

# Registration Guide for Insurance Brokering Companies

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## 1. Introduction

An insurance broker is a person registered under the provisions of the Regulation of Insurance Industry Act, No. 43 of 2000 (as amended) ('RII Act') who functions as an intermediary for the placing of insurance business for or on behalf of an insurer or policyholder or a proposer for insurance or reinsurance, with an insurer or reinsurer, in expectation of a payment by way of brokerage or commission.

Any person intending to carry out insurance brokering business in Sri Lanka must be registered under the RII Act. Registration may be obtained for:

- I. General Insurance Brokering Business; and/or
- II. Long Term Insurance Brokering Business

In addition, the applicant must become a member of an Association of Insurance Brokers recognized by the Insurance Regulatory Commission of Sri Lanka (IRCSL).

The applicant must be a company incorporated under the Companies Act No.07 of 2007 of Sri Lanka (as amended), solely for the purpose of carrying out insurance brokering business, and not for any other purposes.

## 2. Requirements to be Registered as an Insurance Broker

### 2.1 Qualifications for Registration

In accordance with **Section 80** of the RII Act and relevant regulations, the following criteria must be met:

**i. Legal Incorporation:**

The applicant must be a company registered under the Companies Act of Sri Lanka No. 07 of 2007 (as amended).

**ii. Minimum Stated Capital:**

Rule 5 of Gazette Extraordinary No. 2401/12 dated 09<sup>th</sup> September 2024 (<https://ircsl.gov.lk/wp-content/uploads/2024/11/Rules-on-Additional-Requirements-for-Registration-of-Insurance-Brokers-and-further-Amendments-to-Gazette-Extraordinary.pdf>) sets out the minimum Stated Capital requirement as follows;

- a) If the company intends to carry out reinsurance brokering business - Not less than Rs. 10 million.
- b) If the company does not intend to carry out reinsurance brokering business - Not less than Rs. 5 million.

**iii. Net Capital**

- a) If the company intends to carry out reinsurance brokering business - Rs. 10 million.
- b) If the company does not intend to carry out reinsurance brokering business - Rs. 5 million.

**iv. Board of Directors:**

The company should have in its directorate or in its employment, persons with qualifications and experience in insurance business, acceptable to the IRCSL, as specified in Rule 03 of Gazette Extraordinary No. 1642/16 dated 25<sup>th</sup> February 2010 ([https://ircsl.gov.lk/wp-content/uploads/2019/01/Rules\\_2010.pdf](https://ircsl.gov.lk/wp-content/uploads/2019/01/Rules_2010.pdf)).

**v. Registration Fees:**

- a) If the company is only carrying out direct insurance brokering business, Rs. 400,000 (plus applicable taxes) for each class of insurance brokering business (general or long-term);
- b) If the company is carrying out reinsurance brokering business, Rs. 500,000 (plus applicable taxes) for each class of insurance brokering business (general or long-term) (Ref: Rule 6 of Gazette No. 2401/12 dated 09<sup>th</sup> September 2024, as amended - <https://ircsl.gov.lk/wp-content/uploads/2024/11/Rules-on-Additional-Requirements-for-Registration-of-Insurance-Brokers-and-further-Amendments-to-Gazette-Extraordinary.pdf>)

**vi. Professional Indemnity Insurance Policies:**

- a) If the company is only carrying out direct insurance brokering, policies for a value of Rs. 3 million from two or more insurers.

b) If the company is carrying out reinsurance brokering policies for a value of Rs. 6 million from two or more insurers.

(Ref: Determination 7 - <https://ircsl.gov.lk/insurance-legislation/determinations/>)

**vii. Other additional requirements set out in IRCSL Rules**

a) Rule 3 of Gazette No. 2401/12 dated 09<sup>th</sup> September 2024 (amended by the Commission on 11.04.2025)

If the company wishes to carry out reinsurance brokering business, it shall have employed at least one person;

- having the qualification of Associate of the Chartered Insurance Institute (ACII) or Associate of the Insurance Institute of India (AIII) or equivalent qualification acceptable to the Commission with minimum 5 years post qualifying experience in insurance at an insurance company or insurance brokering company with at least 3 years' experience in a re-insurance department;

OR

- 10 years' experience in reinsurance, of which, at least 2 years in the managerial level.

b) Rule 4 of Gazette No. 2401/12 dated 09<sup>th</sup> September 2024

If the company is carrying out both direct insurance brokering business and re-insurance brokering businesses, there should be segregation of operations where two dedicated persons separately handle the businesses.

- The person dedicated to direct insurance business, should possess a minimum of 5 years' managerial level experience in an insurance company or an insurance brokering company; and
- The person dedicated to re-insurance business shall have the qualifications stipulated in Rule 3.

Gazette No. 2401/12 dated 09<sup>th</sup> September 2024 (<https://ircsl.gov.lk/wp-content/uploads/2024/11/Rules-on-Additional-Requirements-for-Registration-of-Insurance-Brokers-and-further-Amendments-to-Gazette-Extraordinary.pdf>)

## 2.2 Disqualifications for Registration

A broker shall be disqualified from registration or renewal of registration based on any one or more of the following:

- i. The broker has been found or declared to be an undischarged bankrupt or insolvent under the law in force.
- ii. The broker has failed to comply with, or has acted in contravention of, any direction issued by the Board under the Act.
- iii. The broker has ceased to be of good financial standing.
- iv. A director or the Principal Officer of the broker becomes a director, shareholder, or employee of an insurer.

- v. A director or the Chief Executive Officer of an associate, subsidiary, or holding company of the broker becomes a director, shareholder, or employee of an insurer.
- vi. The broker becomes a shareholder of any insurer.
- vii. The broker has contravened any provision of the Act, or any regulation, rule, or condition imposed by the Board under the Act.
- viii. The broker has been found guilty of an offence under the Act or has been warned or cautioned in writing by the Board on three or more separate occasions.
- ix. The broker has furnished false, misleading, or inaccurate information, or has concealed or failed to disclose material facts, in any application for registration or renewal, or in any statement or document submitted to the Board. (Section 84 of the RII Act)

### **2.3 Qualifications/Requirements for the Principal Officer of the Insurance Brokering Company**

The company must appoint a Principal Officer who is approved by the Commission in accordance with:

- i. **Section 94 of the RII Act**, which requires "*every insurer and broker must maintain a principal office and, with the Commission's approval, appoint a Principal Officer who meets the Commission's qualification requirements and is responsible for the overall control, direction, and supervision of the company's business activities.*" (section 94(1));
- ii. **Rule 8(2) of Gazette No. 1979/34 dated 11<sup>th</sup> August 2016**, which outlines the requirements for the appointment of a Principal Officer. Accordingly, a person to be appointed as the Principal Officer of an insurance broker shall be;
  - a) an Associate or Fellow of the Chartered Insurance Institute or have an equivalent qualification acceptable to the Commission and have not less than five years relevant experience in an insurance company or insurance brokering company at an executive level; **or**
  - b) have not less than **fifteen years of relevant experience** in an insurance company or an insurance brokering company of which not less than **ten years is at an executive level and not less than five years at managerial level**; **or**
  - c) have **not less than ten years** of relevant experience in an insurance company or in an insurance brokering company at **managerial level**.

[https://ircsl.gov.lk/wp-content/uploads/2019/01/1979-34\\_E-1.pdf](https://ircsl.gov.lk/wp-content/uploads/2019/01/1979-34_E-1.pdf)
- iii. **Direction No. 01 of 2026 dated 12<sup>th</sup> January 2026**, which requires the,
  - a) Principal Officer of an insurance broker should be the person holding the highest executive position of the company who is responsible for the general control, direction and supervision of the business activities of the company.

- b) The Principal Officer shall report directly to the Board of Directors and shall ensure that all communications with the IRCSL are brought to the attention of the Board at the earliest opportunity.
- c) The Principal Officer shall not engage in any other full-time or part-time employment, consultancy, or professional engagement.
- d) The Principal Officer shall be physically present in Sri Lanka and available to attend to official matters.
- e) In the event of a vacancy in the position of Principal Officer, the company shall promptly appoint a suitable person, or an acting Principal Officer if necessary, subject to the approval of the IRCSL, to ensure continuity of responsibility.

(Ref: <https://ircsl.gov.lk/wp-content/uploads/2026/01/Direction-1-of-2026.pdf> )

## **2.4 Additional Requirements**

The applicant must also fulfill any other requirements as may be laid down by the Insurance Regulatory Commission of Sri Lanka.

### 3. Registration Procedure

#### Step 1: Obtaining the Name Approval and Incorporating the Company

- i. A proposal must be submitted to the Commission with respect to the proposed insurance brokering company, including:
  - a) Information on ownership, Board of Directors, Principal Officer, stated capital, registered address, proposed class/es of insurance wherein the company is planning to provide brokering business, auditors, lawyers, company secretary.
  - b) The proposed company is required to submit a three-year business plan including, a financial forecast specifying the premium and brokerage income for each class of business separately.
  - c) The business plan must include:
    - A clear description of the services that the proposed company intends to provide.
    - Detailed market strategies and business initiatives.
    - A plan of how the proposed market strategies and business initiatives will support and achieve the targeted financial projections submitted to the Insurance Regulatory Commission of Sri Lanka (IRCSL).
  - d) Additional supporting information or documents may be requested by the IRCSL to assess the suitability of the company to carry out insurance brokering business.
- ii. If the Commission is satisfied with the information submitted by the proposed company, a letter will be issued to the Registrar of Companies, conveying that the IRCSL has no objection in the proposed company using the word "Insurance" in its company name. The proposed company then, can incorporate itself as a private company in the Registrar of Companies.

#### Step 2: Application for Registration

- i. An application for registration as an insurance brokering company has to be submitted to the IRCSL within three months of the IRCSL letter granting approval for its name. If the proposed company fails to submit an application for registration within three months upon incorporating itself, then, the no objection letter issued by the IRCSL for the name of the company becomes null and void.
- ii. Application for Registration as an Insurance Broker
  - a) The application form can be downloaded from the Commission website under **Licensing → Licensing Guide → Insurance Brokers Guide → Forms**.
  - b) All documents listed under the 'Note' section of the application form must be submitted. All fields must be completed, and 'Not Applicable' should be stated where relevant.
  - c) Copies of annexed documents must be certified by the Company Secretary unless otherwise specified.
  - d) Failure to submit required information and documents may delay processing.

### **Step 3: Granting of Registration**

- i. Upon successful registration, the Commission issues a Certificate of Registration valid for a period of one year which may be renewed annually. Separate certificates are issued for long-term and general insurance brokering businesses. Certificates are non-transferable and cannot be used for the benefit of a third party.
- ii. Section 94A requires all insurance brokers to promptly notify the Commission of any alterations or changes that takes place to the information provided in the registration application, by providing a fully authenticated statement of such alteration or change.
- iii. The Commission may amend or impose new conditions on registration, at any time.
- iv. The same rules apply for reinsurance brokering business as well.

## 4. Renewal of Registration

- i. The Certificate of Registration is valid only for one year, hence it has to be renewed if a company continues its business for a further period.
- ii. Requirements for Renewal
  - a) Maintain a stated capital of not less than Rs. 5 million (Rs. 10 million for reinsurance brokering business)
  - b) Maintain a minimum net capital of Rs. 4 million (Rs. 10 million for reinsurance brokering business).
  - c) Renewal fee is 0.5% of total gross commission income for the preceding four quarters or Rs. 150,000, whichever is higher (Ref: IRCSL Determination No.9).
  - d) Professional indemnity policies of Rs. 20 million from two or more insurers (Rs. 50 million for reinsurance brokering business) (Ref: IRCSL Determination No.8).
  - e) Insurance brokers must maintain at least 50% of net capital in assets specified by IRCSL.
- iii. Application for Renewal
  - a) Applications must be submitted no more than three months and no less than two months prior to expiry of the registration.
  - b) The renewal application form is available on the IRCSL website under Licensing → Licensing Guide → Insurance Brokers Guide → Forms.
  - c) All documents listed under the 'Note' section must be submitted. All fields must be completed, and 'Not Applicable' should be stated where relevant.
  - d) Copies of annexed documents must be certified by the Company Secretary unless otherwise specified.
  - e) Failure to submit required information and documents may delay processing.
- iv. Issuance of Renewal of Registration  
Upon renewal, the Commission issues a Renewal Letter valid for one year, for the class/es of insurance brokering business for which the company has requested renewal of registration. The same rules apply for reinsurance brokering business.

For any inquiries, please send an email to [mils@ircsl.gov.lk](mailto:mils@ircsl.gov.lk).