



Buying insurance



INSURANCE
REGULATORY
COMMISSION
OF SRI LANKA

**Market Development & External Relations Division Insurance
Regulatory Commission of Sri Lanka**

Insurance is a legal agreement between the insured and the insurance company. Purchasing an insurance requires a proper understanding. Therefore, it is the responsibility of all parties involved in the insurance industry to educate the public on the factors to be considered when purchasing insurance.

Factors to be considered when buying insurance



1.

There are various types of insurance products available in the market which cover the risks faced by individuals and institutions. Insurance companies registered with the IRCSL possess the legal authority to issue such insurance covers and enter into agreements with the potential policyholders. Information on such registered insurance companies can be obtained by contacting the IRCSL or by visiting its website. (<https://ircsl.gov.lk/insurance-companies/>)

*Which parties
have the legal
authority to
sell insurance?*



An insurance policy can only be sold by an insurance company registered with the IRCSL, or by their authorized insurance agent, or by a registered insurance brokering company, or their authorized agent.

At present, insurance companies and insurance intermediaries (registered insurance brokering companies & authorized insurance agents) sell insurance covers using various methods with the advancement of technology. However, it is important to make sure that you buy it from someone who has the legal right to sell the insurance policies. If there is any doubt as to whether a person has the legal right to sell insurance policies, you may inquire same with the relevant Insurance Company, Insurance Brokering Company or the IRCSL.

When considering intermediaries, it is important to note that an Insurance Brokering Company is able to offer insurance policies of any registered Insurance Company, whereas an Insurance Agent may offer services only to an insurance company engaged in life insurance business and an insurance company engaged in general insurance business, with which he or she is registered. It is important to have a better understanding of the insurance products being sold, whether by an Insurance Agent or an Insurance Brokering Company.

3.

How to buy Insurance that suits you?



- It is essential that you first understand your needs for obtaining an insurance coverage. Thereafter, you may consult your Insurance Company, Insurance Brokering Company or Insurance Agent to find out the insurance coverage that meets your needs.
- It is important to purchase an insurance policy for a premium that you can afford. Choose an affordable premium that can be paid continuously for a long period. Avoid unnecessary extra coverages, read and understand the insurance terms and conditions, and inquire about claims payment procedures and exclusions. Take your time to make an informed decision to reduce misunderstandings and potential losses after purchasing insurance.

*Why is it important
to be concerned
about the
Insurance Proposal
Form?*



4.

The Proposal Form (Application Form) which is filled out when purchasing insurance cover is an important document. The information it contains is vital in determining the risk to be incurred by the insurance company. It plays significant role in claim applications. When an agent or third party completes the form on your behalf, ensure correctness of information before signing. Placing a signature on a blank form may lead to claim rejections and potential cancellation of the insurance agreement. The disclosure of accurate information by both parties is a fundamental principle of insurance law.

Why is it important to read and understand the insurance policy and pay the premium?



5.

The IRCSL has directed Insurance Companies to issue the insurance policies in Sinhala, Tamil or in English language. Therefore, you can fill out the insurance proposal form and obtain the insurance policy in a language of your choice. Please obtain a copy of the insurance policy and read it before purchasing to ensure it best suits your needs. If you are not satisfied with the insurance cover that you have purchased; you have the option to cancel the policy within a specified period, subject to payment of a fee. Therefore, it is very important to have a thorough understanding of all the facts before entering into an insurance agreement.

Another important point is that the policyholder should have a clear understanding of the content of the policy, as the payment of claims is made in accordance with the terms of the policy.

The policyholder has the option to review the insurance cover within 21 days of receiving the policy, and decide whether to continue or cancel. If the policyholder chooses to cancel within this period, the paid installments will be refunded, with a fee applied for expenses incurred by the company.

Further, if you decide to cancel the insurance policy after paying installments continuously for a period of three years or if the surrender value period is less than three years, you can do so after discussing it with the Insurance Company. In such instances, a cash value or surrender value is assigned to your insurance policy, which is certified by the company's Actuary, will be paid. It is highly important to read and understand the provisions related to the surrender value of the insurance policy. Clarifications on these provisions can be obtained from your Insurance Company, Brokering Company or Insurance Agent before signing the insurance agreement.

In the case of general insurance, the insurance premium must be paid before the due date. Otherwise, in the event of any claim, the company will be relieved of the responsibility of paying that claim.

*Can you make a
complaint against
an insurance
irregularity?*

6.



Provisions have been made to resolve grievances of an insurance policyholder by making a complaint. In the event of a dispute over the payment of insurance claims to an insurance policyholder, it should first be reported to the top management of the relevant insurance company. If you are not satisfied with the solution provided by the insurance company, you have the option to file a complaint with either the Insurance Regulatory Commission of Sri Lanka or the Insurance Ombudsman. It is also possible to file a case in court.

In the event of financial fraud perpetrated by an insurance agent, it is advisable to file a complaint with the police, if justice is not served by the relevant insurance company.

How to file a complaint with the Insurance Regulatory Commission of Sri Lanka?



The Insurance Regulatory Commission of Sri Lanka (IRCSL) in line with its regulatory functions and powers, handles complaints with a view to providing protection to policyholders and potential policyholders, and the steps to be followed are as follows:

Initially, file a complaint with your insurance company. Visit <https://ircsl.gov.lk/list-of-insurance-companies/> to know how to file a complaint with the insurance company. The company should resolve it within a reasonable time and provide a response to you.

If you haven't received any response within a reasonable time period or if you are further dissatisfied with the response received from your insurer, then you may submit a complaint to the IRCSL or the Insurance Ombudsman.

For more information on filing complaints with the Insurance Regulatory Commission of Sri Lanka, visit <https://ircsl.gov.lk/policyholder-complaints/>

This handbook has been issued by the Insurance Regulatory Commission of Sri Lanka as a guide to the public when buying a insurance and contains only general information. None of the information provided herein replaces or contradicts the terms and conditions of an insurance policy. Contact the insurance company, insurance brokering company or insurance agent for specific information or any other additional information regarding an insurance policy.



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