INSURANCE
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INSURANCE REGULATORY COMMISSION OF SRI LANKA

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11ம் மாடி, கிழக்கு கோபுரம்
உலக வர்த்தக மையம
கொழும்பு 01, இலங்கை.

Level 11, East Tower
World Trade Centre
Colombo 01, Sri Lanka.

+94 11 2396184-9

+94 11 2396190

www.ircsl.gov.lk

## REGULATION OF INSURANCE INDUSTRY ACT – DIRECTION

3rd July 2026

No. 08 of 2026

### DIRECTION TO ALL GENERAL INSURERS ENGAGED IN MOTOR INSURANCE BUSINESS

The Insurance Regulatory Commission of Sri Lanka has noted that insurance companies engaged in general insurance business require policyholders to provide a "No-Objection" letter from their financiers to settle motor claims in partial loss situations. This practice contradicts the terms of motor insurance contracts and undermines the rights of policyholders.

In view of the above, the Commission, at its 275th meeting, has decided to issue the following Directions to insurers who engage in general insurance business:

A) Partial losses of motor insurance claims under hire purchase or lease agreements shall be indemnified directly to the policyholders; and

B) The requirement to furnish "No-Objection" letters from financiers shall be dispensed with.

This Direction shall come into effect from 02.07.2026.

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

Damayanthi Fernando

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