

GUIDELINES ON ADVERTISEMENTS ISSUED BY INSURERS, INSURANCE BROKERS AND INSURANCE AGENTS

1. BACKGROUND

- 1.1 Section 99 (1) of the Regulation of Insurance Industry Act, No.43 of 2000 (RII Act) prohibits insurers, brokers and agents to issue advertisements, which contain any information or material which is false, incorrect or is likely to mislead the public.
- 1.2 These guidelines are issued for the purpose of safeguarding the interests of policyholders and potential policyholders in terms of the provisions of the RII Act with the objective that insurers and intermediaries (registered insurance brokers and authorized insurance agents) adopt fair, honest and transparent practices and avoid practices that tend to impair the confidence of the public and create undue competitive advantage in its advertisements.
- 1.3 These guidelines are to set forth minimum standards of all material and relevant information in the advertising and marketing of insurance products to assure full and truthful disclosure to the policyholders and insuring public.

2. SCOPE

- 2.1 These guidelines apply to advertisements issued through print, electronic or any other media as set out in section 99 (4) of the RII Act by all insurance companies and insurance brokering companies and authorized insurance agents.

3. DEFINITIONS

The following definitions shall apply to the words stated in these guidelines:

- 3.1 The RII Act shall mean the Regulation of Insurance Industry Act, No.43 of 2000; including all its amendments and directives, guidelines, etc. issued under the relevant provisions of the RII Act.
- 3.2 The Commission shall mean the Insurance Regulatory Commission of Sri Lanka (IRCSL)
- 3.3 An advertiser shall include any person who disseminates advertisements; that is Insurance Companies, Insurance Brokering companies and Insurance Agents.
- 3.4 For the purpose of these guidelines, "advertisement" shall mean an invitation appearing in any media, including by any electronic means, inviting persons to enter into or to offer to enter into contracts of insurance and includes any information calculated to lead directly or indirectly to persons entering into or offering to enter into such contracts as defined in section 99 (4) of RII Act.
- 3.5 Accordingly, an advertisement published in the media includes:

- a. advertisements in newspapers, magazines and other printed publications;
- b. advertisements broadcast on television or radio or screened in cinemas;
- c. advertisements in posters and other promotional media in public places, including moving images and billboards;
- d. advertisements in brochures, periodicals, leaflets, mailings, catalogues, text transmissions, fax transmissions, e-mails, and other electronic and printed material;
- e. advertisements in non-broadcast electronic media, including online advertisements in paid-for space such as banner and pop-up advertisements;
- f. promotional marketing and sales promotions;
- g. point-of-sale displays and materials;
- h. press releases, press notices and other public relations material;
- i. advertisements in social media platforms;
- j. SMS's or any messages in any social media platform;
- k. promotion methods such as issuing marketing coupons/tokens.

The above list is only illustrative and not exhaustive.

3.6 A **product** shall mean and include all types of insurance policies, including pre & post-sale services and facilities offered by the insurer.

3.7 A **false, incorrect or misleading advertisement** shall mean and include any advertisement that:

- a. fails to clearly identify the product as an insurance product by any policyholder, potential policyholder or insuring public.
- b. promises claims and benefits beyond the risk underwritten under the relevant policy or beyond the potential maturity value and/or the underwritten value, and also including disproportionate value underlining the risk of the policy.
- c. describes benefits that do not match the policy provisions;
- d. uses words or phrases in a way which hides or minimizes the risks inherent in the policy;
- e. gives information in a misleading way;
- f. future benefits on assumptions which are not realistic nor realizable in the light of the insurer's current performance.
- g. makes unfair or incomplete comparisons with products which are not comparable.
- h. use names, logos, brand names, distinguishing marks, symbols etc., which may be similar to those already used by others in the market that may lead to confusion in the market place.
- i. use terms or phrases that convey an unrealistic or false sense of security.
- j. highlight the positive financial condition of the parent company without mentioning the financial condition of the insurer (subsidiary insurance company).

4. **REQUIREMENTS**

4.1 It is of utmost importance that the publicity material/content shall be accurate in all means, fair and in simple language that the customer can understand, enabling the customer to make an informed decision with regard to purchasing a specific insurance product.

4.2 The contents shall include all or a combination of the following features:

- a. The nature of the insurance product (i.e., General/ Long term) and the type of the product (i.e., its uniqueness or otherwise, whether annuity, pension, health or whole life, etc.,)
- b. The risk involved/ what is covered.
- c. The potential benefits of an insurance product.
- d. Where attention is drawn to insurers' past financial performance it should indicate that the past performance is not necessarily an indication of future performance.
- e. Where appropriate, include contact information to enable the consumer to get in touch with the advertiser without difficulty.

- 4.3 Every advertisement shall be prepared with due responsibility towards public.
- 4.4 An advertisement shall not disclose benefits partially.
- 4.5 An advertisement shall not use words or phrases which are misleading or is clear only to persons familiar with insurance terminology.
- 4.6 The benefits advertised shall match the actual policy benefits that will be received by the policyholder.
- 4.7 No advertisement shall cause extensive fear or distress and shall not use shocking incidents or sensitive images merely to attract attention.
- 4.8 An advertisement shall not contain statistical information unless it accurately reflects recent and relevant facts of its own organization.
- 4.9 An advertisement shall not misuse any research results, statistics or any such independent information in order to get an undue advantage.
- 4.10 An advertisement shall not contain statements that are untrue in fact or that are misleading by implication and/or material in respect of another insurer's assets, corporate structure, financial standing, or relative position of the insurer in the insurance business.
- 4.11 An advertisement shall not make a comparison of policies, benefits, dividends, or rates of a competitor in such a way as to confer an advantage.
- 4.12 The words "free," "no cost," "without cost," "no additional cost," "at no extra cost," or similar words shall not be used with respect to any benefit or service being made available with a policy unless true.
- 4.13 No insurer or intermediary shall allow a third party whether individual, association, entity or group to;
 - a. distribute information about an insurance policy, an insurer or an intermediary through any mode or medium including mail system or domain; unless –
 - i. the third party shall provide only a distribution service for the insurance advertisement and
 - ii. the insurance information is separated from any other information distributed by the third party and clearly indicates its origin.
 - b. imply that a person must become a member of its organization in order to purchase the insurance policy.
- 4.14 Any advertisement in respect of an insurance product shall be in line with the insurance contract and shall not specify anything to the contrary or anything that would result in non-compliance with any provisions in the RII Act and any Direction issued by the IRCSL in respect of any advertisements from time to time (including Direction #01 dated 14.10.2004, Direction #03 dated 04.08.2005) and also the Motor Traffic Act.

4.15 Testimonials used in advertisements shall be genuine; represent the current opinion of the insurer; be applicable to the policy advertised; and be accurately reproduced with sufficient completeness to avoid misleading or deceiving existing and prospective policyholders.

5. COMPLIANCE & CONTROL

Every insurer and insurance brokering company shall —

- 5.1 assign the responsibility to the Principal Officer approved by the IRCSL to oversee the advertising/marketing programme for compliance with these guidelines;
- 5.2 establish and maintain a system of control over the content, form, and method of dissemination of all advertisements.
- 5.3 maintain an Advertising Register as per the specimen given in **Annex 01** which shall include a specimen of every advertisement disseminated, or issued or a record of any broadcast or telecast, etc.
- 5.4 the Advertising Register shall be subject to inspection and review by IRCSL.
- 5.5 submit product related advertisements to mdcr@ircsl.gov.lk at least 07 working days before the intended date of publication for confirmation and approval of the IRCSL. If there is no response from IRCSL within 07 working days, the insurer or insurance brokering company shall proceed with the publication.
- 5.6 file a Certificate of Compliance signed by the Principal Officer as per the specimen given in **Annex 02** confirming that the respective company's advertisements (other than product related advertisements referred to in 5.5. above) and advertisements issued by their insurance agents (if any) are in conformity with the RII Act, within 15 days of end of each quarter.
- 5.7 ensure that Insurance agents obtain approval from the Principal Officer of the relevant Insurance Company or Brokering Company for insurance advertising and marketing materials, which should be in accordance with these guidelines.

6. EXEMPTED ADVERTISEMENTS

- 6.1 The following advertisements are exempted from these guidelines to the extent they have no impact on the policyholder and insuring public.
 - a. materials used by an insurance company within its own organization and not meant for distribution to the public;

- b. materials used solely for the training, recruitment including employment notices, and education of agents, intermediaries, provided they are not used to induce the public to purchase, increase, modify, or retain a policy of insurance.
- c. tender notices to the public provided they are not used to induce the public to purchase, increase, modify, or retain a policy of insurance.

7. EFFECTIVE DATE

- 7.1 All Insurance Companies and Intermediaries are required to take necessary measures to comply with these guidelines with effect from 1st July 2022.
- 7.2 Unless otherwise provided by these guidelines, nothing in these guidelines shall deem to invalidate the advertisements released prior to these guidelines coming into force.

- End -

CANCELLED

CERTIFICATE OF COMPLIANCE

Advertisements

From Principal Officer [Name & address of the Insurance company/Broking company]	To Director General Insurance Regulatory Commission of Sri Lanka Level 11, East Tower World Trade Centre Colombo 1
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I, the undersigned, being the Principal Officer of ...[name of the insurance company/broking company]hereby certify that the following advertisement/s has/have been prepared in compliance with Advertising Guidelines datedissued by the IRCSL and comply with the requirements of the Section 99 of the Regulation of Insurance Industry (RII) Act, No.43 of 2000.

Advertisement Ref. No	Type of the advertisement (Product/other)	Name of the product (if product related)	Language of the advertisement/s	Date of release/ Intended date of release	Media used to disseminate the advertisement	Remarks

[Note: Please provide specimen of advertisement/s]

(Name)

(Sgd.) Principal Officer

Date: DD/MM/YYYY

{Rubber stamp}

Note

Please forward this compliance report (including "NIL Report") to mdcr@ircsl.gov.lk , within 15 days of end of each quarter.