance		**3,438,846**	3,997,703
Increase/(Decrease) of Creditors and Accruals	11	**93,166,413**	53,890,268
Cash Flow used in Operating Activities		**85,358,434**	34,429,257
Income Tax paid	20	**(26,025,343)**	(50,651,070)
Net Cash Flows from Operating Activities		**216,054,241**	24,497,272
Cash Flow from/(used in) Investing Activities			
Investment in Government Securities		**(238,462,909)**	(153,019,320)
Investment in Fixed Deposits		**-**	114,000,000
Interest Income		**56,407,050**	50,717,962
Purchase of Property Plant and Equipments	2 & 3	**(4,990,540)**	(12,240,230)
Net Cash used in Investing Activities		**(187,046,400)**	(541,589)
Cash flow from Financing Activities			
Contribution to Consolidated Fund		**(40,000,000)**	(15,000,000)
Net Cash Flows from Financing Activities		**(40,000,000)**	(15,000,000)
Net Increase/(Decrease) in Cash and Cash Equivalents		**(10,992,159)**	8,955,684
Cash and Cash Equivalents at the beginning of the year		**17,050,006**	8,094,323
Cash and Cash Equivalents at the end of the year		**6,057,850**	17,050,006
Cash at Bank and in Hand	8 & 21		
Balance at Fund Management Account		**6,018,536**	15,989,161
Bank of Ceylon 1877		**32,317**	1,050,086
Savings - NSB		**668**	650
People's Bank Savings Account		**6,330**	10,109
		6,057,850	17,050,006

The accounting policies and notes appearing on pages 89 to 107 form an integral part of the Financial Statements.

POLICY HOLDERS PROTECION FUND
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2025

	Year Ended 31.12.2025 Rs.	Year Ended 31.12.2024 Rs.
Cash Flow from Operating Activities		
Net Increase of Policyholders' Protection Fund	**1,934,825,630**	1,595,572,881
Net Increase before Working Capital changes	**1,934,825,630**	1,595,572,881
Change of Working Capital		
(Increase)/Decrease of Interest Receivable on Government Securities	**(378,837,255)**	695,499,968
(Increase)/Decrease of Cess Receivable	**(59,022,036)**	(64,879,357)
Increase/(Decrease) of Payable	**(25,674,783)**	246,095,772
Increase/(Decrease) of Receivables	**70,336,513**	5,037,314
	(393,197,560)	881,753,697
Net Cash Increase/(Decrease) from Operating Activities	**1,541,628,070**	2,477,326,578
Cash Flow from/(used in) Investing Activities		
Investments in Government Securities	**326,124,140**	(8,908,701,039)
Investments in Fixed Deposits	**(1,871,000,000)**	6,426,662,649
Net Cash Increase/(Decrease) from Investing Activities	**(1,544,875,860)**	(2,482,038,391)
Net Increase/(Decrease) in Cash and Cash Equivalents	**(3,247,790)**	(4,711,813)
Cash and Cash Equivalents at the beginning of the year	**4,727,143**	9,438,956
Cash and Cash Equivalents at the end of the year	**1,479,353**	4,727,143
Balance at Current Account	**(1,024,246)**	1,000,000
Balance at Fund Management Account	**2,503,599**	3,727,143
	1,479,353	4,727,143

ACCOUNTING POLICIES

1.1 SIGNIFICANT ACCOUNTING POLICIES

1.1.1 REPORTING ENTITY

1.1.1.1 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.

1.1.1.2 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. advice 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.

1.1.2 BASIS OF PREPARATION

1.1.2.1 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 18th June 2026.

1.1.2.2 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 1.3.1.

Where appropriate, accounting policies are disclosed in succeeding notes.

1.1.2.3 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.

1.1.2.4 FUNCTIONAL AND 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.

1.1.2.5 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.

1.1.2.6 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.

1.1.2.7 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AN 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 reflect 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.

1.1.2.8 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.

1.1.3 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.

1.1.4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND 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.

1.1.4.1 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.

1.1.4.1.1 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.

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

1.2 ASSETS & BASES OF VALUATION

1.2.1 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 indicate such assessment is required.

Asset	% per annum
Motor Vehicles	25
Furniture, Fixtures and Fittings	12.5
Office and 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.

1.2.2 INTANGIBLE ASSETS

BASIS OF RECOGNITION

An Intangible asset is recognized if it is probable that the future economic benefits associated with the assets will flow and cost of the assets can be reliably measured.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

AMORTISATION

Amortization is recognized in Statement of financial performance on a straight-line basis over the estimated useful lives of intangible assets, from the date on which they are available for use. The estimated useful live for the software is as follows:

Computer Software - 4 years

DE RECOGNITION OF INTANGIBLE ASSETS

Intangible assets are de-recognized on disposal or when no future economic benefits are expected from its use. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of financial performance when the asset is derecognized.

1.2.3 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.

1.2.4 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.

1.2.5 RECEIVABLES

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

1.2.6 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.

1.2.7 CASH AND 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.

1.3 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.

I. 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.

II. 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.

III. 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.

IV. 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.

V. 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.

1.3.1 RETIREMENT BENEFITS

1.3.1.1 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 2025	**38,091,504**
Current Service Cost	3,847,804
Past Service Cost (Due to retirement age change)	-
Interest Cost	3,999,608
Actuarial gain	(865,889)
Charged to profit and loss of the statement of comprehensive income	**6,981,523**
Benefits paid	(3,711,150)
At the end of Financial Year 2025	**41,361,871**

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	10.00% per annum
Rate of salary increase	8%
Retirement Age	60 Years

1.3.1.2 DEFINED CONTRIBUTION PLANS - EPF AND 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.

1.3.2 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.

1.4 INCOME & EXPENDITURE

1.4.1 REVENUE RECOGNITION

1.4.1.1 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Fees and 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.

1.4.1.2. 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.

1.4.2 EXPENDITURE RECOGNITION

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

1.4.2.1 INTEREST INCOME AND EXPENSES

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

1.4.3 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.

1.4.4 CASH FLOW STATEMENT

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

1.4.5 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.

1.5 POLICY HOLDERS PROTECTION FUND

1.5.1 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.'

1.5.2 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.

1.5.3 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

2 PROPERTY, PLANT & EQUIPMENT

	Motor Vehicles Rs.	Furniture, Fix-tures & Fittings Rs.	Office Equipment (EDP & Others) Rs.	Training Equipment Rs.	Total Rs.
COST/REVALUATION					
Balance as at 1st January 2022	12,800,000	9,074,935	23,354,671	141,450	45,371,056
Additions	-	-	6,190,600	-	6,190,600
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**	**54,120,270**
Balance as at 1st January 2023	12,800,000	11,439,343	29,739,476	141,450	54,120,270
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**	**60,279,141**
Balance as at 1st January 2024	12,800,000	13,167,853	34,169,837	141,450	60,279,141
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**	**74,581,498**
Balance as at 1st January 2025	17,300,000	11,347,935	45,792,113	141,450	74,581,498
Additions	-	1,114,445	3,568,403	-	4,682,848
Disposals	-	-	(1,104,236)	-	(1,104,236)
Impact on Revaluation	-	(5,867,071)	(19,085,920)	-	(24,952,990)
Balance as at 31st December 2025	**17,300,000**	**6,595,310**	**29,170,361**	**141,450**	**53,207,120**
ACCUMULATED DEPRECIATION					
Balance as at 1st January 2022	-	5,393,207	16,009,034	141,450	21,543,691
Charge for the year	3,200,000	1,165,427	3,803,532	-	8,168,959
Disposals	-	-	-	-	-
Impact on Revaluation	-	(1,054,538)	(232,358)	-	(1,286,896)
Balance as at 31st December 2022	**3,200,000**	**5,504,096**	**19,580,208**	**141,450**	**28,425,754**
Charge for the year	3,200,000	2,360,506	4,352,033	-	9,912,539
Disposals	-	-	-	-	-
Impact on Revaluation	-	-	-	-	-
Balance as at 31st December 2023	**6,400,000**	**7,864,602**	**23,932,241**	**141,450**	**38,338,293**
Charge for the year	3,200,000	1,988,757	6,448,664	-	11,637,421
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**	**33,325,066**
Charge for the year	4,325,000	4,394,124	8,831,975	-	17,551,099
Disposals	-	-	(1,104,236)	-	(1,104,236)
Impact on Revaluation	-	(7,751,581)	(20,232,218)	-	(27,983,799)
Balance as at 31st December 2025	**4,325,000**	**2,077,297**	**15,244,984**	**141,450**	**21,788,731**
WRITTEN DOWN VALUE AS AT 31ST DECEMBER 2025	**12,975,000**	**4,518,013**	**13,925,377**	**-**	**31,418,390**
WRITTEN DOWN VALUE AS AT 31ST DECEMBER 2024	**17,300,200**	**5,913,181**	**18,042,650**	**-**	**41,255,831**

NOTES TO THE FINANCIAL STATEMENTS

		Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
3	**INTANGIBLE ASSETS**			
	Software			
	COST/REVALUATION			
	Opening Balance		**1,759,050**	1,759,050
	Additions		**307,692**	-
	Closing Balance		**2,066,742**	1,759,050
	ACCUMULATED AMORTIZATION			
	Opening Balance		**1,031,292**	591,529
	Charge for the year		**505,305**	439,762
	Closing Balance		**1,536,597**	1,031,291
	WRITTEN DOWN VALUE		**530,145**	**727,759**
4	**POLICYHOLDERS' PROTECTION FUND, INVESTMENTS & OTHERS**			
	NON CURRENT ASSETS			
	Rent and Electricity Deposits		**9,593,949**	9,593,949
	Fixed Deposits		**3,443,100,000**	2,931,000,000
	Treasury Bonds		**1,344,434,243**	7,174,915,840
			4,797,128,192	10,115,509,789
	CURRENT ASSETS			
	Investment in the Government Securities		**807,357,290**	1,741,585,200
	Treasury Bonds		**6,438,585,366**	-
	Investment in Fixed Deposits		**1,848,900,000**	490,000,000
	Interest Receivable on the Government Securities & Fixed Deposits		**1,093,835,614**	714,998,360
	CESS Receivable		**317,887,800**	258,865,764
	Balance at Fund Management Account		**2,503,599**	3,727,143
	Balance at Bank		**(1,024,246)**	1,000,000
	WHT Receivable		**13,317,000**	83,653,514
			10,521,362,423	3,293,829,980
	Less			
	Cess Payable		**1,454,925**	2,603,340
	Tax Payable on 2025/2026		**254,161,558**	-
	Tax Payable on 2024/2025		**-**	277,242,830
	Tax Payable on 2023/2024		**-**	1,445,109
	Refund Payable		**3,532**	3,518
			255,620,015	281,294,798
			10,265,742,408	3,012,535,182
	Total Assets		**15,062,870,601**	13,128,044,971

NOTES TO THE FINANCIAL STATEMENTS

		Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
5	**OTHER NON CURRENT ASSETS**			
	Refundable Deposit for rent		**7,125,453**	7,118,454
	Staff Loans*		**9,668,173**	7,989,620
			16,793,626	15,108,074
6	**INVENTORIES**			
	Printing, Stationery and Computer Accessories		**312,144**	479,524
	Stamps		**26,339**	78,118
			338,483	557,642
7	**OTHER CURRENT ASSETS**			
	Receivable from non-Exchange transactions			
	Other Receivables		**872,542**	1,366,451
	Annual Fee Receivables		**10,418,831**	4,757,177
	Receivable from Exchange transactions			
	Staff Loans *		**3,806,617**	2,820,506
	Festival advance*		**1,020,100**	960,100
	Advance and Pre-payments		**6,858,142**	7,223,834
	VAT Control		**-**	2,027,748
	Deposits	7.1	**285,120**	285,120
	Interest Receivable - Government Securities		**13,456,367**	6,117,747
	WHT Recoverable		**97,460**	1,012,066
	Income Tax receivable		**16,232,793**	17,677,902
			53,047,973	44,248,652

7.1 Deposits represent fuel deposit and NSB Fixed deposit for safety locker

*Staff Loan and Festival Advance

Balance as at 1st January 2025	**11,770,226**	11,410,246
Loans Granted during the year	**8,487,000**	5,888,500
	20,257,226	17,298,746
Repayments during the year	**(5,762,336)**	(5,528,520)
Balance as at 31st December 2025	**14,494,890**	11,770,226

NOTES TO THE FINANCIAL STATEMENTS

		Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
8	**CASH & CASH EQUIVALENTS**			
	Cash at Banks			
	Balance at Fund Management Account	21	**6,018,536**	15,989,161
	Bank of Ceylon 1877		**32,317**	1,050,086
	Savings Account - NSB		**668**	650
	People's Bank AC 204200140016621		**6,330**	10,109
			6,057,850	17,050,006
9	**POLICYHOLDERS' PROTECTION FUND**			
	Opening Balance		**13,128,044,971**	11,532,472,092
	Cess Received during the year		**961,365,246**	763,733,054
	Interest on Treasury Bill Investment		**93,962,379**	95,780,825
	Interest on Repo		**13,491,598**	29,918,187
	Interest on Treasury Bond Investment		**762,334,093**	328,166,128
	Interest on Fixed Deposits		**520,107,082**	1,079,986,624
	Interest on Fund Management Account		**769,865**	4,104,037
			15,480,075,235	13,834,160,948
	Less:			
	Income Tax Provision for the year 2023/2024		**-**	244,725,479
	Income tax provision on interest income of PPF	20	**417,197,307**	461,385,130
	Total transfers- Policyholders' Protection Fund		**417,197,307**	706,110,609
	Bank charges		**7,326**	5,368
			417,204,633	706,115,978
	Closing Balance		**15,062,870,601**	13,128,044,971

NOTES TO THE FINANCIAL STATEMENTS

		Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
10	**RETIREMENT BENEFIT OBLIGATIONS**			
	Balance at the beginning of the year		**38,091,504**	23,634,618
	Provision made during the year		**7,847,412**	6,474,568
	Actuarial (Gain)/ loss		**(865,889)**	10,257,737
	(-)Payment made during the year		**(3,711,150)**	(2,275,419)
	Balance at end of the year		**41,361,877**	38,091,504
	Discount Rate		**10.00%**	10.50%
	Future Salary Increment Rate		**8%**	8%

10.1 SENSITIVITY OF ASSUMPTIONS USED

A percentage change in the assumptions would have the following effects.

	Discount Rate	Discount Rate
1% Increase	**39,230,260**	36,148,580
1% Decrease	**43,692,282**	40,215,814

An actuarial valuation of the retirement gratuity obligation was carried out as at December 31, 2025 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".

11	**OTHER CURRENT LIABILITIES**		
	Accrued Expenses	**47,787,117**	43,680,749
	EPF Payable	**2,454,716**	2,134,374
	ETF Payable	**368,207**	320,156
	APIT Payable	**732,015**	1,075,195
	Retention Payable	**36,228**	36,228
	VAT Payable	**5,263**	-
	Income Tax payable	**60,010,283**	20,983,600
	Refunds & Other payables	**27,627,090**	1,037,865
		139,020,918	69,268,167
12	**REVENUE FROM NON-EXCHANGE TRANSACTIONS**		
	Annual Fees from Insurance Companies	**634,263,814**	346,308,115
	Registration and Renewal Fees	**39,651,164**	34,497,564
		673,914,978	380,805,679
13	**REVENUE FROM EXCHANGE TRANSACTIONS**		
	Interest on Fixed Deposit	**-**	11,587,030
	Interest on Fund Management Account	**1,106,577**	2,119,417
	Interest on T- Bills	**22,236,814**	22,001,462
	Interest on Savings Account	**944**	127
	Interest on Repos	**33,063,659**	15,010,052
		56,407,994	50,718,089

NOTES TO THE FINANCIAL STATEMENTS

		Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
14	**OTHER INCOME**			
	Interest on Vehicle Loan		**438,791**	265,253
	Interest on Distress Loan		**292,287**	259,472
	Sundry Income		**8,010**	4,700
			739,088	529,425
15	**STAFF COSTS**			
	Staff Salaries		**140,318,143**	121,392,024
	EPF 12%		**16,729,106**	14,303,015
	ETF 3%		**4,182,277**	3,605,896
	Chairman - Allowance		**6,950,541**	1,200,000
	Chairman - Fuel Allowance		**523,560**	592,225
	Commission Members - Sitting Allowance		**940,140**	880,000
	Interns Allowance		**3,253,500**	1,954,000
	Overtime		**649,768**	561,142
	Staff Medical Expenses		**6,146,701**	3,815,083
	Staff Medical Insurance		**4,555,734**	4,182,995
	Insurance Fire and Personal		**446,767**	498,128
	Staff Welfare		**2,089,434**	1,719,148
	Staff Training Local & Subscription		**5,831,197**	4,965,728
	Commission Members and Staff - Overseas Training & Travelling		**6,614,011**	2,607,620
	Performance Based Incentives		**14,000,000**	14,637,486
	Advertising Recruitment		**277,218**	1,325,635
	Directors Telephone Residence		**567,963**	776,865
	Leave Encashment		**2,493,986**	1,385,060
	Vehicle Operating Lease Charges		**3,343,348**	3,343,348
	Directors Vehicle Allowance		**6,216,505**	5,166,438
	Directors Fuel Allowance		**3,552,905**	3,415,472
	Staff Gratuity		**7,847,412**	6,474,568
			237,530,213	198,801,875
16	**PROFESSIONAL CHARGES**			
	Tax & Gratuity Valuation Fee		**873,000**	463,712
	Actuarial Consultancy Fee		**105,118,916**	44,761,668
			105,991,916	45,225,380

NOTES TO THE FINANCIAL STATEMENTS

		Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
17	**OPERATIONAL EXPENSES**			
	Rent & Service Charge		**58,157,658**	44,360,674
	Parking Fees		**1,379,058**	1,004,595
	Telephone Expenses & Internet		**1,723,678**	1,259,696
	Electricity		**2,782,737**	3,203,884
	Office Upkeep		**1,145,122**	684,834
	Printing & Stationary		**2,209,341**	795,798
	Public Awareness		**10,797,093**	4,466,485
	Traveling - Local		**239,978**	188,750
	Office Equipment Maintenance EDP & Others		**4,882,997**	3,564,046
	International Membership of IAIS		**5,744,466**	5,951,204
	Advertising - Others		**213,456**	107,100
	Meeting Expenses		**1,072,285**	999,000
	Subscription Newspapers & Library Books		**280,982**	328,399
	Postage & Courier Charges		**166,253**	112,516
	Audit Fees-Auditor General		**1,252,400**	600,000
	Audit Fees-Internal		**1,700,000**	1,700,000
	Depreciation		**18,056,404**	12,077,183
	General Expenses		**52,682**	96,688
	Legal Expenses		**1,038,193**	702,560
	Investigation Expenses		**-**	7,383
	Supervision Expenses		**8,649**	48,460
	Actuarial Expenses		**78,800**	-
	Vehicle Maintenance		**874,256**	542,898
	Vehicle Insurance		**154,461**	133,673
	Vehicle Running Charges		**401,789**	253,358
			114,412,738	83,189,182
18	**FINANCE & OTHER EXPENSES**			
	Bank Charges		**890,845**	265,941
	Exchange (Gain) / Loss		**1,323,602**	305,583
			2,214,447	571,524

		Actual 2025 Rs.	Budget 2025 Rs.	Variance %
19	**COMPARISION OF ACTUAL INCOME AND EXPENDITURE AGAINST THE BUDGET**			
	Income			
	Annual Fees from Insurance Companies	**634,263,814**	**602,780,000**	5%
	Registration and Renewal Fees	**39,651,164**	**39,010,000**	2%
	Less: Expenditure			
	Staff Costs, Professional Charges and Operational Cost	**457,934,867**	**482,730,000**	5%
	Finance and Others	**84,657,281**	**69,600,000**	-22%

NOTES TO THE FINANCIAL STATEMENTS

		Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
20	**TAXATION**			
a.	**Commission Fund**			
	Current Income Tax			
	Current Income tax charge		**86,035,626**	29,938,706
	Deferred Tax			
	Relating to origination and reversal of temporary differences		**(3,592,792)**	(389,746)
	Income tax expense reported in the statement of Finacial Performance		**82,442,833**	29,548,960

Tax computation has been carried out at the existing rate of 30%.

Reconciliation

	Total
A. Business Income	
Profit before Tax	270,912,746
Add: Deductions not allowed	
Accounting depreciation on PPE	18,056,404
Provision for retirement contributions (Gratuity)	7,847,412
Less: Allowable Deductions	
Capital allowances on depreciable assets	6,319,992
Gratuity paid	3,711,150
Total Business Income	286,785,420
Tax payable rate	30%
Current Year Tax	**86,035,626**
Total Tax	**86,035,626**

Deferred Tax

Accelarated Depreciation for tax purposes

	31.12.2025	31.12.2024
Balance as at 1st January	**(3,558,044)**	(3,168,298)
Originating/(reversing) during the year	**(3,592,792)**	(389,746)
Balance as at 31st December	**(7,150,836)**	(3,558,044)

Deferred Tax provision as at the year end is made up as follows

	31.12.2025	31.12.2024
Deferred Tax Provision from temporary differences of		
- Property Plant and Equipment	**5,257,727**	7,869,408
- Gratuity	**(12,408,563)**	(11,427,451)
	(7,150,836)	(3,558,044)

NOTES TO THE FINANCIAL STATEMENTS

	Notes	As at 31.12.2025 Rs.	As at 31.12.2024 Rs.
b. Income Tax Payable - Commission Fund			
Opening balance		**20,983,600**	36,124,233
Provision for the year		**86,035,626**	29,938,706
Payments during the year		**(45,887,442)**	(55,425,696)
Over/under provision		**(109,435)**	13,179,753
WHT Receivable Sett off		**(1,012,066)**	(2,833,396)
Closing balance (Note 11)		**60,010,283**	**20,983,600**
c. Policy Holders Protection Fund			
2025	1,390,657,691	**30%**	417,197,307
			417,197,307
Tax on PPF is included under note 9			
d. Income Tax Payable - PPF			
Opening balance		**277,242,830**	-
Provision for the year		**417,197,307**	461,385,130
Payments during the year		**(358,070,175)**	(312,407,855)
Over/under provision		**1,445,109**	234,616,675
WHT Receivable Sett off		**(83,653,514)**	(106,351,120)
Closing balance (Note 4)		**254,161,558**	277,242,830

21. 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 2025 are as follows:

Balance of Fund Management Account	Rs. 6,018,536.00
Balance of Current Account	Rs. 32,317.00

22. Capital Commitments

Rs. 8,397,625 has been awarded for procurement of assets in respect to Furniture & Fittings, Laptop, Wiring and Notice Board awarded in 2025

23. Contingent Liabilities & Contingent Assets

There were no contingent Assets and Liabilities as at 31st December 2025.

24. Events After The Reporting Period

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

25. 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	270,912,746
Add: Deductions not allowed	
Accounting depreciation on PPE	18,056,404
Provision for retirement contributions (Gratuity)	7,847,412
Less: Allowable Deductions	
Capital allowances on depreciable assets	6,319,992
Gratuity paid	3,711,150
Total Business Income	**286,785,420**
Tax payable at 30%	86,035,626
Less: Tax Credits	
Self -Assessments paid	(26,025,343)
Balance Payable	**60,010,283**

26. 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 23rd July 2024.

27. Related Party Disclosures

Dr. W. A. Raveendra De Mel was appointed as the Chairman of the IRCSL with effect from 24th December 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.Mr. A. N. Hapugala was appointed as an EX-officio member by virtue of him holding office as Deputy Secretary to the General Treasury with effect from 28th October 2025 in place of Mr.H.C.D.L.Silva

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 and resigned on 01st November 2025.

Dr. Chandranath Amarasekara 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 02nd November 2025.

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. R.C. Kotte Hewa was appointed as a Member of the Commission with effect from 27th February 2025.

Mr. G.A.S. Jayaratna was appointed as a Member of the Commission with effect from 27th February 2025.

Mr. S. Waidyarathne was appointed as a Member of the Commission with effect from 27th February 2025.

27.1 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. Raveendra De Mel	None	-	01.01.2025 - 31.12.2025
Mr. A. N. Hapugala	Sri Lanka Telecom	Director	28.10.2025 - 31.12.2025
	Housing Development Finance Corporation Bank	Director	28.10.2025 - 31.12.2025
	Gambling Regulatory Authority	Director	30.10.2025 - 31.12.2025
Mr. H. C. D. L. Silva	None	-	01.01.2025 - 31.12.2025
Dr. Chandranath Amarasekara	Institute of Bankers of Sri Lanka	Chairman	07.11.2025 - 31.12.2025
	Institute of Policy Studies of Sri Lanka	Board Member	01.01.2025 - 31.12.2025
	Sri Lanka Export Credit Insurance Corporation	Board Member	07.02.2025 - 26.11.2025
Mrs. K. A. P. De Silva	Securities and Exchange Commission of Sri Lanka	Ex. Officio Member	01.01.2025 - 31.12.2025
	Sri Lank Accounting and Auditing Standards Monitoring Board	Ex. Officio Member	01.01.2025 - 31.12.2025
	Accounting Standards Committee	Ex. Officio Member	01.01.2025 - 31.12.2025
	Employed Trust Fund	Board Director	01.01.2025 - 31.12.2025
Mr. R. C. Kotte Hewa	None	-	01.01.2025 - 31.12.2025
Mr. S. Waidyarathne	Governor's Office (Southern Province)	Governor's Coordinating Secretary	01.01.2025 - 31.12.2025
	University of Ruhuna	Council Member	20.02.2025 - 31.012.2025
Mr.G.A.S.Jayaratna	University of Ruhuna	Council Member	20.02.2025 - 31.012.2025

27.2 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.

27.3. 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.

27.4. Remuneration to Key Management Personnel (KMPs)

Members of the Governing Body

Aggregate remuneration & Sitting Allowance (7 Members)	Rs. 7,932,681
Non cash benefits	Rs. 523,560

Members of the Governing Body

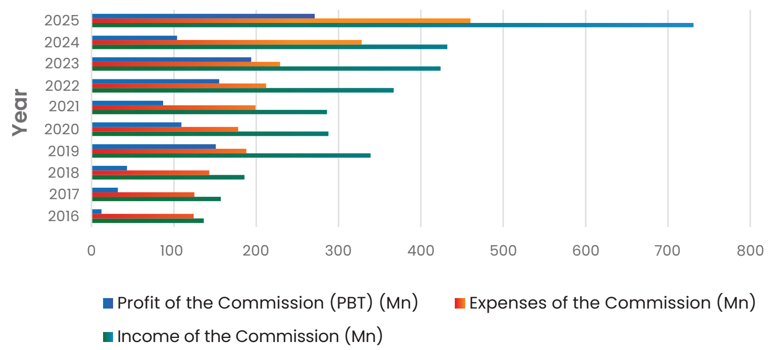
Aggregate remuneration for 19 persons	Rs. 68,275,787
Non cash benefits	Rs. 1,578,780
Medical insurance premium for 19 persons	Rs. 2,671,931

ECONOMIC VALUE ADDED STATEMENT

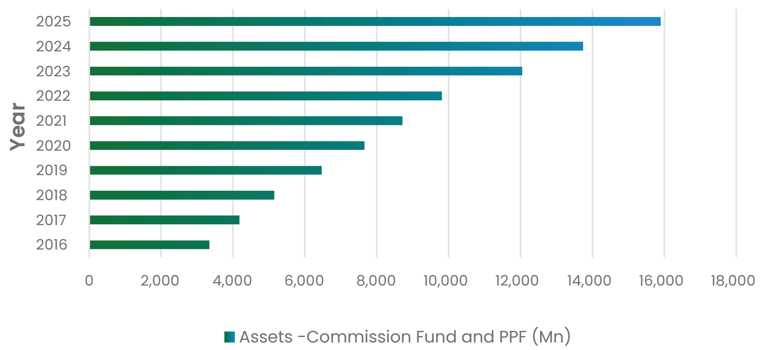
For the year ended 31 December	2025	2024
Direct economic value generated	**56,407,994**	50,718,089
Interest income	**673,914,978**	380,805,679
Fee and commission income	**739,088**	529,425
Other income	**731,062,060**	432,053,193
Economic value distributed		
Operation costs		
Operational expenses	**114,412,738**	83,189,182
Professional charges	**105,991,916**	45,225,380
Other expenses	**2,214,447**	571,524
	222,619,101	128,986,086
To employees		
Salary costs	**237,530,213**	198,801,875
	237,530,213	198,801,875
Payments to government		
Taxes	**82,442,833**	29,548,960
	82,442,833	29,548,960
	542,592,147	357,336,921
Economic value distributed	**542,592,147**	357,336,921
Economic value retained	**188,469,913**	74,716,272
	731,062,060	432,053,193

FINANCIAL HIGHLIGHTS

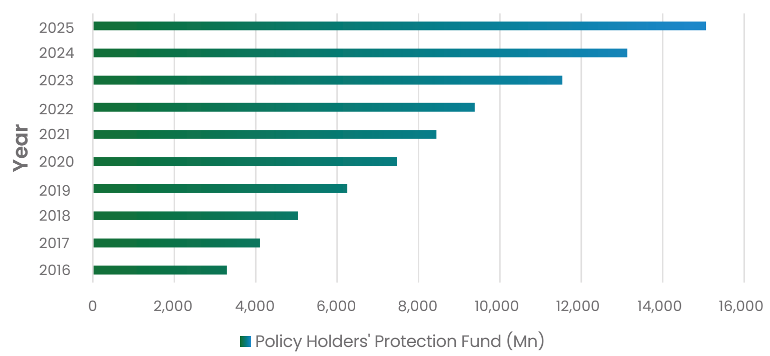
Income / Expenses / Profit of the Commission (Mn)



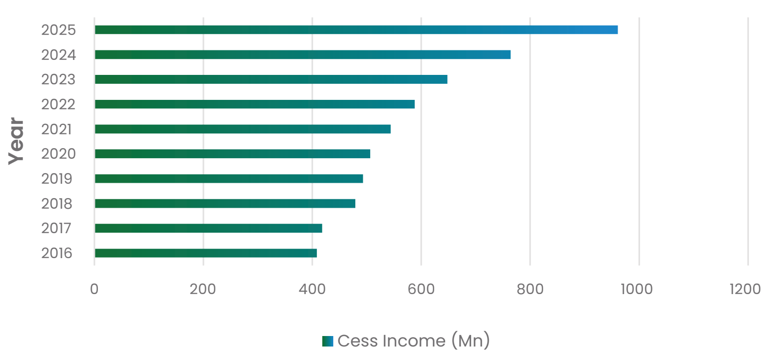
Assets - Commission Fund and PPF (Mn)



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 2025

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	Amana Takaful Life PLC	Long Term Insurance
4	Amana Takaful PLC	General Insurance
5	Arpico Insurance PLC	Long Term Insurance
6	Ceylinco General Insurance Limited	General Insurance
7	Ceylinco Life Insurance Limited	Long Term Insurance
8	Continental Insurance Lanka Ltd.	General Insurance
9	Continental Insurance Life Lanka Ltd.	Long Term Insurance
10	Cooperative Insurance Company PLC	General Insurance
11	Cooplife Insurance Limited	Long Term Insurance
12	Fairfirst Insurance Limited	General Insurance
13	HNB Assurance PLC	Long Term Insurance
14	HNB General Insurance Ltd.	General Insurance
15	Janashakthi Insurance PLC	Long Term Insurance
16	Life Insurance Corporation (Lanka) Ltd.	Long Term Insurance
17	LOLC General Insurance PLC	General Insurance
18	LOLC Life Assurance Limited	Long Term Insurance
19	MBSL Insurance Company Limited **	Long Term Insurance and General Insurance
20	National Insurance Trust Fund	General Insurance
21	Orient Insurance Limited	General Insurance
22	People's Insurance PLC	General Insurance
23	Sanasa General Insurance Company Limited	General Insurance
24	Sanasa Life Insurance Company PLC	Long Term Insurance
25	Softlogic Life Insurance Lanka Limited	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 June 2020

Appendix II

Insurance Brokering Companies Registered under the Regulation of Insurance Industry Act, No. 43 of 2000 as at 31st December 2025 .

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.	Long Term and 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.	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	Cover & Care Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
25	D S Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
26	Delmege Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
27	Eagle DVRS Reinsurance Brokers (Private) Limited	General Insurance
28	Eagle Insurance Brokers (Private) Limited	Long Term and General Insurance
29	Equity Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
30	Esna Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
31	Essajee Carimjee Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
32	Fairway Insurance 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

Appendix II

Insurance Brokering Companies Registered under the Regulation of Insurance Industry Act, No. 43 of 2000 as at 31st December 2025 .

No	Name of Broker	Class of business
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 Lanka Insurance Brokers (Private) Ltd. [former Finlay Insurance Brokers (Private) 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	Phoenix Insurance Brokers and (Pvt) Consultants Ltd.	Long Term and General Insurance
59	Placid Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
60	Planet Insurance Brokers (Pvt) Ltd	Long Term and General Insurance
61	Prestige Insurance Brokers Ltd	Long Term and General Insurance
62	Priority Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
63	Procare Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
64	Protection & Assurance Insurance Brokers (Private) Ltd.	Long Term and General Insurance
65	Reliance Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
66	Rinkoon Lanka Insurance Brokers (Private) Limited	General Insurance
67	Royal Insurance Brokers (Pvt) Ltd.	Long Term & General Insurance
68	Samson Insurance Brokers (Pvt) Ltd.	Long Term & General Insurance
69	Senaratne Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
70	Senkadagala Insurance Brokers (Private) Ltd.	Long Term and General Insurance

Appendix II

Insurance Brokering Companies Registered under the Regulation of Insurance Industry Act, No. 43 of 2000 as at 31st December 2025 .

No	Name of Broker	Class of business
71	Serendib Insurance Brokers (Private) Ltd.	Long Term and General Insurance
72	Smart Protect Plus Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
73	Strategic Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
74	Sungate Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
75	SUNTRUST Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
76	Trust Insurance Brokers (Pvt) Ltd.	General Insurance
77	UN Insurance Brokers (Pvt) Ltd.	General Insurance
78	United Insurance Brokers (Pvt) Ltd.	General Insurance
79	Veracity Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
80	Victor Emmanuel Insurance Brokers (Pvt.) Ltd	Long Term and General Insurance
81	Volanka Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
82	XGen Insurance & Re-Insurance Brokers (Pvt) Ltd.	Long Term and General Insurance
83	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 2025

No	Name of loss adjuster	Effective date of License
1	Entrust International (Pvt) Ltd.	08th June 2020
2	M/s Pal Asia Consultants (Pvt) Ltd	22nd April 2025
3	The Shield Adjusters (Pvt) Ltd.	29th March 2019
4	Mr. Ahmed Nazim Nazvi Rahman	25th June 2018
5	Mr. Ambagahakumbure Wijekoon Mudiyanselage Bandula Wijekoon	29th March 2019
6	Mr. Anthony Preshant Royce De Mel	28th September 2022
7	Mr. Dissanayaka Mudiyanselage Indika Sanjeewa	26th May 2022
8	Mr. Gunawardena Mudiyanselage Ananda Udaya Kumara Gunawardena	25th June 2018
9	Mr. Jasin Basthian Arachchige Ravinath Niroshana	26th September 2019
10	Mr. Johann Amarathunga	08th February 2021
11	Mr. Lalindra Krishantha Karunaratne	29th May 2019
12	Mr. Mahabalage Don Sisira Upali Perera	26th June 2018
13	Mr. Mampe Vithanage Rupasena Perera	07th July 2021
14	Mr. Mangala Keerthi Ashoka Kumara Dharmaratne	12th August 2020
15	Mr. Nirosh Sanjeewa Wathukarawatta	Re-registered on 16th February 2024
16	Mr. Piyal Watudura	05th July 2021
17	Mr. Rajapaksha Pathirage Don Kanchana Surangika	10th September 2018
18	Mr. Rajapaksha Mudiyanselage Herath Rajapakse	Re-registered on 12th March 2024
19	Mr. Sithira Pandithasundara	12th August 2020
20	Mr. Sreenath Bandula Amarasekera	12th August 2020
21	Mr. Susantha Mahindratna Weerakoon	26th June 2018
22	Mr. Swarnekamal Sujiin Swarnaraj	21st January 2021
23	Mr. Wijithasena Leelaratne Fernando	25th June 2018
24	Mrs. Thanuja Higulage	06th December 2021
25	Ms. Udithamala Jinadarie Kurukulasuriya	13th June 2018

GENERAL INFORMATION

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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. H C D L Silva	-	(01.01.2025 - 10.10.2025)
Mr. A N Hapugala	-	(28.10.2025 - 31.12.2025)
Mr. R C Kotte Hewa	-	(27.02.2025 - 31.12.2025)
Mr. G A S Jayaratne	-	(27.02.2025 - 31.12.2025)

INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

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