

Press Release

A New Horizon: Shaping the Future of Sri Lanka's Insurance Industry

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On its 25th anniversary, the Insurance Regulatory Commission of Sri Lanka (IRCSL) considers its historic history of bolstering and overseeing the country's insurance industry. IRCSL has been instrumental in maintaining a stable, reliable, and resilient insurance sector that safeguards policyholders' interests and promotes national growth for the past 25 years.

In addition to commemorating this significant achievement, the Commission is firmly committed to tackling upcoming obstacles and seizing fresh chances to further develop the sector for the good of all Sri Lankans.

These days, the insurance industry is more than just a financial service; it is a catalyst for social resilience, economic stability, and national progress. We have started a comprehensive transformation strategy that will take place over the next ten years, from 2030 to 2035, in order to fulfill this potential. In order to double the size of the insurance market and increase insurance penetration from the present 1.2% to 3% by 2035, this project aims to transcend conventional boundaries by utilizing digitization, regulatory clarity, and industry collaboration.

There is more to this change than just regulations. It represents our dedication to each and every policyholder in Sri Lanka as well as our goal for a future insurance industry that is safer, more open, and more effective.

The Strategic Vision: A Seven-Pillar Approach

The introduction of our "Insurance Vision 2030 & 2035" is a significant step in the direction of a more targeted and forward-thinking strategy for the insurance industry. The strategy, which is practical and action-oriented, is based on seven major pillars and aims to encourage sustainable growth, enhance public trust, and address industrial difficulties.

In close coordination with industry stakeholders, this vision will be transformed into a clear and workable path over the course of the next three to six months. By 2030 and 2035, we hope to increase insurance penetration, boost confidence in the insurance industry, and help create a more robust Sri Lankan economy.

1. **Coverage & Product Innovation:** Standardized, "one-size-fits-all" items must go. Our objective is to push the sector to create cutting-edge policies that address the changing demands of contemporary Sri Lankans, from sophisticated coverage for developing tech firms to micro insurance for the underprivileged.
2. **Distribution & Digital Onboarding:** The way we use services has been completely transformed by technology. Insurance needs to do the same. In order to guarantee that coverage is available to all citizens, wherever they may be, we are simplifying the sales and administration of insurance.

3. **Tax & Regulatory Clarity:** Clear regulations are necessary for an effective market. We lessen the burden of compliance for insurers while maintaining customer safety by streamlining our regulatory system.
4. **Capital, Solvency & Investment:** A strong capital basis is necessary for a robust insurance industry. Even in times of national hardship, we are making sure that businesses stay solvent and able to fulfill their long-term obligations to policyholders.
5. **Data, Conduct & Consumer Trust:** Our industry's currency is trust. We guarantee that each consumer is handled properly and that their data is protected by centralizing data and enforcing stringent conduct rules.
6. **Talent and Employment:** One of the main priorities is upskilling industrial talent. Our dedication to developing knowledge guarantees personnel that is not only well qualified but also enthusiastic about closing the protection gap and making sure that everyone is aware of the advantages of insurance.
7. **Governance, Sustainability & Financial Literacy:** Without execution, a strategy is useless. This pillar guarantees the implementation of our plans with robust governance and the long-term sustainability of the industry's growth. Additionally, it places a strong emphasis on developing financial literacy, enabling people to make wise financial decisions and get a deeper understanding of insurance products and their advantages.

Digitizing the Experience: The National Motor Insurance Verification System

The National Motor Insurance Verification System is one of the biggest projects in our digital transformation program.

Physical insurance cards have been a real challenge for authorities and policyholders for many years. Roadside inspections and insurance claim procedures are frequently delayed by cards that are misplaced, damaged, or abused. By offering a more safe, effective, and dependable means of insurance verification, the new system seeks to modernize and streamline this procedure.

Advantages of the Digital Transition:

- Real-time insurance verification, which enables policyholders and law enforcement officials to quickly authenticate insurance details, is one of the main benefits of the digital shift.
- With the advent of the Digital Motor Insurance Card, citizens are no longer need to carry physical documentation because verification can now be obtained via the USSD service *1338#, the Insurance Verification Center, or SMS to 1338.
- Additionally, the effort increases the effectiveness of law enforcement. Authorities are now better able to guarantee compliance promptly and precisely thanks to strong cooperation with the Sri Lanka Police, which is backed by the Inspector General of Police and top officers. This would promote greater adherence to mandated car insurance regulations while streamlining roadside operations.

A key component of our efforts to bring the insurance industry into line with the government's vision for a contemporary, digital economy is this program. It demonstrates how technology and safety may work together to better serve the public.

Strengthening the Core: Centralized Insurance Data Repository

Any developed financial market is built on trustworthy data. In the past, it was challenging to evaluate risk thoroughly due to the fragmented nature of insurance data. We have introduced the Centralized Insurance

Data Repository, which is completely integrated with the Credit Information Bureau (CRIB), in order to close this gap.

The advantages here are profound:

- **Risk Management:** Better, data-driven decisions can now be made by insurers, which helps keep premiums stable and keeps the industry from becoming overly indebted.
- **Transparency:** A single source of truth is offered via a central repository. This stops fraud and guarantees that the same, correct information is used by all parties involved, including insurers and regulators.
- **Seamless Integration:** A more comprehensive approach to credit and insurance risk is made possible by the integration with CRIB, which eventually improves the stability of the country's economy as a whole.

Regulatory Clarity: The Master Circular & Premium Payment Warranty

Through important measures like the adoption of the Master Circular and the strengthening of Premium Payment Warranty (PPW) laws, the IRCSL continues to improve regulatory clarity and transparency within the insurance industry.

The Master Circular, which is now accessible on the official IRCSL website, compiles all pertinent bylaws into a single, complete document. Through this program, industry experts can more effectively access regulatory requirements, allowing them to concentrate more on operational effectiveness and customer service.

To guarantee more uniformity and openness in financial contracts between insurers and policyholders, the Commission is also fortifying the framework pertaining to Premium Payment Warranty (PPW) laws. In addition to encouraging investment and boosting Sri Lanka's insurance industry's competitiveness internationally, clear and predictable regulatory requirements also serve to foster confidence within the sector.

Cultivating a Knowledge Ecosystem: The IRCSL E-Newsletter

People and ideas are more important to the insurance industry's growth than regulations and software. The IRCSL E-Newsletter, which is intended to be more than merely a recurring update, has been formally established. It serves as a venue for the insurance industry as a whole to exchange expertise.

The Insurance Association of Sri Lanka (IASL), the Sri Lanka Insurance Brokers Association (SLIBA), the Sri Lanka Insurance Institute (SLII), and the Actuarial Association of Sri Lanka (AASL) are working together on this project. We are promoting a culture of ongoing learning by bringing together the viewpoints of regulators, business professionals, and academics.

The newsletter will serve as a hub for:

- **Regulatory Insights:** Explaining new policies and their impact.
- **Industry Expertise:** Showcasing best practices from leaders in the field.
- **Academic Research:** Highlighting studies that help us understand the future of risk and protection.

We think that by exchanging knowledge, we increase the industry's overall capacity. A greater level of service for the policyholder is the outcome when our specialists are knowledgeable.

A Call to Collaboration

The fact that no one organization can change the insurance sector on its own is the foundation for these projects' success. The government's acknowledgement of the significance of this sector is demonstrated by the attendance of Hon. Minister of Public Security and Parliamentary Affairs Ananda Wijepala at our launch event. This objective is propelled forward by the assistance of the Credit Information Bureau, the Sri Lanka Police, and all of our industry partners.

Although our goal of doubling the insurance market's size is a formidable obstacle, we are well-prepared to overcome it. We are heading toward a time when insurance is seen as a vital component of financial security rather than as a luxury or a burdensome requirement.

The IRCSL is still committed to three fundamental values as we move to 2030 and 2035: efficiency, accessibility, and transparency. We extend an invitation to all relevant parties, including politicians, insurance firms, brokers, and, above all, Sri Lankan residents, to accompany us on this trip.

The way ahead is obvious. We are creating a safeguarded country for a better future, not merely regulating a business. Together, we will make sure that our insurance industry is as resilient as our people when the unexpected occurs.

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