

## **REGULATION OF INSURANCE INDUSTRY ACT – CIRCULAR**

**17<sup>th</sup> November 2025**

**No.3 of 2025**

### **REQUIREMENTS ON PREMIUM PAYMENT FOR POLICIES OF GENERAL INSURANCE**

The Insurance Regulatory Commission of Sri Lanka (IRC SL), at its 266<sup>th</sup> meeting held on 26<sup>th</sup> September 2025, has decided to revise the provisions contained in Circular # 01 of 2023 dated 9<sup>th</sup> September 2023 and issue the following requirements in respect of premium payment of General Insurance Policies:

#### **(A) For Motor Insurance Policies**

- (1) An Insurance Company may grant a credit period to the insured to pay the full insurance premium to the Insurance Company. However, such credit period shall not exceed
  - a. 60 days from the inception of cover – to be effective until 31<sup>st</sup> December 2025; and
  - b. 30 days from the inception of cover – to be effective from 1<sup>st</sup> January 2026.
- (2) An Insurance Company shall issue Motor Insurance policies only upon receipt of the full insurance premium by the Insurance Company effective from 1<sup>st</sup> January 2028.

#### **(B) For Non-Motor Insurance Policies**

An Insurance Company may grant a credit period of only 60 days to the insured from the inception of cover to pay the full insurance premium to the Insurance Company.

#### **(C) For Travel Insurance, Marine Insurance, Title Insurance and Bonds**

An Insurance Company shall issue Travel Insurance, Marine Insurance, Title Insurance and Bonds only upon receipt of the full insurance premium by the Insurance Company. This is as per the Commission decision taken at its 238<sup>th</sup> meeting held on 24<sup>th</sup> August 2023. This requirement came into effect from 9<sup>th</sup> October 2023.

The following clauses shall be included in Insurance Policy Documents, Renewal Certificates, Endorsements or Cover Notes from the effective date of this Circular **in respect of policies issued under Clauses (A) & (B) above:**

1. Notwithstanding anything herein contained but subject to clause 2 and 3 hereof, it is hereby agreed and declared that the full insurance premium due and payable in respect of insurances is required to be settled to the Insurance Company on or before the premium due date specified in the Schedule of the Policy, Renewal Certificate, Endorsement or Cover Note, which date shall not exceed the number of days specified in (A) & (B) above from the date of inception of the policy or commencement of the coverage.

For the purpose of this circular the "due date" shall be recognized from the date of inception or commencement of the coverage.

2. It is also declared and agreed that the settlement of the full insurance premium on or before the due date shall operate as a condition precedent to the insurance company's liability or obligation to settle a claim under the Policy, Renewal Certificate, Endorsement or Cover Note.

In the event any claim arises between date of commencement of the insurance and the "due date" for the settlement of insurance premium, the insurance company may defer any decision on liability or postpone the settlement of any such claim until full settlement of the insurance premium is effected on or before the "due date".

3. It is also declared and agreed that where the full premium payable hereunder remains outstanding as at the closure of business of the insurer on the "due date", then the cover under this insurance and any obligations assumed or imputed under this insurance shall stand to be cancelled, ceased and revoked immediately.

However, such cancellation will not prejudice the rights of the insurance company to invoke any legal defenses or to recover the full or any part of the defaulted premium attributable to the expired period of the insurance.

This Circular shall be effective from 17<sup>th</sup> November 2025.

In view of the above, Circular # 1 of 2023 issued on 9<sup>th</sup> September 2023 is hereby cancelled.



**DIRECTOR GENERAL**  
**For and on behalf of the Commission**