

## REGULATION OF INSURANCE INDUSTRY ACT, NO. 43 OF 2000 - DIRECTION

14<sup>th</sup> May 2024

No. 03 of 2024

### DIRECTION ON ADVERTISEMENTS ISSUED BY INSURERS, INSURANCE BROKERS AND INSURANCE AGENTS

The Insurance Regulatory Commission of Sri Lanka (IRC SL) at its 250<sup>th</sup> Commission meeting, has decided to issue this Direction, in terms of Section 96A of the Regulation of Insurance Industry Act, No. 43 of 2000 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 and to ensure that insurers and insurance intermediaries (registered insurance brokers and 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.

Section 99(1) of the Regulation of Insurance Industry Act, No.43 of 2000, 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. Requirements for Advertisements

- 1.1 The publicity material/content shall be accurate, 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.
- 1.2 The Advertisement shall include the product name, company name, company logo, and contact details, facilitating the clear identification of the advertiser and the product without any confusion.
- 1.3 The contents of an advertisement shall include either a combination or all of the following features:
  - a) The nature of the insurance product (i.e., General/ Long term)
  - b) The type of the product (i.e., its uniqueness or otherwise, whether annuity, pension, whole life, health, motor or fire, etc.)
  - c) The risk involved/ what is covered.
  - d) The potential benefits of an insurance product.

- e) Where appropriate, the commitment of the insurer and the policyholder under the contract (e.g. the minimum amount to be invested; minimum and/or maximum sum assured; the reasonable safety norms to be adopted in case of non-life insurance products etc.,)
- f) Special conditions and exclusions applicable to the product that is material for the customer to decide on making an offer.

- 1.4 The advertisements shall disclose the benefits in full to provide complete disclosure of the product to the potential policyholder.
- 1.5 An advertisement shall not use words or phrases which are misleading or understandable only to persons familiar with insurance terminology.
- 1.6 Only the actual policy benefits received by the policy holder under an insurance product shall be stated in the advertisement.
- 1.7 The advertisement shall not cause undue fear or distress in the public and it shall not contain shocking incidents or sensitive images merely to attract attention.
- 1.8 An advertisement shall not contain statistical information unless it accurately reflects recent and relevant facts of its own organization.
- 1.9 An advertisement shall not misuse any research results, statistics or any such independent information in order to get an undue advantage.
- 1.10 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.
- 1.11 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.
- 1.12 Where attention is drawn to the insurer's past financial performance in an advertisement, it shall indicate that the past performance is not necessarily an indication of future performance.
- 1.13 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 same is truly provided at no cost to the policy holder.
- 1.14 An advertisement shall not use phrases such as "discount", "rebates", "discounted premium" or "discount on premium" or similar phrases, which implies that the insurance premium is discounted for a particular insurance policy, as an inducement for any person to purchase, renew, or continue an insurance policy. All current advertisements which contain the same should be discontinued.

- 1.15 Advertisements shall not specify anything to the contrary or anything that would result in noncompliance with any provisions in the RII Act and/or any subordinate legislation issued by the IRCSL in respect of any advertisements from time to time.
- 1.16 Advertisements shall not specify anything to the contrary or anything that would result in non-compliance with the statutory requirement stipulated in Section 161 of the Motor Traffic Act, which states that any accident due to the use of any motor vehicle on a highway causing injury to any person, animal or property to be reported forthwith to the nearest police station.
- 1.17 No insurer or an insurance intermediary shall promote/advertise 3<sup>rd</sup> party motor insurance in the advertisements. However, such prohibition will not be applicable if the advertisement/promotion is carried out together with the advertisement/promotion of comprehensive motor insurance cover.
- 1.18 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.
- 1.19 Every product-related advertisement shall include the statement, "For more details on benefits, exclusions, terms and conditions please read the policy document carefully before concluding a sale" in clearly visible font and its corresponding translations in Sinhala and Tamil languages shall be provided appropriately in clearly visible font.
- 1.20 However, only for radio advertisements and text messages, the above statement shall be expressed appropriately and include a contact number to inquire about all information that a prospective policyholder would reasonably be expected to be aware of.
- 1.21 Any advertisement related to insurance product shall be in respect of products approved and /or filed with IRCSL

## **2 Exempted Advertisements**

- 2.1 The following advertisements are exempted from this Direction 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/presentation to the public;
  - b) materials used solely for the training, recruitment, including employment notices, and education of agents, intermediaries, provided that 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 that they are not used to induce the public to purchase, increase, modify or retain a policy of insurance.

### 3. Approval and Compliance

3.1 Every insurer and insurance brokering company shall -

- a assign the responsibility of overseeing the advertising/marketing programme for compliance with this Direction to the Principal Officer of such company approved by the IRCSL
- b establish and maintain a system of control over the content, form, and method of dissemination of all advertisements.
- c maintain an Advertising Register (physical or electronic version) as per the format given in **Annex 01** which shall include a specimen of every advertisement disseminated, or issued or a record of any broadcast or telecast, etc. The Advertising Register shall be subject to inspection and review by IRCSL.
- d 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 this Direction. These Advertisements shall be recorded in the Advertising register referred to in section 3.1 c above and included in the compliance certificate referred to in section 3.3 below.

3.2 In case of **product related advertisements**, insurers and intermediaries shall -

- a submit the **product related advertisements** along with the Certificate of Compliance as per the specimen given in **Annex 02** confirming that the respective company's advertisement is in conformity with the RII Act, to [mdcr@ircsl.gov.lk](mailto: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 from the date of submission of set of documents to IRCSL, the insurer or insurance brokering company may proceed with the publication.
- b All product related advertisements published by an insurer, jointly with an association/entity/third party, where the logo and /or trade names of the participating parties are displayed jointly, shall also be submitted for approval in accordance with Section 3.2 a above.

3.3 In case of an **advertisement other than product related advertisement**, insurers and intermediaries shall file a Certificate of Compliance signed by the Principal Officer as per the specimen given in **Annex 02**, within 15 days of the end of each quarter, confirming that the respective company's **advertisements other than product related advertisements** referred to in 3.2 a above, **dissemination of corporate information** and **advertisements issued by their insurance agents (if any)** are in conformity with the RII Act.

3.4 if no advertisements have been published during the respective quarter, file a "NIL Report", signed by the Principal Officer as per the specimen given in **Annex 02** within 15 days of the end of each quarter confirming that the advertising has not been carried out.

- 3.5 In respect of the advertisements relating to special marketing strategies such as 'Moment Marketing', 'Agile Marketing', 'Viral Marketing', etc. that focuses on capturing consumers' attention in any given moment, and providing them with relevant and valuable product information, the advertiser shall file such advertisements to the IRCSL within twenty-four (24) hours of publication, along with the certificate of compliance as per **Section 3.2**
- 3.6 In respect of the advertisements to be published in specific forms of media such as 'TikTok', where the submission of advertisement for prior approval is not practical, the advertiser shall file the relevant script/story board to the IRCSL within twenty-four (24) hours of publication, along with the certificate of compliance as per **Section 3.2**
- 3.7 The IRCSL may approve or require the advertiser to revise, withdraw or discontinue the advertisements referred to in Section 3.5 and Sec. 3.6 above in line with the provisions of this Direction. As such, the advertiser shall act appropriately immediately as per the instructions given by IRCSL.
- 3.8 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 provides 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 the origin of the same.
  - b) Provide an implication that a person shall become a member of such third party to purchase the insurance policy.

#### **4. Definitions**

- 4.1 An **"advertiser"** shall include any person who disseminates advertisements; that is Insurance Companies and insurance intermediaries.
- 4.2 For the purpose of this Direction, **"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 Regulation of Insurance Industry Act. No 43 of 2000.
- 4.3 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, 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 articles;
- i) advertisements in social media platforms;
- j) SMS's or any messages in any social media or digital platform;
- k) promotional methods such as issuing marketing coupons/tokens.

The above list is only illustrative and not exhaustive.

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

4.5 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 not 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 marketplace.
- 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).

## **5. Applicability**

This Direction applies to advertisements issued through print, electronic or any other media as set out in Section 99 (4) of the Regulation of Insurance Industry Act, No. 43 of 2000 by all insurance companies and insurance intermediaries.

All Insurance Companies and intermediaries are required to take necessary measures to comply with this Direction with effect from 1<sup>st</sup> June 2024.

Unless otherwise provided by this Direction, nothing in this Direction shall deem to invalidate the advertisements released prior to this Direction coming into force.

From the effective date of this Direction, the "Guideline on Advertisements issued by Insurers, Insurance Brokers and Insurance Agents", Direction No. 01 dated 14.10.2004, Direction No. 03 dated 04.08.2005 and Circular No. 02 of 2021 dated 08.04.2021 relating to advertisements shall be cancelled.

This Direction is issued in terms of Section 96A of the Regulation of Insurance Industry Act, No. 43 of 2000.

  
**Director General**

**Signed for and on behalf of the Commission**

## Annexure 01

## Advertising Register

[illegible]

Annexure 02

CERTIFICATE OF COMPLIANCE

Advertisements

From	To
Name of the Principal Officer	Director General
Name & address of the Insurance company/Broking company	Insurance Regulatory Commission of Sri Lanka  Level 11, East Tower  World Trade Centre  Colombo 1

I, .....(name of the Principal Officer)....., 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 the Direction on Advertisements issued by Insurers, Insurance Brokers and Insurance Agents dated .....issued 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/ Non-Product)	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]

(Sgd.) Principal Officer

Date: DD/MM/YYYY

{Rubber stamp}

Note

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