

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

25.04.2025

<sup>02</sup>  
No. 09. of 2025

### Direction on Improving the Confidence Level of the Policyholders

#### 1. Introduction

1.1 The "Direction on improving the confidence level of the policyholders", dated 11.04.2025, is issued in accordance with Section 03 of the Regulation of Insurance Industry Act, No. 43 of 2000 (the RII Act). The Insurance Regulatory Commission of Sri Lanka (IRCSL) aims to establish clear standards and practices that enhance customer confidence in insurance products and services.

#### 2. Purpose

2.1 The primary aim of this Direction is to foster trust and greater confidence among policyholders by introducing best practices that will enhance service quality, reduce customer dissatisfaction, and encourage transparent and accountable behavior. The Direction focuses on the following key aspects:

- 2.1.1 **Policyholders' Charter:** To ensure that insurance companies adopt fair, equal and transparent practices, converting a 'Customer-Centric' (2C) Culture into a 'Customer Confidence Centric' (3C) Culture, which focuses on building stronger, more reliable relationships between insurers and policyholders.
- 2.1.2 **Information Disclosure:** To foster transparency, trust, accountability, and quality customer service, ensuring that essential information is clearly presented and readily accessible to policyholders.
- 2.1.3 **The 3M Model (Monitoring, Measuring, and Managing):** To monitor, measure, and manage customer service, ensuring that policyholders' expectations are met consistently across various touchpoints.
- 2.1.4 **Enhancing Policyholder Protection:** To create policyholder awareness with a view to minimizing policy lapses, unclaimed benefits, and unidentifiable premium payments, ultimately improving policyholder protection and satisfaction.

#### 3. Scope and Applicability

3.1 This Direction shall be complied with by all insurance companies registered to carry on insurance business (long-term and general).

#### 4. Key Requirements for Industry Compliance

##### 4.1 Policyholders' Charter

Insurance companies shall,

- 4.1.1 develop a policyholders' charter comprising minimum service standards applicable to main service touch points with the policyholder/potential policyholder to ensure fair and equal

treatment, and transparency. (Please refer the **Annexure 01** for guidance).

- 4.1.2 display the policyholder charter, referred to in Sec. 4.1, on the official website for the convenience of the policyholders/potential policyholders.
- 4.1.3 The policyholders' charter shall be reviewed and approved by the Board of Directors every three (03) years with a view to improving the standards, wherever necessary.
- 4.1.4 Conduct awareness programmes for all staff and sales personnel/insurance agents pertaining to the implementation of policyholder charter and adherence to minimum service standards and maintain records pertaining to such awareness programmes.

#### **4.2 Information disclosure**

Insurance companies shall,

- 4.2.1 indicate that the insurance company is licensed by the IRCSL in its quotations, cover notes, policy documents, websites, annual reports, letterheads used for customer communication, promotional materials and captions of the social media posts.
- 4.2.2 display the following information in every branch with clear visibility for customers:
  - i. Copy of the License granted by IRCSL
  - ii. Credit rating of the insurance company, if available
  - iii. authorized premium payment methods/options
  - iv. Contact number of the branch/ hotline/ complaints unit/ claims intimation/grievances handling unit
  - v. Business hours and holiday notices
  - vi. The contact details of the IRCSL, and Insurance Ombudsman

#### **4.3 The 3M Model: Monitoring, Measuring, and Managing**

- 4.3.1 Insurance companies shall Monitor, Measure, and Manage customer experiences and service quality with a view to transitioning from a Customer Centric (2C) Culture to a Customer Confidence Centric (3C) Culture, aimed at building trust and confidence among policyholders.
- 4.3.2 Insurance companies shall adopt the key metrics/confidence indicators to monitor, measure and manage customer confidence and satisfaction at main policyholder interaction points, and measure the **Net Promoter Score** annually as detailed in **Annexure 02**.

##### **a) Main policyholder interaction points**

- I. At the completion of customer on boarding process/Issuing of Policy Document (Life & GI)
- II. Claims Settlement (LI & GI both)
- III. Renewals and Endorsements (GI only)
- IV. Life Policy reinstatement or any financial alteration (LI only)

**b) Net Promoter Score (NPS):** Measures policyholder's loyalty and his/her likelihood to recommend the company.

**Indicator:** How likely are you to recommend our company to others?

- 4.3.3 Insurance companies shall confirm the NPS by its auditors certified by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and publish on website to build trust and demonstrate accountability.
- 4.3.4 Insurance companies shall maintain transparency and accurate records when calculating the NPS and shall submit detailed reports to the IRCSL upon request.
- 4.3.5 Insurance companies shall display NPS results for the year 2026 on the company's official website annually, starting from 2027 in a clear and easily understandable format to ensure transparency. However, NPS results for the year 2025 shall be shared with the IRCSL.

4.3.6 Insurance companies shall take appropriate measures such as refining processes, enhancing employee training, leveraging technology etc. to improve the policyholder experience based on insights gained from NPS.

## **5. Enhancing policyholder protection**

- 5.1 Insurance companies shall develop an annual promotional/awareness campaign for their customer base to create awareness for avoiding/minimizing policy lapses/cancellations, unclaimed benefits, unidentified premium deposits, average clause , forced selling and claims related matters with a view to enhancing the overall efficiency of insurance operations, protect customer interests, and foster trust and confidence in the industry.
- 5.2 Such promotional/awareness campaign shall cover the following areas, but not limited to,
- a. educating policyholders about obtaining confirmation that the payments are correctly credited to the respective policyholders.
  - b. emphasizing the importance of making the policy number compulsory when making payments via authorized payment gateways.
  - c. informing potential claimants (policyholders or beneficiaries) about unclaimed benefits, offering assistance to process the unclaimed benefits.
  - d. offering flexible payment options (alternative payment methods) including digital payment options.
  - e. communicating the processes for policy reinstatement.
  - f. providing guidance for reviving lapsed policies.
  - g. Highlighting the importance of insuring assets at market value and applicability of average clause.
  - h. Informing the avenues for claims intimation and appealing process and availability of dedicated contact details.
- 5.3 Maintain records pertaining to such promotional/awareness programmes.

## **6. Effective Date**

All Insurance Companies are required to comply with this Direction with immediate effect.



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

## Policyholder charter

..... Insurance Company

### 1. Service Standards

No	Policy Servicing Benchmarks	No. of days
1.	Issuance of policy document after acceptance of the proposal.	
2.	Refund of premium after deducting medical expenses, if incurred, after cancellation during cooling off period and receipt of all the required documents.	
3.	Payment of surrender value after receipt of all the required documents.	
4.	Claim intimation to settlement of the claim (indicate as per the relevant regulations on Claims Management).	
	e.g.:	
	a. Acknowledgement of the claim notification and raising claim requirements.	
	b. Settlement of Claim with investigation requirement subject to receipt of all documents.	
	c. Settlement of Claim without investigation requirement subject to receipt of all documents.	
	d. Notification of rejection/repudiation with reasons.	
	e. Any other (please specify)	
5.	Acknowledgement of complaint/ grievance and resolution of the complaint/ grievance (indicate as per the IRCSL Guidelines on Complaint Handling).	
	e.g.:	
	a. Acknowledgement of complaint/ grievance	
	b. Recording the complaint/ grievance	
	c. Resolution of the complaint/ grievance	
	d. Any other (please specify)	
6.	Other policy servicing standards	
	e.g.:	
	a. Effecting changes relating to address/beneficiaries/nominees/ assignees in the policies after notification /request by the policyholder and carrying out verification.	
	b. Effecting revival/alteration/issue of duplicate policy on receipt of all required documents and after carrying out verification.	
	c. Financial Alterations (Cover Addition / Cover Deletion / Member Inclusion etc.) after receiving request and carrying out verification.	
	d. Non-Financial Alterations (Surrender Value Certificate / Visa Letters, .....etc. after receiving request and carrying out verification.	
	e. Any other (please specify)	

**Note:** Please customize the policy servicing benchmark based on the type of cover (Life/General Insurance) as appropriate.

## 2. Fee Categories

Serial No.	Fee Category	Fixed Fees	Variable Fees	Frequency of change, if variable
1.	Policy Administration Fee			
2.	Servicing Fee			
3.	Visa letters and Tax letters			
4.	Policy loans			
5.	Any other specific confirmation letters requested by policyholders Example – Premium payment confirmation and etc.			
6.	Premium allocation Charges			
7.	Fund Management Charges			
8.	Surrender Charge			
9.	Charges for issuing a duplicate policy document.			
10.	Any other (please specify)			

**Note:** Please include all applicable fee categories (product-wise as appropriate) whilst indicating whether such fees are fixed or variable

## Guidelines for Calculating Net Promoter Score (NPS) in Insurance Companies

To ensure accuracy, reliability, and meaningful insights when calculating the NPS, the following minimum criteria shall be adhered to:

1. NPS survey shall be conducted across main touchpoints as stipulated in Sec. 4.3.2.a
2. Use the standard NPS question across the aforesaid touchpoints to maintain consistency and comparability:

**"On a scale of 0 to 10, how likely are you to recommend our company to others?"**

Answer required

0	1	2	3	4	5	6	7	8	9	10
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0 - Not likely

10 - Very likely

3. NPS survey invitations shall be sent to all policyholders (100%) who have interacted with the company across all aforesaid touchpoints throughout the year.
4. Record all customer interactions and feedback received at aforesaid service touchpoints.
5. Ensure that a minimum response rate of 40% is maintained.
6. Ensure that all responses collected are authentic and verifiable.
7. Remove duplicate entries, before finalizing the NPS score.
8. Include all responses received from policyholders to maintain the integrity and accuracy of the NPS calculation.
9. Instructions for Insurance Companies to Increase Response Rate for NPS Survey:
  - a. Ensure that the responsible designated employee, attached to the head office and under the supervision of the department head, sends the survey invitation links to all policyholders who have received services at key touchpoints.
  - b. Verify the accuracy of policyholders' mobile numbers before distributing the survey.
  - c. Confirm that the respondent to the survey is the actual policyholder who received services at the specified key touchpoints.
  - d. Politely send follow-up reminders to policyholders who have not yet responded to the NPS survey.
  - e. Assign an experienced employee to contact policyholders who received the survey link and encourage them to participate in the survey.
  - f. Motivate and support the assigned employee to improve the response rate.
  - g. Build trust and transparency by clearly explaining the purpose of the survey and emphasizing how policyholder feedback contributes to improving services. Reassure respondents that their feedback will remain anonymous to encourage honest input.
  - h. Continuously assess and refine communication strategies to identify the most effective approaches to increase the response rate.

10. To gather qualitative insights, you may include the following open-ended question (optional): "What is the reason for your score?" (While not mandatory, this question can provide valuable feedback to identify specific areas for improvement".

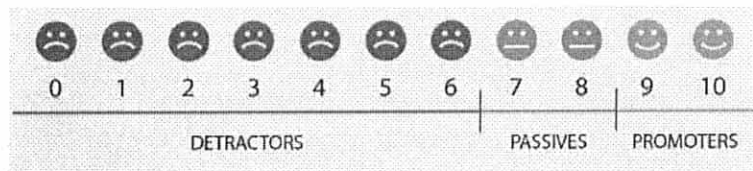
11. Once responses are collected, categorize customers based on their score:
- Promoters (Score 9–10): Loyal and enthusiastic customers.
  - Passives (Score 7–8): Satisfied but not enthusiastic; unlikely to be promoted.
  - Detractors (Score 0–6): Unhappy customers who may discourage others.

12. Use the following formula to calculate NPS:

$$\text{NPS} = \% \text{ of Promoters} - \% \text{ of Detractors}$$

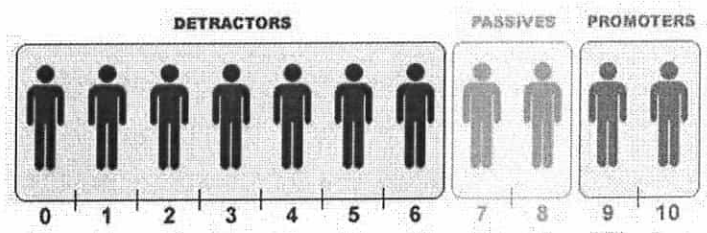
13. Identifying NPS Promoters, Detractors and Passives

- **Promoters** are policyholders who respond with a score of 9 or 10. They are highly satisfied with the product or service and are likely to recommend it to others.
- **Passives** respond with a score of 7 or 8. Even though they are satisfied with the product or service, they're not as likely to recommend it as Promoters.
- **Detractors** are policyholders who respond with a score of 0-6. They are unhappy with the product or service and are likely to discourage others from using it.



14. Net Promoter Score calculation process

- Collect the NPS Survey results/ Start with raw data collected from the NPS survey's scale-based question.
- Count the responses for each score 0 to 10 (Add the number of replies given for each score)
- Group the responses—Determine the total number of answers each group provided
  - promoters (10,9)
  - Passives (8,7)
  - detractors (6,5,4,3,2,1)



- Subtract the total number of detractors (scores of 0–6) from the total number of promoters (scores of 9 and 10) to get total NPS responses.
- Divide that amount by the total number of responses
- Multiply the final value by 100 to get the NPS as a percentage

$$\text{(Number of promoters} - \text{number of detractors)} / \text{Total responses} * 100 = \text{NPS}$$

$$\text{OR } \% \text{ of promoters} - \% \text{ of detractors} = \text{NPS}$$

$$\text{Net Promoter Score} = \% \text{ Promoters} - \% \text{ Detractors}$$

15. Suggested methods for presenting NPS results annually on the company's website:

- a. **Single Value Display:**  
Display counts or percentages of Promoters, Passives, and Detractors within the NPS score.
- b. **Stacked Bar Chart:**  
Present the group breakdown (Promoters, Passives, and Detractors) as totals or percentages.
- c. **Bar + Line Chart:**  
Use a stacked bar chart to show how the data has changed over time, providing a more in-depth view of trends.
- d. **Pie Chart:**  
Display a pie chart to compare the positive (Promoters) versus negative (Detractors) feedback by showing the sizes of the respective slices.