



INSURANCE
REGULATORY
COMMISSION OF
SRI LANKA

NEWSLETTER

THE INSURANCE REGULATORY COMMISSION OF SRI LANKA

MARCH 2026

ISSUE 07



25 Years of Milestones

Since its establishment, each milestone has reflected the IRCSL's steadfast commitment to effective regulation, supervision, and the development of Sri Lanka's insurance industry. Over the past 25 years, the Commission has played a pivotal role in shaping the industry by fostering innovation, supporting sustainable growth, and ensuring robust policyholder protection, marking a legacy of prudent and progressive regulation.

Message from the Chairman

25 Years of Trust and Resilience

As we celebrate the Insurance Regulatory Commission of Sri Lanka's (IRCSL) 25th anniversary, I am incredibly proud of the path we have taken to protect policyholders and strengthen the country's financial system. Since our founding on March 1, 2001, the IRCSL has never wavered in its commitment to ensuring that insurance provides every citizen with a dependable, transparent, and easily available safety net.

The Commission has successfully guided the sector through times of extreme economic volatility, quick changes in technology, and previously unheard-of worldwide difficulties over the last 25 years. We have created a robust and inclusive ecosystem that serves as a cornerstone of national stability by embracing contemporary regulatory frameworks, most notably Risk-Based Supervision (RBS), and encouraging a transparent culture.

Our vision for the future is still very clear: "Insurance for All: For a Secure Future." A thorough digital transformation is now our new strategic priority. Our goal is to simplify and improve financial protection through the integration of InsurTech and the simplification of digital touchpoints. Additionally, we are dedicated to developing sustainable insurance practices that safeguard our economy and environment in order to meet emerging climate concerns.

I want to express my sincere appreciation to the Ministry of Finance, our hardworking employees, and all industry participants for their steadfast support. We reaffirm our dedication to excellence, innovation, and the ongoing service of our country as we commemorate this Silver Jubilee. Together, we can make sure that every Sri Lankan has even more security and prosperity over the next 25 years.

Dr. W. A. Raveendra De Mel
Chairman, Insurance Regulatory Commission of Sri Lanka

Message from the Director General

Excellence in Regulation and the Path Forward

As we celebrate the Silver Jubilee of the IRCSL, we reflect with pride on 25 years of guiding the nation's insurance sector with integrity, professionalism, and a steadfast commitment to protecting policyholders. Over the past quarter century, the IRCSL has played a pivotal role in the transformation of the insurance industry to a customer centric approach, while ensuring solvency, transparency, and ethical conduct across the sector.

Among our key achievements are the establishment of effective grievance resolution mechanisms, the rigorous enforcement of capital adequacy requirements, and continuous initiatives to promote insurance literacy among the public. These efforts have contributed to the development of a stable and resilient market comprising well-capitalized insurers and professional intermediaries, thereby strengthening public confidence in the insurance sector.

Looking ahead toward Vision 2035, the IRCSL is committed to evolving into a more agile and data-driven regulator. Strategic investments in digital infrastructure, real-time supervisory systems, and automated compliance monitoring will further enhance regulatory efficiency and responsiveness. At the same time, our future initiatives will place greater emphasis on promoting micro-insurance and simplified insurance products to address the protection gap and ensure that insurance becomes accessible and affordable to all Sri Lankans.

On this significant milestone, I extend my sincere gratitude to the dedicated staff of the IRCSL and our valued industry partners. Their professionalism, expertise, and collaborative spirit have been the cornerstone of our success. Together, we will continue to strengthen the insurance sector and contribute to the stability, growth, and prosperity of Sri Lanka.

Damayanthi Fernando
Director General, Insurance Regulatory Commission of Sri Lanka (IRCSL)

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25 Years of Milestones

2000

- Enactment of the Regulation of Insurance Industry (RII) Act No. 43 of 2000, and repeal of the Control of Insurance Act, No. 25 of 1962.
- Establishing an effective legal framework for insurance regulation, supervision and development in Sri Lanka.

2001

- The RII Act came into operation with effect from 1 March 2001.
- Establishment of the Insurance Board of Sri Lanka (IBSL), assuming regulatory responsibility from the Controller of Insurance.
- Initiated the establishment of the South Asian Insurance Regulators' Forum (SAIRF) and organized its inaugural meeting in December.

2002

- Introduction of minimum legal requirements and the competency examination for Insurance Agents, conducted through the Sri Lanka Insurance Institute (SLII), to enhance professionalism in the industry.



2008

- In collaboration with the National Institute of Education (NIE), development of insurance education curriculum of Grade 12 and Grade 13 of the 'Business Studies' subject in order to expand the scope of insurance in the commerce stream.

2007

- Amendment to the Regulation of Insurance Industry (RII) Act No. 43 of 2000 to:
 - Recognize the National Insurance Trust Fund (NITF) as an insurer deemed to be registered under the Act.

2005

- Obtained membership of the International Association of Insurance Supervisors (IAIS), the global standard-setting body for insurance regulation.



- Supported the establishment of the Insurance Ombudsman Scheme to strengthen policyholder grievance redress mechanisms.



2009

- Establishment of a fully-fledged Investigation Division to inquire into policyholder grievances, facilitate claim settlements, and issue orders under Section 98 of the Act.

2011

- Amendment to the RII Act No. 43 of 2000 to:
 - Introduced mandatory registration of Loss Adjusters, prohibiting any person from acting as a loss adjuster unless registered with the Commission.
 - Abolished the composite insurance model, requiring the segregation of Life and General Insurance businesses within four years (by February 2015).
 - Required all insurers to be listed on a Licensed Stock Exchange within five years (by February 2016).
 - Strengthened corporate governance, including:
 - Board approval for the appointment of directors and principal officers,
 - Clear disqualification criteria for directors and key management.
 - Empowered the regulator to issue directions, enter into information-sharing MoUs, and enhance market conduct and supervisory oversight.

2015

- Transition from a rules-based capital framework to a risk-based capital framework.
- Hosted the 10th Annual Asian Forum of Insurance Regulators (AFIR) Conference in Colombo under the theme "Changing Landscape in Insurance Regulation".

2021

- Revamping of the IRCSL website and launch of official IRCSL social media platforms.
- Launch of the inaugural IRCSL E-Newsletter, enhancing stakeholder engagement and sector-wide communication.

2017

- Amendment to the RII Act No. 43 of 2000 to:
 - Rename the Insurance Board of Sri Lanka as the Insurance Regulatory Commission of Sri Lanka (IRCSL).
 - Update terminology, revise registration criteria, and introduce provisions on listing exemptions and compliance requirements.
 - Declaration of 1st September as National Insurance Day by the Government of Sri Lanka.



2016

- Design and adoption of the Risk-Based Supervision Framework (RBS Framework I).

2022

- Conduct of a landmark market research study to assess public confidence in insurance services.

2023

- Formulation and launch of the Strategic Action Plan 2023–2027, setting out the roadmap for the development of Sri Lanka’s insurance sector.

2024

- The Optional Compensation Scheme (OCS) was introduced as a revolutionary mechanism to ensure timely and equitable compensation for third-party victims of motor vehicle accidents resulting in death or permanent disability.
- Establishment of a dedicated Anti-Money Laundering / Countering the Financing of Terrorism (AML/CFT) Unit to strengthen supervisory effectiveness.

2026

- Launch of Sri Lanka’s Digital Motor Insurance Card with IASL and the Ministry of Public Security, enhancing verification, transparency, and enforcement.
- Establishment of a Centralized Motor Insurance Data Repository with the CRIB for real-time data sharing, supervision, and fraud prevention.
- Commencement of the development of a standard mortality table that reflects the experience of all assured lives in Sri Lanka to enhance actuarial valuation, product pricing and risk management in Sri Lanka’s life insurance industry.
- Hosting the OECD/ADBI Roundtable on Insurance and Retirement Savings, focusing on natural hazard protection gaps and retirement savings.
- Launch of the Insurance Roadmap targeting a doubling of insurance penetration by 2030 and tripling by 2035.
- Organization of a National Insurance Awareness Art Competition to promote insurance literacy among youth in collaboration with the FALIA- Japan.



2025

- Establishment of the Market Intermediary Licensing and Supervision Division.
- Establishment of a dedicated Market Conduct Unit to enhance regulatory oversight and consumer protection.
- Separation of Administration and Finance functions into two distinct divisions to ensure improved governance, accountability, and operational efficiency.
- Launch of nationwide insurance awareness campaigns in Matara, Jaffna, and Kilinochchi, in collaboration with the insurance industry.
- Launch of “InsureChamp 2025”, the inaugural Inter-University Insurance Quiz Competition, under the theme “Empowering the Future Insurance Leaders”.



Industry Insights

Now



29 Insurance Companies

- 14-General 15-Long Term
- NITF-acting as Insurer & Reinsurer
- 11-Listed on CSE
- 20,027 No of employees
- 2,771 Branches



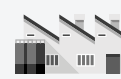
83
Insurance
Brokers



26
Loss
Adjusters



50,835
Insurance
Agents



Policyholders

Stakeholders



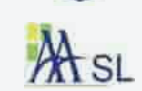
Insurance Association of Sri Lanka



Sri Lanka Insurance Brokers Association



Sri Lanka Insurance Institute



Actuarial Association of Sri Lanka

For more information:



<https://ircs.gov.lk/wp-content/uploads/2026/03/Industry-Highlights-Q4-2025-Life-Gen.xlsx.pdf>

Stakeholders



Insurance Association of Sri Lanka

<https://iasl.lk/en>



Sri Lanka Insurance Institute

<https://www.slii.lk>



Sri Lanka Insurance Broker Association

<http://www.sliba.lk>



Actuarial Association of Sri Lanka

<https://actuaries.org.lk>

Our Stakeholders



Sri Lanka Insurance Institute (SLII): Elevating Insurance Professionalism for Over Four Decades

For more than 40 years, the Sri Lanka Insurance Institute (SLII) has stood as the cornerstone of professional development within Sri Lanka's insurance industry. Established with a clear vision and operate with just a handful of dedicated employees, the Institute now proudly supports the insurance industry in empowering professionalism and a thriving membership of over 3,000 individuals from across the sector.

A Mission Rooted in Professionalism

At the heart of SLII's work is a single, unwavering mission: to enhance professionalism within the insurance industry in Sri Lanka. In a sector built on trust, responsibility, and long-term financial commitment, professionalism is not just a virtue — it is a necessity. SLII actively cultivates this through education, ethical standards, and ongoing skill development. Our role extends beyond merely offering qualifications; we shape the future of the industry by fostering a culture of integrity, competence, and continuous improvement.

Education Pathways: From Foundation to Diploma

One of SLII's core contributions is its structured academic pathway designed to suit all stages of professional growth. We offer:

Certificate-level courses

The Foundation level course is the ideal starting point for those new to the industry. It introduces core concepts, terminology, and

practices that underpin insurance operations.

Advanced Certificate programmes

The Advanced Certificate builds on the fundamentals and delves deeper into key technical and operational areas. It is tailored for individuals who already have some experience or prior qualifications and are looking to advance their knowledge.

Diploma in Insurance

The Diploma in Insurance is a comprehensive and professionally recognized qualification & a fast track programme for those aspiring to become Chartered qualified Insurance Professionals.

These qualifications are tailored to meet industry demands while equipping individuals with both technical expertise and a strong ethical foundation.

Affiliation with Chartered Insurance Institute - CII (UK)

As the affiliated institution to the Chartered Insurance Institute (CII) UK, SLII offers added value to learners. Those who successfully complete the Diploma in Insurance offered by SLII stand a chance to earn Prior Learning Credits when pursuing Chartered Insurer status via the CII. This offers a tangible, globally recognized pathway for Sri Lankan professionals seeking international qualifications.

CPD Programs: Continuous Growth and Shared Expertise

In line with our mission to foster ongoing professional excellence, SLII conducts a series of Continuing Professional Development (CPD) programs throughout the year. These events ranging from seminars and workshops to industry panels and technical forums serve as platforms for knowledge-sharing, staying up to date with evolving practices, and networking among peers.

CPD at SLII is not just about fulfilling regulatory needs, it's about embedding a culture of learning in the DNA of every insurance professional.

Supporting Industry Standards Through Examination

SLII also plays a vital role by conducting the Technical Competency Examination for appointing insurance agents, on behalf of the IRCSL. This exam is a mandatory requirement for individuals aspiring to become licensed insurance agents in Sri Lanka. By managing this process, SLII ensures that new entrants meet the professional and ethical standards expected by both the industry and the public.

SLII's Nationwide Awareness and Outreach Programmes

The Sri Lanka Insurance Institute (SLII) is committed not only to delivering professional qualifications but also to promoting widespread understanding of insurance and its career opportunities across Sri Lanka. Through a series of targeted awareness initiatives, SLII actively engages with students, industry stakeholders, and the broader public.

1. University Engagement Programmes

Conduct awareness programmes for universities to introduce students—particularly those studying business, finance, and actuarial science—further study path and career pathways within the insurance segments.

2. Industry Awareness Programmes

These sessions address emerging trends, and professional development opportunities, encouraging organizations to actively participate in SLII's qualification programs and CPD activities. Such collaborations contribute to strengthening organizational capabilities and fostering a culture of professionalism within the industry.

3. Regional Awareness Programmes

True to our nationwide commitment, SLII organizes outreach events beyond Colombo—reaching professionals and students in other parts of the country. These initiatives ensure equitable access to industry knowledge and educational opportunities across the island. With the opportunity to follow our courses online and some on hybrid basis, we have opened our programmes to our neighbouring countries. Many overseas students have enrolled for our programmes as a result.

In addition, the institute hosts a diverse range of annual events such as the International Insurance Congress, the Inter-Insurance Company Six-a-Side Cricket Tournament, the Mixed Netball Tournament, the Inter-Insurance Company/Broker Company Quiz Competition, and fellowship evenings, among others.

Sri Lanka Insurance Institute remains committed to empowering individuals and organizations through education, training, and industry engagement. In a rapidly evolving financial landscape, continuous learning and adherence to best practices are not just valuable—they are essential. We invite all insurance professionals to take full advantage of our programmes and to join us in shaping a stronger, more resilient insurance sector for the future.

Author

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Insurance Broker as a Professional Intermediary

The insurance broker plays a vital role as an intermediary between the client and the insurer. While compensated by the insurer via brokerage fees, the broker's primary responsibility is to represent the interests of the client, offering advocacy in matters related to insurance coverage and claims. This distinguishes brokers from insurance agents, who act on behalf of the insurer when engaging with customers. Leveraging their expertise in insurance, brokers provide clients with informed guidance on risk transfer mechanisms and effective management of risk exposures. An insurance broker must possess a comprehensive understanding of the types of policies available in the local market.

An insurance broker's responsibilities extend throughout the entire lifecycle of their engagement with a client. This begins prior to negotiating terms with the insurer and continues until the relationship is formally concluded by either party. Even after termination, residual matters may persist that require resolution with the client and/or the insurer. Throughout this journey, the broker must remain responsive and proactive, ensuring prompt attention to the client's insurance needs, including critical support in the event of unforeseen incidents.

An insurance broker must employ professionals with expertise in all insurance classes within their licensed scope of operations. Key responsibilities include:

1. Risk Assessment and Solutioning:

- Assess clients' risk profiles and provide tailored insurance solutions.
- Negotiate and offer policies suited to clients' risk transfer objectives.

2. Client Consultation & Underwriting Support:

- Gather detailed information to understand clients' specific coverage needs.
- Present accurate and relevant facts to underwriters.

3. Policy Review & Comparison:

- Analyse multiple insurance options to recommend policies that fit both needs and budgets.

4. Industry Knowledge & Compliance:

- Stay informed of changes in insurance regulations, industry trends, and legal frameworks.

5. Contract Risk Review:

- Evaluate clients' commercial contracts and advise on risk exposures and contract wordings.

6. Provider Evaluation:

- Guide clients in selecting insurers based on financial strength, claims history, and service responsiveness.

7. Portfolio Analysis:

- Conduct comprehensive reviews of insurance coverage versus risk exposure.

8. Cross-Selling Opportunities:

- Identify and advise on additional insurance products that may benefit the client.

9. Claims Support:

- Assist clients throughout the claims process to ensure smooth handling and resolution.

10. Data Privacy & Confidentiality:

- Uphold strict standards for securing clients' personal, confidential, and competitive information.

TRAVEL INSURANCE



Travel insurance is an insurance product designed to cover unforeseen losses incurred while travelling, either internationally or domestically. It provides coverage for unfortunate events such as trip cancellations, flight delays, loss of baggage or passport or any medical emergency, etc. arising during a trip, up to an agreed amount stated in the policy.

What are the risks generally covered by a Travel Insurance Policy?

- Unexpected medical expenses during the tour.
- The possibility to make a claim with regard to a death caused during the tour.
- Losses due to missing passports, luggage, and personal valuables
- The additional cost incurred due to cancellation of flight
- Additional expenses incurred due to unexpected incidents such as hijacking of planes.

Mr. CoverAll
"Because Life Has Many Risks"

Choosing a reputable broker is one of the most important decisions an individual or a business owner can make. A reputable and trustworthy broker does far more than compare premiums; they act as a strategic ally. By deeply analysing the client's unique risk landscape, brokers craft tailored insurance solutions that minimise financial exposure, ensure business continuity and peace of mind.

Insurance brokers are not just service providers. They are trusted partners who protect what matters most: the client's business and assets. Their commitment goes beyond policy placements. They offer proactive advice and ongoing support.

An insurance broker differs from an insurance agent. They operate independently, typically as a limited liability company and is legally bound to represent the client, not the insurer. Their role goes far beyond selling policies. Brokers advocate for the insured in all matters related to their insurance contracts, serving as trusted advisors throughout the policy lifecycle. Unlike agents who represent specific insurers, brokers maintain relationships across the insurance market. This allows them to place coverage with any insurer of the client's choice, maximising flexibility and negotiating power. As professional intermediaries, brokers evaluate and compare offerings from all available insurers. They analyse policy wording, coverage options, and pricing, ensuring that the client receives the most suitable protection.

They help businesses navigate complex insurance landscapes with customized solutions tailored to unique exposures. In summary, an insurance broker is more than a policy placement specialist. They are a strategic partner, focused entirely on protecting the client's business interests.

Author

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Deputy Chairman/Managing Director
Senaratne Insurance Brokers (Pvt) Limited

International Events



Protection Gaps in Insurance for Natural Hazards and Retirement Savings in Asia



PROPERTY INSURANCE

Property insurance indemnifies the policyholder against potential damage to their property. It covers damages caused to various types of properties including machinery, buildings, stocks, etc. resulting from events such as fire, theft, unfavorable weather conditions, etc.

Types of Property Insurance.

- Fire Insurance
- Burglary Insurance
- Marine Insurance
- Miscellaneous Insurance



Mr. CoverAll

"Because Life Has Many Risks"

25 Years of Resilience: IRCSL to Host Landmark Summit on Insurance and Retirement Savings in Asia

As the IRCSL commemorates its 25th Anniversary, we reach a defining moment in our journey toward national financial security. To mark this silver jubilee, IRCSL is honored to host the OECD/ADB I Roundtable on Insurance and Retirement Savings in Asia on 2-3 June 2026. This prestigious event serves as a timely platform to address the urgent challenges facing our region.

The importance of this summit has been underscored by the recent impact of Cyclone Ditwah. The storm served as a stark reminder of the widening "protection gap", the disparity between total economic losses and the portion covered by insurance. For many Sri Lankans, Cyclone Ditwah was not just a weather event, but a financial catastrophe that exposed how many households remain uninsured against natural hazards. Closing this gap is no longer just a policy goal; it is a national necessity for disaster resilience.

In collaboration with the Organization for Economic Co-operation and Development (OECD) and the Asian Development Bank Institute (ADBI), IRCSL will facilitate a high-level exchange of evidence-based policy solutions. By bringing together international regulators, government officials, and industry experts, we aim to implement global best practices in disaster risk financing and long-term retirement savings.

For 25 years, IRCSL has worked to strengthen the regulatory framework of our insurance industry. Hosting this roundtable demonstrates our commitment to evolving alongside global risks. We are focused on ensuring that when the next natural disaster strikes, our citizens are protected by robust, reliable, and inclusive financial safety nets.

International Insurance Congress 2026

The International Insurance Congress 2026, organized by the Sri Lanka Insurance Institute (SLII), will take place on 18th and 19th November 2026 in Colombo. This premier event will bring together industry leaders, professionals, and key stakeholders to share insights, discuss emerging trends, and explore innovations driving the future of the insurance sector.



18th-19th November 2026



Cinnamon Life

Sri Lanka International Insurance Summit 2026

The second Sri Lanka International Insurance Summit 2026, organized by the Insurance Association of Sri Lanka (IASL), is scheduled to be held in August 2026 in Colombo. This flagship event will gather industry leaders, insurance professionals, and key stakeholders from Sri Lanka and abroad. The Summit will provide a platform to exchange insights, discuss emerging trends, and explore innovative solutions to address the evolving challenges of the insurance sector.

Participants will have the opportunity to engage in high-level discussions, attend expert-led sessions, and network with peers, fostering collaboration and knowledge sharing to strengthen the growth and resilience of Sri Lanka's insurance industry.



August 2026



Colombo

MDRT Day 2026 – Sri Lanka

MDRT Day 2026, organized by the Million Dollar Round Table (MCC) Sri Lanka, will be held on 18th May 2026 at BMICH under the theme “**Island Resilience – An MDRT Legacy.**” This prestigious event will bring together national and international life insurance professionals to celebrate achievements, showcase global best practices, and inspire excellence through knowledge sharing and thought leadership.

Participants will have the opportunity to engage with international industry experts, learn from success stories, and explore strategies to strengthen resilience and drive performance across Sri Lanka's life insurance sector.



18th May 2026



9.00 AM



Bandaranayake Memorial International Conference Hall, Colombo (BMICH)



YOUR RIGHTS AND DUTIES AS A POLICYHOLDER

Your Rights

- *Know: Be fully informed.*
- *Get: What you pay for.*
- *Fair: Treated in good faith.*
- *Claim: Seek redress when needed.*

Your Duties

- *Honest: Act in good faith.*
- *Protect: Keep your policy active.*
- *Cooperate: Help process claims.*
- *Need help? File complaints with the IRCSL your safety net in insurance.*



Mr. CoverAll

“Because Life Has Many Risks”

Event Spotlights

Inaugural Programme for Knowledge Sharing and Industry Collaboration with Academia and Professionals - 2025

The Market Development and External Relations (MDER) Division of the IRCSL successfully launched its first major initiative for 2025 by conducting an inaugural programme aimed at fostering collaboration between academia and professionals in the insurance industry. Conceptualized under the guidance of **Dr. Ajith Raveendra De Mel**, Chairman of IRCSL, the programme was held on 12th March 2025 at the Commission premises.

The event brought together **fifteen senior academic staff members** representing **eight leading universities**, alongside representatives from the Actuarial Association of Sri Lanka. Both the Chairman and the Director General highlighted IRCSL's objectives and future plans, emphasizing the importance of strong academia-industry partnerships in creating a forward-looking, knowledge-driven insurance ecosystem.

Key discussions focused on aligning university curricula with evolving industry needs, equipping graduates with essential skills, and creating clear career pathways within the insurance sector. Initiatives such as inter-university quiz competitions, knowledge-sharing workshops, guest lectures, research support, and internships were identified to ensure continuous engagement with academia and to support talent development for the industry.



For more details, see the full press release:



<https://ircs.gov.lk/wp-content/uploads/2025/04/Press-release-IRCSL-Successfully-Conducts-Inaugural-Programme-for-Knowledge-Sharing-and-Industry-Collaboration-with-Academia-and-Professionals.pdf>



<https://web.facebook.com/share/p/1Mzajm6vfa/>

IRCSL at FinLit Expo 2025

The IRCSL participated in the **FinLit Expo**, organized by the Central Bank's regional branches in **Matale, Anuradhapura, and Galle** in September and October 2025, as part of **Financial Literacy Month**.

The IRCSL stall provided information on insurance fundamentals, regulatory initiatives, and industry trends. Students and the public engaged actively, sharing experiences and learning about the benefits of insurance, making the exhibition a valuable platform to enhance financial literacy and public awareness of the insurance sector.



For more details, see the full press release:



<https://ircs.gov.lk/wp-content/uploads/2025/09/Central-Bank-Matale-regional-office.pdf>



Matale programme : <https://web.facebook.com/share/v/1AgKXfYXTE/>
Anuradhapura programme : <https://web.facebook.com/share/v/14S7mVVDzgm/>
Galle programme : <https://web.facebook.com/share/v/1CMvUHdwem/>



Anuradhapura programme : <https://www.youtube.com/watch?v=gITKbXGoSOE>
Galle programme : <https://www.youtube.com/watch?v=R6Y91fUXlvs>
Matale programme : <https://www.youtube.com/watch?v=gu8Pll8LZjE>

Nationwide Insurance Awareness Campaign – Matara, Jaffna, and Kilinochchi

The IRCSL launched its landmark nationwide insurance awareness campaign under the theme “Insurance for All: For a Secure Future” to enhance public understanding of insurance, strengthen financial literacy, and expand insurance penetration, with a focus on rural and semi-urban communities.

For the first time, all 29 licensed insurance companies collaborated on a single platform alongside industry associations such as the Insurance Association of Sri Lanka (IASL), Sri Lanka Insurance Brokers Association (SLIBA), and Sri Lanka Insurance Institute (SLII), reflecting a united commitment to promoting insurance awareness and advancing financial inclusion nationwide.

The campaign featured roadshows and workshops, where over 500 representatives from life and general insurance companies engaged the public. Participants, including students, university lecturers, government officials, bankers, Chamber members, and the general public, received guidance on IRCSL’s role, benefits of life and general insurance, schemes such as Suraksha and Agrahara, procedures for motor accident compensation, the newly introduced Optional Compensation Scheme (OCS), insurance brokers, and career pathways. Interactive presentations, educational videos, entertainment, and raffle draws enhanced engagement.

All licensed insurers and major industry bodies operated help desks, offering practical guidance and direct interaction with insurance professionals. Students and job seekers also connected with industry representatives and explored career opportunities.

Three awareness campaigns were conducted in 2025: Matara in June, and Jaffna and Kilinochchi in October, marking a national commitment to financial inclusion. By directly engaging communities, the IRCSL bridged knowledge gaps, built public trust, and empowered citizens to make informed financial decisions, with similar programmes planned across other districts in the months ahead.

Insurance Awareness Campaign - Matara



Road Safety and Insurance Awareness Programme



Insurance Awareness Campaign - Jaffna



For more details, see the full press release:

Matara programme : <https://ircsl.gov.lk/wp-content/uploads/2025/07/Press-Release-Insurance-Regulator-Kicks-Off-Nationwide-Insurance-Awareness-Campaign-from-Matara.pdf>

Jaffna and Kilinochchi programme : <https://ircsl.gov.lk/wp-content/uploads/2025/11/Press-release-IRCSL-Conducts-Insurance-Awareness-Programmes-and-Roadshows-in-the-Northern-Province.pdf>

Matara programme
<https://web.facebook.com/share/p/17iItpaNit/>
<https://web.facebook.com/share/v/1FcRCCe1Rr/>

Jaffna programme
<https://web.facebook.com/share/v/14TqhzuBxhH/>
<https://web.facebook.com/share/v/1M8HeoNzbo/>

Jaffna morning: <https://www.youtube.com/watch?v=lxIEqYttV4A>

“InsureChamp 2025” – Inter-University Insurance Quiz Competition

The IRCSL successfully hosted “InsureChamp 2025”, the Inter-University Insurance Quiz Competition, on 20th November 2025 at the Bandaranaike Memorial International Conference Hall (BMICH), Colombo. This national initiative brought together undergraduates from state, semi-government, and recognized higher education institutions across Sri Lanka to promote insurance awareness, financial literacy, and the values of risk management among future leaders.

The competition concluded with the University of Kelaniya crowned as Champions, University of Peradeniya as First Runner-Up, and University of Jaffna as Second Runner-Up. NIBM received the Team Elegance Award for outstanding participation.

Beyond the competition, “InsureChamp 2025” served as a platform for students to engage directly with industry experts and policymakers, fostering critical thinking, teamwork, and a deeper understanding of the insurance sector. The event highlighted the importance of cultivating informed and responsible citizens who can contribute to a resilient and financially secure Sri Lanka.

“InsureChamp 2025” reflects IRCSL’s commitment to fostering academia–industry engagement and nurturing a generation of informed, resilient, and insurance-conscious citizens.



For more details, see the full press release:

<https://ircs.gov.lk/wp-content/uploads/2025/12/Press-Release-IRCSL-Launches-InsureChamp-2025-%E2%80%93-Inter-University-Insurance-Quiz-Competition.pdf>

https://web.facebook.com/lrcslofficialpage/posts/pfbid0Ts5MxVasu8QpxB-mYpy6tJwsHcwiUJSQHUElr6w3T8nGJd546SpVghlUyEZilNaB6l?rldid=JhY4SyjELMndJVQL&_rdc=10&_rdr#

<https://www.youtube.com/watch?v=7KiskAvC8rk>

Launch of the E-Motor Insurance Digital Card and National Insurance Verification System

The IRCSL, together with the IASL and 13 General Insurance Companies, officially launched the E-Motor Insurance Digital Card on 7th January 2026, marking a significant milestone in the digital transformation of Sri Lanka’s motor insurance sector.

This initiative was implemented with the support of the Sri Lanka Police, national telecommunication partners, and the Ministry of Digital Economy. The transition to a fully digital format eliminates the inconvenience associated with misplaced, damaged, or forged physical insurance cards and enhances efficiency during roadside inspections.

The E-Motor Insurance Digital Card replaces the long-established physical motor insurance card and accessible via mobile devices, providing motorists with a secure, tamper-resistant, and easily verifiable form of insurance documentation.

To further strengthen this initiative, the 13 General Insurance Companies have donated tablets to the Sri Lanka Police, enabling officers to instantly verify digital motor insurance details.



For more details, see the full press release:

<https://ircs.gov.lk/wp-content/uploads/2026/01/Press-release-Revolutionizing-Motor-Insurance-IRCSL-Together-with-the-Insurance-Industry-Successfully-Launched-the-Digital-Motor-Insurance-Card-1.pdf>

<https://web.facebook.com/share/p/1Cf9huq7hg/>

IRCSL Hosted the Signing of Subscription Agreements for Sri Lanka’s Centralized Insurance Data Repository

On 20th February 2026, the IRCSL and the IASL, together with the Credit Information Bureau of Sri Lanka (CRIB), hosted an event to facilitate the signing of Subscription Agreements between CRIB and General Insurance Companies, marking an important milestone towards establishing Sri Lanka’s first Centralized Insurance Data Repository and advancing the digital transformation of the insurance industry.

The event was attended by the Chief Executive Officers and representatives of 13 general insurance companies operating in Sri Lanka. In addition, the Chairman and representatives of CRIB and vice president of IASL were also present at the occasion.

Their participation reflected the industry’s collective commitment to supporting the development of a unified national insurance data platform and strengthening data-driven collaboration across the general insurance sector.



For more details, see the full press release:

<https://ircs.gov.lk/wp-content/uploads/2026/02/Press-release-IRCSL-transforms-Sri-Lankas-insurance-industry-with-first-ever-Centralized-Insurance-Data-Repository.pdf>

<https://web.facebook.com/share/p/1EE6BrwLrq/>

IRCSL Conducted a Media Conference Marking 25 Years of Regulatory Excellence

The IRCSL conducted a media conference on 5th March 2026, to mark its 25 years of regulatory excellence and its contribution to transforming Sri Lanka's insurance industry while also briefing the way forward.

The media conference was attended by representatives from leading television, radio, and print media institutions. Key industry stakeholders, including the Insurance Association of Sri Lanka (IASL), Sri Lanka Insurance Brokers Association (SLIBA), and the Sri Lanka Insurance Institute (SLII), Actuarial Association of Sri Lanka (AASL) also participated, representing the insurance industry.

During the event, IRCSL highlighted its key achievements over the past 25 years and outlined its future initiatives, reaffirming its commitment to strengthening regulatory oversight, enhancing market transparency, and supporting the sustainable growth of Sri Lanka's insurance sector.



For more details, see the full press release:

<https://ircs.gov.lk/wp-content/uploads/2026/03/Press-Release-IRCSL-25th-Anniversary-1st-Draft-4March2026.pdf>

<https://web.facebook.com/share/v/1Ao8n99NbJ/>

IRCSL hosts an Awareness session on AML/CFT Compliance for Insurance Brokering Companies



For more details, see the full press release:

<https://ircs.gov.lk/wp-content/uploads/2025/07/Press-release-IRCSL-hosts-an-Industry-Awareness-Session-on-AML-CFT-Compliance.pdf>

AML/CFT/PWMD Awareness for the Board members, senior management and Compliance staff of Insurance companies and Insurance brokers



For more details, see the full press release:

<https://ircs.gov.lk/wp-content/uploads/2025/12/Press-Release-AML--CFT--PWMD-Awareness-for-the-Board-members-senior-management-and-Compliance-staff-of-Insurance-companies-and-Insurance-brokers.pdf>



LIFE INSURANCE

Life Insurance is a legal agreement between an Insurance Company and an individual to manage unexpected risks to his/ her life. It falls into the category of Long Term Insurance in the insurance business.

- Types of Life Insurance policies
- Life Insurance
 - Life Insurance in relation to investments (Investment-linked Life Insurance)
 - Annuity (Payment of a certain amount annually)
 - Insurance for disabilities, accidents and diseases
 - Pension Insurance Policies

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In focus

The Blueprint for Financial Resilience: IRCSL's Mission to Transform Sri Lanka's Insurance Industry

By Dr. Ajith Raveendra De Mel, Chairman, Insurance Regulatory Commission of Sri Lanka (IRCSL)

Since assuming the duties of Chairman of the Insurance Regulatory Commission of Sri Lanka (IRCSL) on January 2, 2025, I have embraced an ambitious mission: to transform Sri Lanka's insurance sector from a peripheral financial service into a central pillar of national economic resilience and social stability. My mission is not merely about increasing insurance penetration statistics, it is about cultivating a fully insured, financially literate, and future-ready society where every citizen, family, and business is protected against unforeseen risks.

The journey ahead is one of profound regulatory, technological, and educational reform. Our goal at the IRCSL is to establish a regulatory environment that is modern, transparent, and robust one that earns the full trust of the public while fostering innovation and sustainable growth within the industry. This is a comprehensive blueprint built on three core strategic pillars: Empowering the Public through Education, Achieving Operational Excellence through Digitalization, and Benchmarking Our Framework with Global Best Practices.

Pillar I: Cultivating a Culture of Financial Preparedness

Sri Lanka's insurance penetration currently stands at around 1.1%. This figure reflects not only a market challenge but also a deeper social reality low financial and risk literacy among the general population. One of the main challenges to the growth of Sri Lanka's insurance sector is how people think about insurance. For many years, insurance has often been seen as something complicated or only meant for the wealthy. Because of this, many people still do not see the real value of insurance or understand how it can protect them from financial risks. The result is that only a small part of our population is insured mainly due to a lack of financial and risk awareness.

The Mass-Scale "Insurance for All: For a Secure Future" Awareness Campaigns

To change this, my key priority is to launch a nationwide, long-term education campaigns that takes insurance awareness directly to the people especially those in rural and underserved communities. The goal is to make insurance simple, relatable, and accessible to everyone. We will work with schools, community groups, media, and local institutions to help people understand why financial planning and insurance are essential parts of a secure future.

This is not a short-term project, but a long-term investment in our people and our country's future. By improving knowledge and understanding, we can help every citizen make better financial decisions, protect their families, and recover more easily from unexpected events such as illness, accidents, or natural disasters. The inaugural events in the Matara District in June 2025, followed by successful programmes in the Northern Province, including Jaffna and Kilinochchi in October 2025, serve as powerful testaments to this commitment. These programmes involve comprehensive roadshows, interactive public workshops for government officials, school and university students, business community and the public. Participants have responded very positively, highlighting the strong need for such direct engagement and community-level awareness. Building on this momentum, similar awareness campaigns will be organized next year across selected districts where insurance penetration remains low, ensuring that the message of financial preparedness reaches every corner of the country. These efforts will continue in close collaboration with the Insurance Association of Sri Lanka (IASL), the Sri Lanka Insurance Brokers Association (SLIBA), and the Sri Lanka Insurance

Institute (SLII), as part of a collective industry effort to strengthen public understanding and trust in insurance.

Integrating Insurance into the National Curriculum

To ensure that insurance literacy becomes an embedded societal value, we have embarked on a crucial collaboration with the Ministry of Education to integrate the core concepts of risk management and financial protection into the government school curriculum. Our proposal advocates for introducing these fundamental principles to students as early as Grade 5.

The rationale is clear, by teaching concepts like actuarial science, underwriting, and investment as they align with existing subjects such as Mathematics, Biological Sciences, and Commerce, we are preparing a generation of youth who are financially well informed and ready to assume the specialized professional roles within the insurance industry. This curriculum development initiative is a mass-scale undertaking, aimed not just at promoting awareness but also at creating a sustainable pipeline of talent that will drive the sector forward for decades.

Fostering Tomorrow's Leaders: The Inter-University Quiz Competition

Complementing our efforts in schools, the IRCSL is actively engaging university students. We are organizing an Inter-University Quiz Competition that focuses on insurance, risk management, financial literacy and other general aspects. The objective is two-fold: to cultivate intellectual interest among undergraduates and to identify and nurture the next generation of thought leaders who will be vital in navigating the complexities of the modern global financial landscape. Further, through knowledge-sharing guest lectures and support for academic research, we are ensuring that the theoretical output from our universities remains aligned with the dynamic, real-world needs of the insurance industry.

E-Newsletter

The IRCSL e-Newsletter serves as a dynamic platform to share key updates, industry insights, and regulatory developments within Sri Lanka's insurance sector. It aims to keep all stakeholders including Insurance Association of Sri Lanka (IASL), Sri Lanka Insurance Brokers Association (SLIBA), Association of Actuaries of Sri Lanka (AASL), Sri Lanka Insurance Institute (SLII) and Academia, informed and engaged with the latest initiatives, policy directions, and awareness programmes carried out to promote and strengthen the insurance industry. Through this digital publication, we hope to foster knowledge sharing, promote transparency, and enhance collaboration across the industry. Ultimately, this initiative contributes to building a well-informed and financially secure society.

Alongside these initiatives, our team undertook digital awareness efforts, including the development of engaging social media content to promote insurance literacy among the public. The IRCSL also collaborated with the Central Bank of Sri Lanka (CBSL) to participate in regional-level financial literacy seminars and exhibitions, further extending our outreach to diverse communities across the country.

For more details, see the full press release:



<https://ircs.gov.lk/wp-content/uploads/2025/12/Press-Release-The-Blueprint-for-Financial-Resilience-IRCSLs-Mission-to-Transform-Sri-Lankas-Insurance-Industry.pdf>



Policy & Regulations

Policyholder Protection

Key Regulatory and Market Development Initiatives by the IRCSL

The IRCSL continues to lead initiatives that strengthen the insurance sector, enhance policyholder protection, and promote public confidence in insurance. Through a combination of regulatory reforms, market development measures, and public awareness campaigns, IRCSL is working to ensure transparency, fairness, and sustainability across the industry. These initiatives reflect a strong commitment to improving customer experience, safeguarding policyholder interests, and building a resilient and future-ready insurance sector in Sri Lanka.

1. Introduction of the Optional Compensation Scheme (OCS) for Third-Party Victims

In collaboration with the Ministry of Transport & Highways, IRCSL implemented the Optional Compensation Scheme (OCS) to ensure timely compensation for third-party victims of motor vehicle accidents. This initiative reduces systemic risk and strengthens policyholder protection.

2. Regulation of Insurance Sales through Mobile Network Operators (MNOs) and Fixed Line Operators (FLOs)

Issued comprehensive guidelines to regulate the sale of insurance products through MNOs and FLOs, ensuring proper disclosure, informed customer consent, and enhanced consumer protection, while minimizing mis-selling risks.

3. Introduction of the Insurance Product Information Document (IPID)

Mandated insurers to provide simplified Insurance Product Information Documents (IPIDs) for key insurance products, improving transparency, product comparability, and informed decision-making by policyholders.

4. Establishment of a Dedicated AML/CFT Unit

Established a specialized Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Unit to monitor compliance, detect irregularities, and strengthen the integrity and resilience of the insurance sector.

5. Framework for Integrating SDGs, ESG Principles, and Green Finance

Issued guidelines to support insurers in integrating Sustainable

Development Goals (SDGs), Environmental, Social, and Governance (ESG) principles, and green finance practices into their operations, enhancing risk management and promoting sustainable sector growth.

6. Identification of Insurance Core Principles (ICP) Gaps

Conducted regulatory gap assessments aligned with standards issued by the International Association of Insurance Supervisors (IAIS), with corrective measures initiated to improve regulatory compliance and sector resilience.

7. Guidelines on Policy Frameworks for General and Life Insurance Products

Developed standardized policy documentation frameworks for general and life insurance products to ensure clarity, consistency, and reduced operational and compliance risks.

8. Review of Insurance Products and Promotional Materials

Conducted regular reviews of insurance products, policy wordings, and promotional materials to prevent misleading information and protect policyholders from mis-selling.

9. Appointment of Actuarial Consultants

Engaged actuarial consultants to support insurers in risk-based pricing, reserving practices, and solvency monitoring, thereby enhancing financial stability and policyholder protection.

10. Establishment of the Market Conduct Supervision Unit

Established a dedicated Market Conduct Unit to monitor and supervise insurers and intermediaries, ensuring compliance with fair market practices and protecting policyholders from unethical conduct and market abuse.

11. Issuance of Market Conduct Guidelines

Issued Market Conduct Guidelines to provide clear standards on ethical conduct, transparency, disclosure, and fair customer treatment, promoting consistent practices across the insurance sector.

12. Policyholder Awareness and Education Initiatives

Conducted nationwide awareness workshops, policyholder education campaigns, and initiatives such as the Insure Champ Quiz Competition to improve insurance literacy, informed decision-making, and public confidence in insurance.

13. Direction on Improving Policyholder Confidence Levels

Issued regulatory directions to address low levels of customer confidence identified through market research, ensuring transparent processes, clear communication, and enhanced policyholder protection.

14. Direction on Needs Assessment and Customer Onboarding for Long-Term Insurance

Introduced regulatory requirements for proper needs assessment and customer onboarding processes in long-term insurance business, promoting product suitability, preventing mis-selling, and strengthening consumer trust.

MOTOR INSURANCE

Motor Insurance provides financial coverage to the vehicle owner for damages caused to the vehicle resulting from accidents or other damages.

Types of Motor Insurance

Inclusions	3rd Party Bodily Injury & Death	3rd Party Property Damage	Loss/ Damage to Vehicle by Fire/ Theft	Loss/ Damage to Vehicle due to Accident
Act Only Cover	✓	✗	✗	✗
3rd Party Cover	✓	✓	✗	✗
3rd Party Fire & Theft Cover	✓	✓	✓	✗
Comprehensive Cover	✓	✓	✓	✓

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Sri Lanka to Develop New “Standard Assured Lives Mortality Table”

The IRCSL, in collaboration with the Actuarial Association of Sri Lanka (AASL) and Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft – Munich Re India Branch (MRIB), a member of the global Munich Re Group, has initiated a landmark project to conduct a comprehensive mortality study of the local insurance market.

The study will analyze mortality data covering the period from 1st January 2020 to 31st December 2024 / June 2020 to June 2025, with the aim of producing a standard mortality table that reflects the experience of all assured lives in Sri Lanka to enhance actuarial valuation, product pricing and risk management in Sri Lanka’s life insurance industry.

Why This Matters for the Insurance Industry

A mortality table provides age-specific mortality rates that allow actuaries to estimate life expectancy, survival probabilities, and other measures of longevity. The most prominent applications of life tables can be found within the life insurance and retirement income industries, where they form the basis for calculating premium rates and reserve amounts.

Currently, Sri Lankan insurance companies utilize the English Assured Lives Mortality Table A67/70 (ultimate) and the SLA07/09 male and female tables. The latter was developed by Munich Re.

Updating this table is vital for several reasons:

- With updated data, insurance companies can price their products more accurately. This ensures that premiums are fair for customers while remaining sustainable for the companies.
- A modern mortality table allows insurers to better understand their long-term financial risks. This leads to a more stable and resilient insurance sector.
- By understanding current life expectancy trends, companies can design new products such as specialized retirement plans and life covers that better meet the needs of today’s Sri Lankan citizens.
- Partnering with MRIB (Munich Re Group) brings world-class technical expertise to Sri Lanka, ensuring our local industry operates at international standards.

A New Era for Insurance in Sri Lanka: The Centralized Insurance Data Repository

The IRCSL is set to launch a first-of-its-kind initiative to establish a Centralized Insurance Data Repository, in collaboration with the Credit Information Bureau of Sri Lanka (CRIB).

This landmark project represents a significant step in modernizing Sri Lanka’s insurance sector, transitioning from fragmented data systems to a unified, secure, and data-driven ecosystem.

Why a Centralized Insurance Data Repository is a first for Sri Lanka Traditionally, insurance data in Sri Lanka has been maintained separately by individual insurance companies, limiting the ability to obtain a comprehensive view of market trends, risk exposure, and customer behaviour. This initiative marks the first occasion on which industry-wide insurance data will be consolidated into a single platform, securely managed by CRIB.

Importance of the Initiative

Accurate Underwriting and Fair Pricing

Access to a shared data repository will enable insurers to develop more precise, customer-specific risk profiles, similar to credit reports, facilitating risk-based pricing. This ensures premiums more accurately reflect individual risk levels, reducing inconsistencies and underwriting inefficiencies across the market.

Enhanced Fraud Prevention

For the first time, insurers will benefit from real-time, industry-wide visibility of claims data. This significantly strengthens the ability to detect and prevent fraudulent practices, including multiple claims submitted for the same incident across different insurers.

Streamlined Customer Experience

The repository will support digital identity verification and automated policy issuance and claims processing, reducing reliance on manual documentation and substantially improving turnaround times for customers.

Greater Financial Inclusion

Data-driven insights will help insurers identify underserved and uninsured segments, enabling the development of more inclusive insurance solutions and supporting efforts to increase insurance penetration in Sri Lanka.

Data-Driven Decision-Making

A centralized data platform will provide both regulators and industry participants with robust analytics to support evidence-based policymaking, supervision, and long-term strategic planning.

This initiative aligns Sri Lanka with global best practices in insurance regulation and market development, while laying the foundation for future advancements, including AI-driven insurance solutions.

IRCSL Launched New Market Conduct Supervision Unit: A Major Step for Safeguarding Policyholders

As the IRCSL moves into a new era of proactive regulation, a significant milestone has been reached with the operationalization of the Market Conduct Supervision (MCS) Unit. This strategic move reinforces the IRCSL’s primary mandate under the Regulation of Insurance Industry Act, No. 43 of 2000 to safeguard the interests of policyholders.

Market Conduct

01 ICP-19, International Association of Insurance Supervisors
In the conduct of insurance business, treating customers fairly, both before a contract is entered into and through to the point at which all obligations under a contract have been satisfied

02 Guidelines on Market Conduct of Insurers
The manner in which an insurer designs its products and services and manages its relationship with policyholders and the insuring public

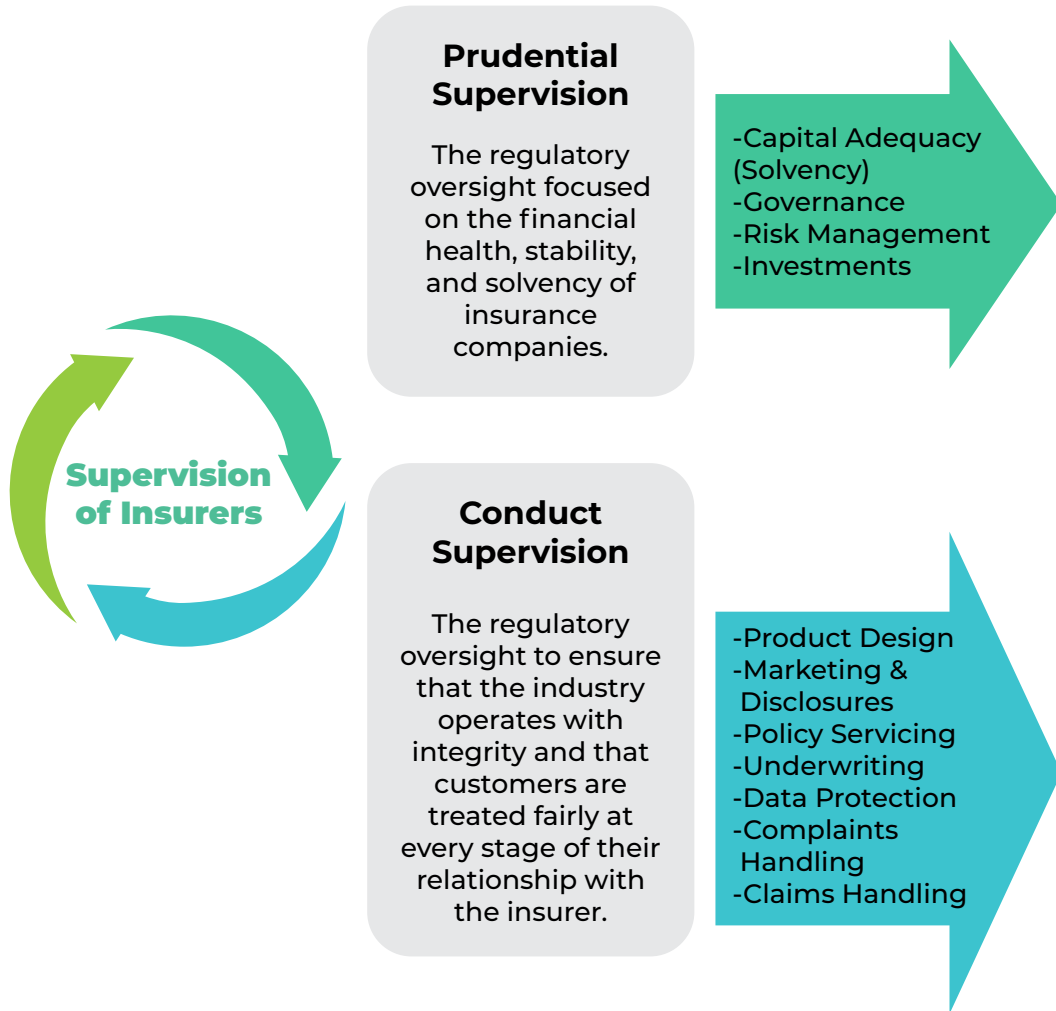
03 National Association of Insurance Commissioners (NAIC)
The oversight of all non-financial activities of an insurer. It is a centralized source of information regarding an insurer’s products, marketing, sales, distribution, policyholder service, and claims

Elevating Policyholder Protection

The core objective of establishing the MCS Unit is to enhance the regulatory and supervisory framework through the formulation and implementation of dedicated market conduct regulations. More than a simple regulatory update, this initiative demonstrates a firm commitment to fostering an industry culture where the fair treatment of policyholders is central to every insurer's business model.

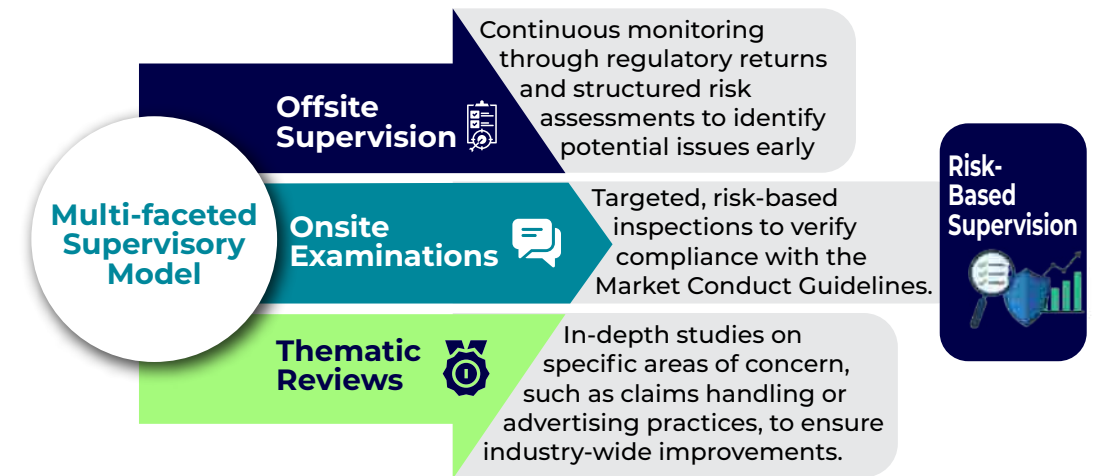
The MCS Unit's focus spans the entire life cycle of an insurance product, from product design and marketing to the final settlement of claims.

Prudential Supervision Vs. Conduct Supervision



A Comprehensive Supervisory Approach

The MCS Unit employs a multi-faceted supervisory model that is gradually moving toward a forward-looking, risk-based approach:



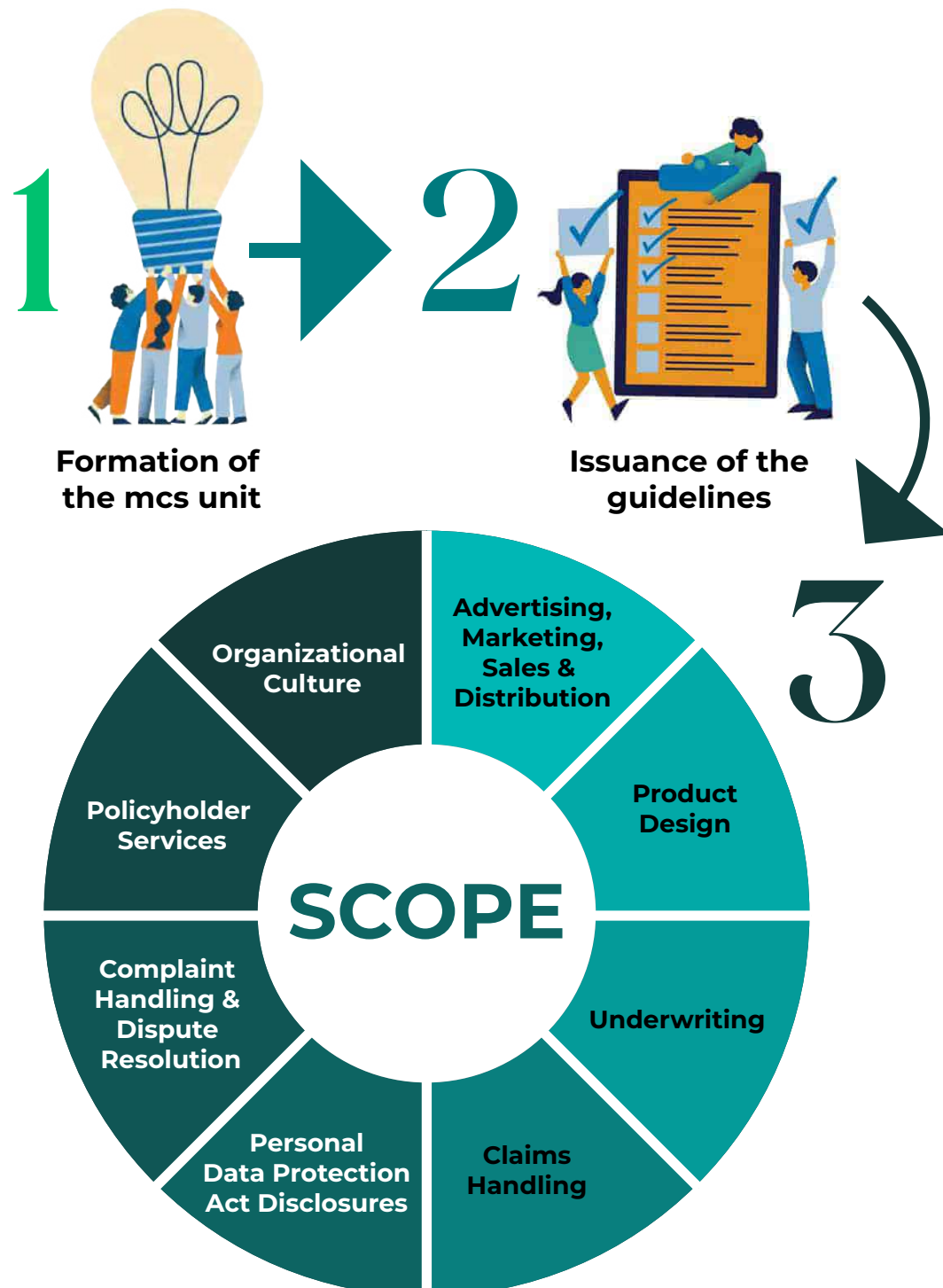
The Path Forward: Fair Treatment as a Priority

The IRCSL's commitment to policyholder protection is further reflected in the broad scope of areas covered by the MCS Unit, including:

- Organizational Culture: Embedding customer protection into the governance of insurance firms.
- Product Integrity: Ensuring products are designed to meet actual consumer needs and are advertised without being misleading.
- Claims and Complaints: Overseeing mechanisms to ensure they are fair, efficient, and timely.
- Data Privacy: Safeguarding personal information in line with modern data protection standards.

By operationalizing the MCS Unit, the IRCSL is not only regulating the market but also building a resilient insurance industry where the rights of every policyholder, to be informed, to be treated in good faith, and to seek redress, are fully protected. This proactive stance ensures that insurance remains a reliable pillar of financial security for all Sri Lankans.

Guidelines on Market Conduct of the Insurers, was issued on October 03, 2025.



The Role of the Insurance Industry in Combating ML/TF/PF in Sri Lanka

The insurance industry plays a critical role in safeguarding the integrity and stability of the financial system of Sri Lanka. While insurance products are primarily designed to provide risk protection and financial security, they can also be misused for money laundering (ML), terrorist financing (TF), and proliferation financing of weapons of mass destruction (PF) if adequate controls are not in place. In this context, the insurance sector's compliance with Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT) and countering the proliferation of weapons of mass destruction (CPF) requirements is not merely a regulatory obligation, but a national responsibility.

Importance of AML/CFT/CPF Compliance in the Insurance Sector

Sri Lanka has established a comprehensive AML/CFT/CPF legal and regulatory framework aligned with standards issued by Financial Action Task Force (FATF), including the Financial Transactions Reporting Act, No. 6 of 2006 (FTRA), the Prevention of Money Laundering Act, No. 5 of 2006 as amended (PMLA), Convention on the Suppression of Terrorist Financing Act, No. 25 of 2005 as amended (CSTFA) and the Insurers Customer Due Diligence Rules, No. 01 of 2019. These laws require institutions to conduct rigorous customer due diligence, verify client identity, monitor transactions, maintain comprehensive records, and report suspicious transactions to the Financial Intelligence Unit (FIU) of the Central Bank of Sri Lanka.

As insurance companies, insurance brokers and insurance agents are designated reporting institutions, they are required to implement effective risk-based AML/CFT/CPF controls.

Strong compliance frameworks help insurance institutions to:

- Prevent abuse of insurance products for illicit purposes;
- Protect their reputation and financial soundness;
- Enhance confidence among policyholders, investors, and international counterparts;
- Contribute to Sri Lanka's overall financial system resilience.

Failure to comply exposes institutions to regulatory sanctions, reputational damage, and potential systemic risk, particularly in a period where global scrutiny on AML/CFT/CPF effectiveness is intensifying.



Addressing Gaps Identified in the National Risk Assessments

Recent National Risk Assessments (NRAs) of Sri Lanka have identified specific ML/TF vulnerabilities relevant to the insurance sector. These include weaknesses in customer due diligence (CDD), inadequate understanding of beneficial ownership, uneven implementation of risk-based approaches, and limited oversight of intermediaries such as brokers and agents.

Regulatory expectations from the insurance industry include:

- Strengthening enterprise-wide ML/TF/PF risk assessments and aligning controls to identified risks;
- Enhancing ongoing due diligence, especially for higher-risk customers and products;
- Improving the quality and timeliness of suspicious transaction reporting (STRs)
- Maintaining accurate records of client identification and transaction histories for statutory periods
- Screening clients and transactions against United Nations Security Council Resolutions (UNSCRs) and domestic sanctions lists; and
- Demonstrating effective implementation, not just formal compliance.

Preparing for the Upcoming Mutual Evaluation

Sri Lanka's 3rd Mutual Evaluation planned to be held in 2026 will assess not only the technical compliance of laws and regulations, but also their effectiveness in practice. The insurance sector's performance will be closely examined under several FATF Immediate Outcomes, particularly those related to preventive measures, supervision, and risk understanding.

Insurance institutions are expected to:

- Demonstrate clear evidence of risk-based AML/CFT/CPF implementation;
- Show meaningful board and senior management involvement;
- Maintain proper documentation, audit trails, and management information systems; and
- Ensure that AML/CFT/CPF obligations are embedded into business operations.

The collective effectiveness of the insurance sector will significantly influence Sri Lanka's overall evaluation outcome.

Board and Senior Management Oversight

The board of directors and senior management bear ultimate responsibility for AML/CFT/CPF compliance. Their active involvement is essential to fostering a strong compliance culture.

Key expectations include:

- Approving and periodic reviewing of AML/CFT/CPF policies and risk appetite;
- Ensuring adequate resources, systems and trained personnel;
- Regular reviewing of compliance reports, audit findings and regulatory communications; and
- Holding management accountable for weaknesses and remedial actions.

Importance of Beneficial Ownership Transparency

Accurate identification and verification of beneficial owners is a cornerstone of an effective AML/CFT/CPF regime. Complex ownership structures can obscure the true controlling persons, increasing the risk of misuse of insurance products.

Insurance companies are expected to:

- Identify and verify beneficial owners at onboarding and on an ongoing basis;
- Apply enhanced due diligence for complex or high-risk structures; and
- Maintain up-to-date and reliable beneficial ownership information.

Failure in this area undermines both institutional controls and national efforts to combat financial crime.

Role of Insurance Brokers and Insurance Agents

Insurance brokers and insurance agents serve as the first point of contact with customers and play a vital role in AML/CFT/CPF compliance. Their actions directly influence the effectiveness of customer due diligence and risk identification.

Insurance companies and insurance brokering companies are required to:

- Ensure insurance agents are adequately trained on AML/CFT/CPF obligations;
- Monitor agent activities and compliance;
- Establish clear accountability and reporting mechanisms; and
- Take prompt action where deficiencies are identified.

Conclusion

The insurance industry is a key partner in Sri Lanka's national effort to combat money laundering, terrorist financing, and proliferation financing of weapons of mass destruction. By addressing NRA-identified gaps, strengthening governance and beneficial ownership controls and ensuring intermediary compliance the sector can significantly enhance its contribution to national and global AML/CFT/CPF objectives. Further, it would be advantageous in preparing effectively for the upcoming Mutual Evaluation.

A robust, well-governed and risk-aware insurance industry will not only meet regulatory expectations but also reinforce trust, integrity, and sustainability in Sri Lanka's financial system.





Embedding Sustainability in Insurance: A Strategic Imperative for a Resilient Future

Building a sustainable and resilient future is no longer optional, it is a strategic necessity for the global financial system. In the insurance sector, this evolution necessitates moving beyond traditional risk management toward a proactive, forward-looking approach that embeds social responsibility, environmental sustainability, and sound governance practices.

Recognizing this, the IRCSL has issued guidelines to help insurers embed sustainability into their operations. These frameworks align with the Sustainable Development Goals (SDGs), Environmental, Social, and Governance (ESG) principles, and Sustainable Finance initiatives, strengthening the sector's resilience while contributing to national and global sustainable development.

The Strategic Importance of Sustainability in Insurance

Integrating sustainability allows insurers to function not only as risk carriers but also as key enablers of economic stability and inclusive growth.

Alignment with the SDGs

Insurers can support global development priorities through product design and service delivery. For example:

- Microinsurance protects vulnerable populations from financial shocks, advancing SDG 1: No Poverty.
- Climate-related coverage, including flood and disaster insurance, strengthens SDG 13: Climate Action by enhancing resilience and recovery.

ESG Integration

Beyond financial performance, ESG integration captures non-financial risks and opportunities. This includes:

- Promoting diversity and inclusion in the workforce
- Strengthening governance and ethical practices
- Leveraging technology to encourage sustainable behaviour among policyholders Strong ESG practices build trust, transparency, and credibility for insurers.

Sustainable Finance

Sustainable finance ensures investments and insurance activities support a low-carbon, climate-resilient economy. Capital is directed toward renewable energy, green infrastructure, and climate-adaptive projects, while climate-related risks in investment portfolios are actively managed.

Cultivating an Emerging Risk Culture

Sustainability initiatives foster a culture that identifies, assesses, and prepares for evolving and uncertain risks, allowing insurers to respond effectively to emerging challenges.

Driving Innovation through Risk Awareness

A strong risk culture also sparks innovation, enabling insurers to design solutions for modern protection gaps:

- **Parametric Insurance** provides rapid payouts triggered by measurable events such as rainfall or wind speeds, supporting faster disaster recovery.
- **Green Insurance** offers coverage for renewable energy, electric vehicles, and energy-efficient infrastructure.
- **Inclusive Insurance** meets the needs of low-income households, MSMEs, and underserved communities, promoting financial inclusion and social protection.

By embedding sustainability, ESG principles, and emerging risk management into core strategies, insurers evolve from passive risk-bearers to active partners in sustainable development. This transformation strengthens long-term industry stability, enhances competitiveness, and ensures insurance contributes positively to economic resilience, environmental protection, and social well-being, for today and future generations.

Collective Insights for Insurance Resilience

As the regulator of the insurance industry in Sri Lanka, the IRCSL recognizes that the future strength and sustainability of the insurance sector depend on collective effort, shared knowledge, and active stakeholder engagement. In an environment shaped by evolving risks, technological change, and increasing consumer

expectations, collaboration across the industry has never been more important.

This E-Newsletter, "A Collective Voice for a Resilient Insurance Sector," is introduced as a platform to bring together regulators, insurers, brokers, and industry professionals, Academics and undergraduates to share insights, experiences, and initiatives that contribute to a more inclusive, informed, and resilient insurance ecosystem.

As we move forward, IRCSL remains committed to working closely with all stakeholders to strengthen public confidence, enhance insurance awareness, and support sustainable sector development.

Together, through collaboration and collective intelligence, we can build a resilient insurance industry that serves the needs of society today and in the years ahead.

Disclaimer: The opinions expressed in the articles are the opinions of the Author.

Article 01

Future-Proofing Education: Training the Next Generation of Actuaries for Artificial Intelligence (AI) and Big Data Challenges in Sri Lanka

Sri Lanka accepts the digital revolution in its financial services sector, and actuarial science remains at the center of long-term growth and protection. The actuarial field, long renowned for its precision in measuring financial risk, is now rapidly evolving to address new challenges brought about by Artificial Intelligence (AI) and Machine Learning (ML). The current challenge lies in future-proofing actuarial education to ensure that Sri Lankan graduates are prepared to meet evolving industry demands. Meeting this challenge calls for a proactive update of university curricula, deeper collaboration between academia and industry, and the cultivation of a new generation of actuaries who combine technical expertise with technological fluency.

Actuaries play an important role in the insurance industry, helping companies manage uncertainty by developing mathematical models to assess risk, price products, and calculate reserves. However, the volume, velocity, and diversity of modern data necessitate a novel approach. Therefore, actuaries are expected to:

- Analyze real-time sensor and behavioral data to gain deeper insight.
- Integrate external factors such as weather conditions and societal trends.
- Employ predictive algorithms to accurately forecast claim frequency and severity.
- Facilitate the development of dynamic, usage-based insurance products.

The modern actuary must be a multifaceted professional combining strong mathematical expertise, programming skills, and strategic insight into consumer needs and regulatory environments. In Sri Lanka, where the insurance industry is rapidly embracing digital transformation, actuaries equipped with these capabilities are at the forefront of creating innovative products, expanding coverage access, and strengthening policyholder protection.

Several state universities in Sri Lanka offer degree programs in actuarial science, statistics, and financial mathematics. However, to align with global standards and address emerging local demands, these programs must now undergo deliberate modernization.

Key areas for curricular enhancement may include:

1. Integration of Artificial Intelligence (AI) and Machine Learning (ML) Applications

Actuarial students must gain practical experience with AI and ML to stay relevant and support innovation in areas like fraud detection, policy lapse prediction, customer segmentation, and automated claims processing.

2. Data Science Tools and Programming Languages

Proficiency in tools such as Python, R, and SQL alongside familiarity with cloud-based platforms like AWS and Microsoft Azure is no longer optional for actuarial professionals; it is essential.

3. Insurance Analytics through Real-World Case Studies

Incorporating case studies from key sectors; life, auto, health, and crop insurance allows students to bridge the gap between theory and practice. These help learners understand how actuarial models are applied in real-world scenarios.

4. Ethical and Regulatory Considerations

Actuarial education must emphasize compliance with data protection laws like the General Data Protection Regulation (GDPR), responsible AI principles, and regulatory frameworks that promote transparency, fairness, and public trust in insurance products.

5. Soft Skills for the Future Workplace

Actuaries must also cultivate soft skills such as clear communication, data storytelling, critical thinking, and problem framing. These abilities enable them to effectively convey complex analyses to non-technical stakeholders, influence policy decisions, and contribute meaningfully to cross-functional teams.

6. A Collaborative Path Forward

Successfully modernizing the actuarial curriculum requires close collaboration between universities, professional actuarial bodies, industry leaders, and regulatory institutions such as the IRCSL. This collective effort will ensure that Sri Lankan graduates are well-prepared to thrive in a rapidly evolving global insurance landscape.

Bridging the gap between academia and industry is one of the most effective strategies for addressing the actuarial talent shortage. In Sri Lanka, where the actuarial profession is still emerging compared to global standards, well-designed collaborative efforts can significantly accelerate progress. Proposed initiatives include:

- **Industry-led internship programs:** Short-term placements at insurance and reinsurance companies allow students to apply theoretical knowledge in real-world settings, gaining invaluable practical experience.
- **Guest lectures and joint workshops:** Professionals from leading firms can share practical insights and emerging industry trends with students in the universities.

- **Research partnerships on emerging risks:** Universities and insurers can collaborate on research into critical areas such as climate risk modelling, healthcare system resilience, and catastrophe insurance.

These collaborative efforts not only enhance student learning but also help industry stakeholders identify and nurture high-potential future talent.

In Sri Lanka, data-savvy actuaries can contribute significantly by:

- Designing micro insurance products tailored to the needs of rural populations and informal sector workers.
- Automating claims processing to reduce turnaround times and enhance customer satisfaction.
- Developing usage-based insurance models that promote fair and equitable pricing.
- Supporting digital insurance literacy initiatives that help the public understand complex policy terms, coverage options, and their rights as claimants.

By combining technological innovation with a people-centered approach, the next generation of actuaries has the potential to build greater trust in insurance communities.

Shaping this future requires a collective effort. Universities must urgently modernize curricula. Insurance companies should invest in talent development and innovation. Regulators must champion ethical, forward-looking actuarial practices that embrace technology. And students must be inspired to view actuarial science not just as a career path, but as a powerful platform for creating meaningful impact in people's lives. Future-proofing actuarial education is a national imperative, especially as Sri Lanka's insurance industry navigates a landscape of emerging challenges and opportunities. By integrating data science, ethical AI, and cross-sector collaboration into academic and professional pathways, a new generation of actuaries can be prepared actuaries, who are not only technically

skilled but also adaptable, inclusive, and ready for the future. This is about more than building careers it's about safeguarding communities, protecting livelihoods, and fostering a stronger, more transparent insurance ecosystem for all Sri Lankans.

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Article 02

Move Beyond Pooling of Risk Towards the Peace of Mind of the Nation Through Insurance and Microinsurance

Nowadays, it is widely acknowledged that insurance is a tool that reduces losses arising from natural and man-made calamities affecting our lives and property. Economists and policymakers anticipate that insurance systems will play an increasingly important role beyond traditional risk management. Over the past several decades, Sri Lanka has faced diverse challenges and unexpected circumstances, leaving its economy and society in a fragile state. Exploring how insurance mechanisms can support the nation's new journey at this crucial juncture may open up new avenues for growth.

What Can Insurance Really Do?

With the emergence of advanced technologies, the insurance sector has penetrated almost every sphere of human existence and has become integrated into the daily lives of people worldwide. The global insurance industry is a key economic pillar that supports both domestic and international trade. In 2023, the global insurance industry wrote USD 7.163 trillion in direct premiums, according to available statistics.

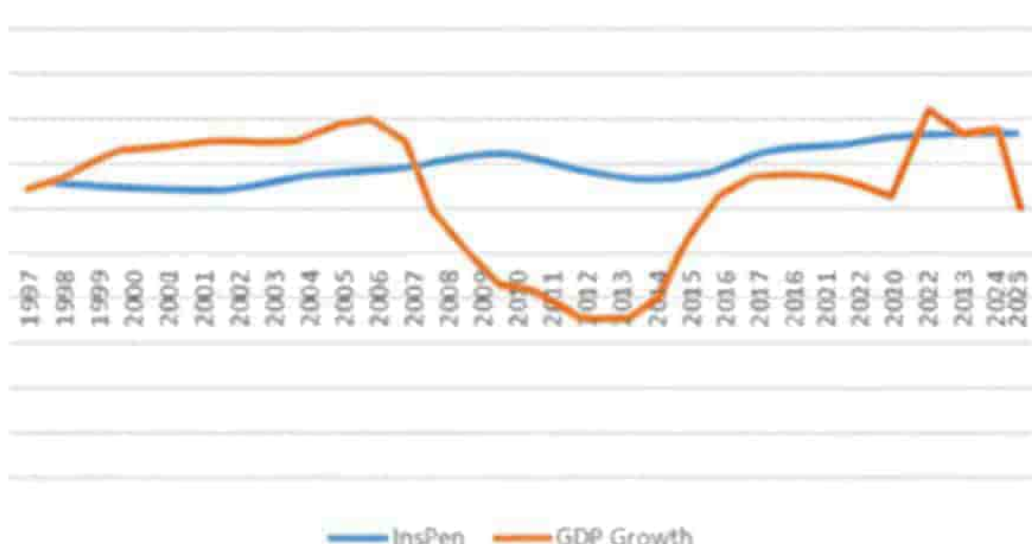
In light of these developments, insurance is increasingly viewed as a crucial instrument in the fight against poverty from a macroeconomic perspective. Insurance has both direct and indirect effects on poverty reduction. Primarily, it serves as a safety net by absorbing shocks arising from illness, death, accidents, or natural disasters, which otherwise have severe and unexpected impacts on people's lives, health, crops, and assets. This protection can prevent impoverished families from falling into extreme poverty following a catastrophe, as they may otherwise be forced to liquidate assets, obtain high-interest loans, or withdraw children from school. This is evident in countries such as Bangladesh and India, where the introduction of microfinance mechanisms has expanded access to credit and increased borrowers' confidence through insurance coverage.

Sri Lanka's Insurance Journey and Challenges

Insurance Penetration Vs. GDP Growth (Bar Chart)



Insurer vs. GDP Growth (Line Chart)



In Sri Lanka, insurance was initially introduced to protect export commodities such as tea, coconuts, rubber, and spices. At present, the market's gross written premiums in 2024 have increased by 16.2% compared to the previous year. Insurance penetration, measured as gross written premiums relative to a country's GDP, and insurance density, measured using GDP per capita, are commonly used to assess the true impact of insurance sector growth on the economy and on people's quality of life.

An examination of the relationship between personal income growth and insurance penetration in Sri Lanka from 1997 to 2024 indicates no clear correlation between the trajectories of these two variables. GDP per capita growth has fluctuated considerably over time, while insurance penetration has remained relatively stable, even during periods of declining income growth. These outcomes raise important questions. Does the national insurance sector meaningfully contribute to sustaining individual incomes and reducing poverty? In 2025, the insurance sector generated approximately USD 1.2 billion, representing about 1-2% of GDP; by comparison, total assets of the financial sector amounted to nearly 141% of GDP.

Currently, the country is working towards Agenda 2030. The government's earlier policy framework, "A Thriving Nation, a Beautiful Life," has been superseded by a strategic framework aimed at achieving the Sustainable Development Goals (SDGs) by 2030. Progress assessments indicate that, among the 17 SDGs, Sri Lanka is yet to fully achieve SDG 8, which calls for full and productive employment, decent work for all, and sustained, inclusive, and sustainable economic growth.

Microinsurance and Success Stories to Learn From

In the Microinsurance Compendium, renowned academics and practitioners Craig Churchill and Michel Matul explore the underlying philosophy of microinsurance. Designed with affordable premiums, simple products, and flexible payment options, microinsurance aims to protect low-income households, many of whom reside in developing countries, against specific risks. Although microinsurance follows a distinct ideological approach, its goals align closely with those of mainstream insurance in supporting national development. In many developing countries, microinsurance has been successfully implemented to combat poverty and empower grassroots communities.

According to the Microinsurance Network, more than 334 million individuals are currently insured through various microinsurance products across 37 countries. These products generate approximately USD 6.2 billion in written premiums, while the total sum insured is estimated at around USD 11,237 billion.

Our Neighbour India: Capitalising on the Opportunity

India recognised the importance of microinsurance decades ago. In 2005, the Insurance Regulatory and Development Authority of India (IRDAI) mandated that insurers obtain at least 7% of their net premiums from the rural and informal sectors under microinsurance regulations. During this period, overall life insurance penetration remained between 2.7% and 2.8%, partly due to spillover effects from microinsurance initiatives. Insurance penetration improved as coverage expanded among previously uninsured and low-income populations. Insurance density also increased from USD 41 in 2008 to USD 55 in 2009.

Microinsurance has contributed to improving insurance literacy, trust, and awareness at the grassroots level by introducing savings, risk-sharing, and claims mechanisms to previously financially excluded populations. Furthermore, distribution platforms have been designed to support both standard life and non-life insurance products alongside microinsurance, incorporating inclusion-focused strategies and digital integration for insurance sales forces.



Are We Not Competent?

To assess the feasibility of establishing a robust microinsurance system in Sri Lanka, it is essential to examine several enabling indicators. In India, literacy played a critical role, as individuals needed sufficient awareness to understand the system, collaborate effectively, and engage actively for long-term benefits. Sri Lanka’s general and digital literacy levels are considerably higher than those of India and many other developing countries. According to available statistics, Sri Lanka’s adult and youth literacy rates stand at approximately 99%, while digital literacy is around 64%, placing the country ahead of many peers.

According to the Human Development Index, Sri Lanka ranks 89th globally, indicating that its population is relatively well equipped to understand and participate in such systems. Additionally, the Financial Access Survey reports that in 2024, Sri Lanka had approximately 19.2 ATMs per 100,000 adults and 17.27 commercial bank branches per 100,000 adults, figures that compare favourably with regional counterparts.

Sri Lankans are therefore well-positioned to absorb such mechanisms, given their strong educational background and literacy levels, which can positively influence attitudes toward participation and cooperation. Although Sri Lanka’s microinsurance initiatives date back to the 1990s, they still represent only a small segment of the


overall insurance industry. Early efforts were largely driven by NGOs and microfinance institutions offering innovative products, yet formal acceptance remains limited. To date, the insurance regulator has not introduced comprehensive, dedicated microinsurance regulations.

We Need to Act Quickly for a Better Future

According to the 2024 Landscape of Microinsurance study, only three out of ten insurance companies in Sri Lanka have actively responded to microinsurance initiatives. In contrast, 24 companies in Bangladesh and 16 in India have fully embraced these tools to empower their citizens and strengthen national resilience. With insurance penetration still hovering around 2%, a critical question emerges: why does the Sri Lankan insurance sector not allocate even a small portion of its operations to microinsurance, instead of repeatedly serving the same customer segments year after year?

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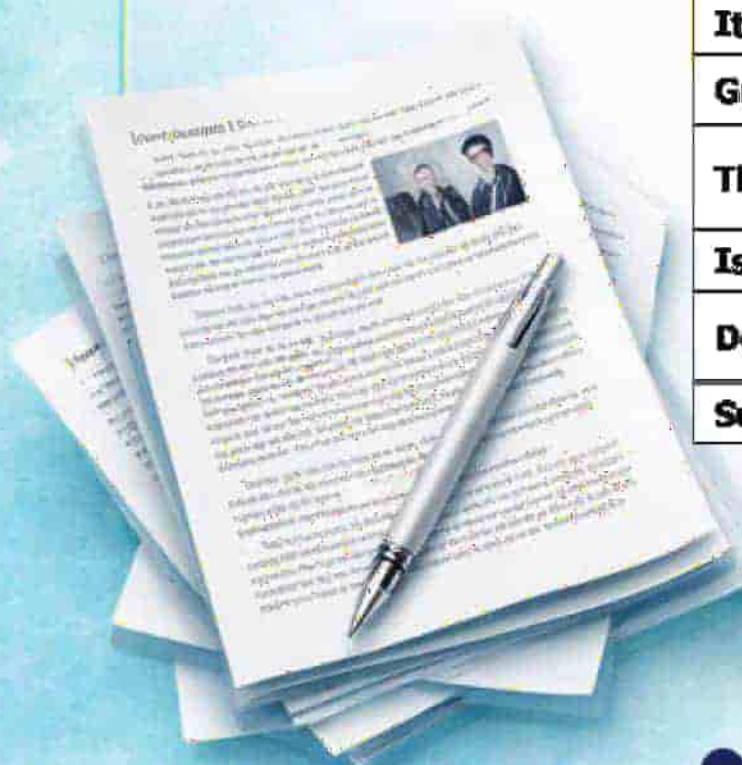
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