

REGULATION OF INSURANCE INDUSTRY ACT – DIRECTION

31st March 2026

No. 4 of 2026

DIRECTION TO ALL INSURANCE COMPANIES AND INSURANCE BROKERING COMPANIES ENGAGED IN GENERAL INSURANCE BUSINESS

The Commission has noted that certain entities, such as Licensed Banks, Licensed Finance Companies, Licensed Leasing Companies (BFLs) are acting as insurance brokers and insurance agents on behalf of their customers without being registered in terms of the Regulation of Insurance Industry Act, No. 43 of 2000 (RII Act).

In view of the above, the Commission, at its 272nd meeting, has decided to issue the following directions to insurance companies and insurance brokering companies pertaining to insurance business of customers of BFLs ensuring such customers/ policyholders receive appropriate insurance advice and are enabled to select insurance companies of their choice.

1. The insurer shall accept leads (or any other nomenclature referred to therein) of BFLs only through Insurance Broker/s;

Provided that, in the event the policyholder has decided to place insurance through an insurance broker or an insurance agent of their choice, the said right of the policyholder shall be always preserved without any deviation, and any other Insurance Broker/s shall be prohibited to accept such business at all times.

Further, there cannot be any discriminatory action towards such policyholders for making such choice, and necessary regulatory intervention will be taken by IRCSL if such discriminatory action by any person is brought to the attention of the IRCSL.

2. The insurer is prohibited from providing insurance proposal forms, cover notes to BFLs to facilitate and to provide any sort of advisory role to their customers/policyholders;
3. The insurer is prohibited from paying any form of consideration, monetary or otherwise to BFLs.
4. If any payments are made to BFLs by Insurance Broker/s, such payments shall not exceed the maximum commission rate that can be paid by an insurance broker to an agent as per the determination #10 issued on 6th December 2021.
5. A broker can serve a maximum of three BFLs at any given time.
6. The insurer shall be prohibited from accepting insurance premiums (in respect of leads) directly from BFLs.
7. This Direction shall apply to insurance companies and insurance brokering companies engaged in general insurance business and shall come into effect from **01.10.2026**.
8. This Direction is issued in terms of section 96 A of the RII Act.



Director General
For and on behalf of the Commission