

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

24.09.2024

No. 06 of 2024

Direction on issuing Insurance Product Information Document by Insurance Companies and Insurance Intermediaries

The Insurance Regulatory Commission of Sri Lanka (IRCSL), at its 257th Commission meeting, has decided to issue the following Direction to Insurance Companies and Insurance Intermediaries.

1. Introduction

- 1.1 The IRCSL intends promoting transparency and enhancing awareness of the prospective policyholders and empowering them to have a better understanding regarding insurance policies. Therefore, this "Direction on issuing Insurance Product Information Document (IPID) by Insurance Companies" dated 24th September 2024 is issued pursuant to Section 03 and Section 37 (2) of the Regulation of Insurance Industry Act, No.43 of 2000 (the RII Act).
- 1.2 It is important that prospective policyholders understand the terms and conditions of an insurance policy. Therefore, it is imperative to have a **summary of the key information about an Insurance Policy**, and other basic features in simple language, so that the prospective policyholders can have a better understanding of the product features.

2. Purpose

- 2.1 The purpose of this Direction is to set forth a framework for the preparation of an IPID that contains key features of the policy documents of Life and General Insurance products in simple language with a view to protecting the interests of the prospective policyholders.
- 2.2 The issuance of IPID will enable prospective policyholders and existing policyholders (applicable only for renewals of general insurance businesses) to make informed decisions with a view to facilitating the following outcomes:
 - a. Provide clear and concise information about insurance products, making it easier for customers to grasp what they are purchasing.

- b. Provide an understanding of the basic cover and key features of the policy.
- c. Increase policyholders' confidence in their insurance coverage by providing easily accessible information that helps them to make informed decisions, thereby increasing satisfaction and reducing policy lapses.

3. Scope and Applicability

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

4. Requirements

- 4.1 The insurance product information document shall:

- a. be a stand-alone document and contain the title 'Insurance Product Information Document'.
- b. be presented and laid out in a way that is simple (in wordings) and easy to read & understand.
- c. be printed or provided in e-version
- d. be an accurate summary of the product

- 4.2 The IPID shall contain the following key information:

- a. information about the type of insurance cover;
- b. a summary of the basic insurance cover, including additional benefits, if applicable;
- c. key features of the policy document including exclusions, terms and conditions applicable. Reference shall be made to the relevant section of the policy document, where necessary;
- d. the mode of payment of premiums (annual, monthly, single, quarterly etc.);
- e. importance of having nominees/beneficiaries/assignee, where applicable;
- f. obligations of the policyholder in disclosing material facts at the time of purchasing an insurance policy and during the term of the insurance policy. Reference shall be made to the policy document, where necessary;
- g. obligations of the policyholder, when a claim is made. Reference shall be made to the relevant section of the policy document, where necessary;
- h. procedure to be followed in the event of claim (including the required documents to be submitted). Reference shall be made to the relevant section of the policy document, where necessary;
- i. Complaint and Grievance Handling Procedure. Reference shall be made to the relevant section of the policy document, where necessary;
- j. contact information of the company to get further information;
- k. few things to remember (Under any other information);

I. important Note:

"The IPID is intended to provide a summary of the main cover and additional covers, if applicable and key features of the policy and is not personalized to your specific individual needs. Complete pre-contractual and contractual terms on the full and personalized information, and exclusions of the product are provided in your policy document. The IPID shall not form a part of the policy/contract. Therefore, in case of any conflict, the terms and conditions mentioned in the policy document shall prevail."

5. Effective Date

5.1 This Direction shall be applicable for all existing personal line and commercial line insurance products effective from 1st October 2025. For all new personal line and commercial line insurance products immediately after approval of the products by IRCSL.

6. Compliance

6.1 Compliance of the following shall be ensured:

- 6.1.1 Insurance companies shall design IPIDs for all products as per the provisions of this Direction and make the IPID available for intermediaries where applicable, enabling them to issue the IPID at the time of issuing the quotation.
- 6.1.2 The insurance companies and intermediaries shall provide the IPID to all prospective policyholders at the time of issuing the quotation and existing policyholders (applicable only for renewals of general insurance business) at least once in the renewal cycle.
- 6.1.3 The IPID shall be made available in the preferred language of the policyholder, in conformity with Circular No. 43 dated 02nd July 2020.
- 6.1.4 The font size of the content shall be as required by Circular No. 43 dated 02nd July 2020, i.e. Times New Roman 12.
- 6.1.5 All finalized IPIDs shall be filed with IRCSL on or before 1st October 2025 for existing products, for all new products immediately after approval of the products by IRCSL.

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