

Public Consultation

Fostering Innovation and Trust: Life Insurance Sector Review and Enhancement of Life Insurance Product Portfolio

Consultation Responses

Market Development & External Relations Division



INSURANCE REGULATORY
COMMISSION OF
SRI LANKA

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1. Introduction

- 1.1 The Insurance Regulatory Commission of Sri Lanka (IRCSL) conducted a public consultation to obtain stakeholder feedback on proposals to enhance life insurance product portfolios, claims management practices, and distribution channels in Sri Lanka. This initiative forms part of IRCSL's ongoing efforts to strengthen the life insurance sector and ensure that it remains consumer-centric, resilient, and aligned with evolving market dynamics.
- 1.2 The consultation was timely in view of the proposed amendments to the Regulation of Insurance Industry Act No. 43 of 2000 (RII Act), which aim to modernize the statutory framework in response to increasing market complexity, changing consumer expectations, digital advancements, and emerging international regulatory standards.
- 1.3 The primary objective of the consultation was to support the development of a life insurance sector that is inclusive, efficient, innovative, and responsive to consumer needs. Specifically, the consultation sought views on product adequacy, market gaps, financial inclusion, consumer protection, claims handling practices, distribution effectiveness, and potential regulatory enhancements to strengthen the life insurance framework in Sri Lanka.
- 1.4 The consultation process and the full questionnaire are available on the IRCSL website at <https://ircsl.gov.lk/public-consultations/>
- 1.5 The suggestions and feedback received through this consultation are being considered on a statutory basis in line with the IRCSL's mandate. The IRCSL is satisfied that the proposed requirements have been developed taking into account the nature, scale, and complexity of the feedback provided by stakeholders.
- 1.6 Finally, the IRCSL expresses its sincere gratitude to all stakeholders in the insurance industry, including insurers, brokers, public, and experts, who participated in this consultation. Their valuable contributions, insights, and suggestions have informed the development of this report and will help strengthen the life insurance sector, support industry growth, and contribute to the broader resilience and stability of the national economy.

2. Overview of the Respondents

- 2.1 The consultation was open for submissions from 15 November to 15 December 2025 and was subsequently extended until 30 December 2025 to facilitate broader stakeholder participation.
- 2.2 A total of twenty-one (21) responses were received. Of these, five (05) were submitted through manual written submissions, while sixteen (16) were received via the online questionnaire.
- 2.3 Composition of Respondents:
 - ✓ Ten (10) were representatives from insurance companies;
 - ✓ Five (05) were representatives from insurance brokering companies; and
 - ✓ Three (03) represented the public.
- 2.4 Respondents were invited to indicate their preference regarding the confidentiality of their submissions. Fifteen (15) of the twenty-one (21) respondents requested that their submissions remain confidential.
- 2.5 In view of the number of respondents who requested confidentiality, the Insurance Regulatory Commission of Sri Lanka (IRCSL) has presented all responses in aggregated and summarized form, without revealing the identity of any respondent.
- 2.6 The responses received for the public consultation are presented in Appendix A, organized under each respective pillar for reference.

3. Summary of Stakeholder Input and Next Steps

The consultation successfully captured a diverse range of perspectives from twenty-one respondents, including ten insurance companies, five brokering firms, and members of the public. The feedback highlights a strong industry-wide appetite for modernization, specifically through digital automation in claims, the introduction of micro-insurance for financial inclusion, and the use of "phygital" distribution models to reach underserved rural areas. While stakeholders support the shift toward more flexible and consumer-centric products, they emphasized that regulatory clarity and standardized industry data sharing are essential for these innovations to succeed.

Pillar I – Product Portfolio, Design and Inclusivity

Stakeholders emphasized the need to modernize life insurance products by enhancing affordability, flexibility, inclusivity, and relevance across income segments. Strong support was expressed for micro-insurance, short-term/event-based products, wellness integration, gender-sensitive covers, and retirement-linked solutions. Regulatory clarity and structured micro-insurance frameworks were identified as critical enablers.

Category	Stakeholder Feedback / Focus	Recommendations / Proposals
Innovative Product Features	Modernize life insurance products for affordability, flexibility, inclusivity, and relevance across income segments	<ul style="list-style-type: none"> ✓ Micro-life and micro-health products with simplified underwriting ✓ Short-term / event-based products (loan, education, maternity-linked) ✓ Hybrid protection–savings and mini-retirement plans ✓ Coverage for pre-existing conditions ✓ Elderly-focused covers: long-term care, caregiver riders, dependency income riders ✓ Gender-sensitive products: maternity & women-specific health risks ✓ Legacy planning solutions for high-net-worth individuals ✓ Parametric and income-protection products ✓ Solutions for climate and disaster risk ✓ Regulatory guidance for micro-insurance and wellness-linked rewards ✓ Modular add-ons with flexible activation/pausing ✓ Short-term life covers (5–10 years) for specific needs ✓ Simplified underwriting using alternative data for low-risk, low-sum assured products
Financial Inclusion	Increase access for vulnerable segments and lower-income groups	<ul style="list-style-type: none"> ✓ Micro-health & income-protection for low-income segments (SEC D & E) ✓ Group insurance via SMEs, cooperatives, plantations, and community networks ✓ Flexible premium payment frequencies (daily, weekly, monthly) ✓ Government partnerships for subsidies and tax incentives ✓ Simplified product approval and filing processes ✓ Digital enrollment and mobile premium collection ✓ Use of trusted government officers and infrastructure for enrollment and collections ✓ Event-based micro-life insurance triggered by life milestones (marriage, childbirth, home loan, overseas employment) ✓ Affordable micro-insurance for low-income or irregular-income households
Wellness Integration	Promote preventive health and	<ul style="list-style-type: none"> ✓ Wellness-linked bonuses and loyalty incentives

	engagement-linked benefits	<ul style="list-style-type: none"> ✓ Points-to-credit systems tied to health or activity milestones ✓ Preventive health screenings and tele-health services ✓ Regulatory guidance on use of health data ✓ Permission for contractual wellness riders ✓ Data privacy and governance standards for wearable/app-based data ✓ Integration with mobile apps or government platforms for easy enrollment, claims, and monitoring
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Pillar II – Claims Management and Operational Efficiency

Stakeholders identified claims settlement as a key trust determinant. Strong support was expressed for digital automation, centralized data mechanisms, standardized communication protocols, AI-assisted triage, and enhanced empathy-driven service standards.

Category	Stakeholder Feedback / Focus	Recommendations / Proposals
Digital Claims Automation	Enhance efficiency and transparency in claims settlement	<ul style="list-style-type: none"> ✓ Centralized digital claims platform (mobile & web) ✓ AI & Robotic Process Automation (RPA) for routine claims ✓ OCR and automated document verification ✓ Shared, anonymized fraud detection systems ✓ API integration with hospitals, banks, and government ID systems ✓ Standardized digital claim data formats & workflows ✓ Predictive analytics for risk management ✓ Phased AI implementation with human oversight
Transparency Standards	Increase trust and communication with policyholders	<ul style="list-style-type: none"> ✓ 24-hour claim acknowledgment ✓ Standardized document checklists ✓ Mandatory, regular claim status updates ✓ Multilingual templates (Sinhala, Tamil, English) ✓ Automated policy and coverage verification ✓ End-to-end digital claims submission and tracking
Customer-Centric Approach	Build customer confidence and satisfaction	<ul style="list-style-type: none"> ✓ Structured empathy, communication, and regulatory training for staff ✓ Dedicated claim advocates for high-value/complex claims ✓ Simplified policy wording and pre-emptive disclosure ✓ Mandatory human review for rejected/high-value claims ✓ Professional qualification and competency standards ✓ Enhanced NPS tracking, service monitoring metrics, and customer feedback mechanisms ✓ Auditability and model governance for AI systems ✓ Support for digital inclusion, especially for rural customers

Pillar III – Distribution Channel Enhancement and Digital Access

Stakeholders suggested a hybrid “phygital” distribution strategy combining traditional agents with digital platforms, bancassurance, community-based networks, and mobile channels to expand reach and reduce acquisition costs.

Category	Stakeholder Feedback / Focus	Recommendations / Proposals
Traditional & Corporate Channels	Strengthen traditional distribution and professional standards	<ul style="list-style-type: none"> ✓ Strengthen agent and broker professional standards ✓ Structured ethical sales training and compliance monitoring ✓ Digital enablement tools for intermediaries (CRM, e-KYC, dashboards) ✓ Expand group insurance via employers, cooperatives, and community networks ✓ Review and tailor BO requirements for Group Term plans <ul style="list-style-type: none"> - Continuous knowledge and skill enhancement programs
Digital & Alternative Channels	Expand reach via technology and mobile platforms	<ul style="list-style-type: none"> ✓ Web aggregators and mobile-based enrollment platforms ✓ Telco-based and POS microinsurance distribution ✓ Community-based digital sales and outreach ✓ Remote advisory frameworks and multilingual support ✓ e-KYC, digital onboarding, and simplified underwriting ✓ AI-driven personalization and self-service platforms ✓ Continuous digital upskilling for agents
Hybrid Public–Private Partnership Approach	Leverage government and community networks	<ul style="list-style-type: none"> ✓ Utilize government infrastructure (D.S. Offices, Grama Sevaka networks) as trusted intermediaries ✓ Integrate insurance into public service platforms and payment mechanisms ✓ Introduce usage-based, event-triggered, and micro life insurance products ✓ Align multi-channel distribution with product complexity ✓ Optimize agency and bancassurance models while enhancing digital empowerment ✓ Diversify distribution channels (affinity, broker, corporate) for wider reach ✓ Leverage digital dashboards for lead tracking, policy persistency, and renewals

4. IRCSL's Feed Back for the public consultation

The consultation outcomes indicate a strong level of industry readiness for modernization across key areas such as product design, claims management, and distribution models. Stakeholders broadly emphasized the importance of digital transformation, financial inclusion initiatives, and consumer-centric regulatory improvements to strengthen the insurance ecosystem.

In response to these insights, the IRCSL has already undertaken several initiatives. A Claims Management Guideline has been developed with the objective of ensuring standardized and transparent claims handling practices across the industry, thereby enhancing fairness, efficiency, and policyholder confidence. In addition, IRCSL has initiated the development of a digital platform for recording and managing complaints, which will facilitate more efficient complaint handling while improving transparency and accessibility for both insurers and policyholders.

From a broader industry development perspective, IRCSL has also taken steps toward introducing standardized insurance products, with the objective of enhancing insurance inclusiveness and making insurance products more accessible to a wider segment of society.

At the same time, the Commission continues to encourage innovation in product development based on identified needs, rather than adopting "one-size-fits-all" products, as well as innovation in distribution channels. Such initiatives have significant potential to expand insurance coverage, particularly among underserved and vulnerable groups. Expanding distribution networks, supported by digitalization and technology-driven solutions, will play a key role in improving outreach and accessibility across the country.

Digitalization remains a critical enabler of these efforts, and initiatives that promote efficient, accessible, and technology-based insurance solutions will continue to be supported as part of the broader strategy to strengthen insurance inclusiveness and market development. Further, IRCSL is in the process of promoting sustainable insurance practices across the industry, including the development of climate-related and resilience-focused insurance products, in response to emerging environmental and socio-economic risks.

Way Forward

This report will be formally submitted to the **Insurance Association of Sri Lanka (IASL)** for further deliberation at the relevant subcommittee level and for consideration of incorporating the proposed initiatives into the **roadmap** aimed at increasing insurance penetration.

The deliberations by IASL will focus on assessing the following key aspects:

- Technical feasibility
- Operational readiness
- Financial sustainability
- Resource implications
- Required regulatory support

IRCSL will assess the need for any further regulatory directions, guidelines, supervisory interventions, or legislative amendments, where necessary, based on the response received from the IASL. Any such measures will be carefully designed to support insurance inclusiveness, strengthen distribution networks, encourage responsible innovation, protect policyholders, and ensure the long-term stability and sustainable growth of the insurance sector, in alignment with IRCSL's statutory mandate.

Appendix A - Responses / Feedback Received – Public Consultation

Stakeholders were invited to provide evidence-based recommendations, strategies, and justifications under the three (03) strategic pillars identified by the IRCSL:

1. **Product Portfolio, Design, and Inclusivity**
2. **Claims Management and Operational Efficiency**
3. **Distribution Channel Enhancement and Digital Access**

Product Portfolio, Design, and Inclusivity

Strategic Pillar	Rationale	Request for Public Comment
I. Product Portfolio, Design, and Inclusivity	The current product offering needs to move beyond generic protection/savings to offer greater flexibility, affordability, and relevance across all income segments.	Stakeholders are invited to provide detailed recommendations on: <ol style="list-style-type: none"> 1. Innovative Product Features: Features that address specific unmet needs and emerging risks. 2. Financial Inclusion: Design parameters for effective micro-insurance products and small-ticket policies to reach rural and low-income populations. 3. Wellness Integration: Methods to integrate health and wellness benefits (e.g., loyalty programs) into life policies to promote proactive health management.

1. Innovative Product Features:	
Category / Product Area	Details / Suggestions from Respondents
1. Micro Insurance Products	Highlighted that the following measures would improve clarity of product features, strengthen trust in insurers, and enhance access to insurance, particularly for low-income and micro-insurance segments:- <ul style="list-style-type: none"> • Simplification of policy wording to ensure that terms and conditions are clear, transparent, and easily understood by policyholders. • Regular training programmes for insurance agents to promote ethical conduct, transparency, and the enforcement of disciplinary measures in cases of fraud or mis-selling. • Introduction of flexible premium payment options (e.g., weekly or fortnightly frequencies) to better align with the income patterns of micro-insurance customers.
1.1 Micro-life insurance products	Suggested developing micro-life insurance products with low premiums, simplified underwriting, shorter policy terms, and minimal documentation.
1.2 Micro-health insurance products	Recommended developing interventions specifically tailored to the needs of low-income and informal sector workers with the following facilities and components:-

	<ul style="list-style-type: none"> • Simplified Know-Your-Customer (KYC) and underwriting requirements for micro-insurance products, subject to defined risk limits and sum-assured thresholds. • Provision of low-cost insurance products with simple policy terms, minimal documentation, and availability in local languages. • Introduction of flexible digital payment options, including mobile wallets. • Distribution through trusted community-based channels such as Self-Help Groups (SHGs), Microfinance Institutions (MFIs), Community Service Centres (CSCs), and cooperatives..
1.3 Digitally issued micro-life and micro-health products	<p>Suggested introducing digital insurance products to enable the following:</p> <ul style="list-style-type: none"> • Improved accessibility for low-income groups. • Reduced vulnerability among underserved segments. • Lower operational costs through digital processing, thereby facilitating more affordable premium structures. • Simplified compliance requirements for low-value policies by reducing documentation and Know-Your-Customer (KYC) procedures, while maintaining appropriate safeguards against fraud and misuse. • Product design enhancements, including Application Programming Interface (API) integration with national identity systems to enable faster and more efficient customer verification. • Flexible contribution arrangements allowing policyholders to commence with small premium payments and progressively increase contributions over time.
1.4 Hybrid Insurance Products	<p>Suggested the introduction of hybrid insurance products combining life insurance protection, health coverage, and retirement savings within an integrated solution</p>
1.5 Guaranteed Income / Annuity Products	<p>Recommended:</p> <ul style="list-style-type: none"> • Providing predictable post-retirement income. • Government-led tax incentives or subsidies to encourage insurers to develop and distribute micro-insurance products. • Encouraging public participation in retirement and long-term savings plans.
2. Life & Health Insurance	<p>Emphasized the following regarding life and health insurance:</p> <ul style="list-style-type: none"> • Critical for financial protection, especially for low- and middle-income groups vulnerable to financial shocks. • Universal basic coverage helps reduce pressure on public welfare systems, strengthens social resilience, and supports long-term economic stability by preventing households from falling into poverty due to health-related or mortality risks. • Early identification of health risks benefits both insurers and customers through timely interventions. • Current insurance models promoting wellness and prevention remain limited in Sri Lanka. • Wellness-integrated insurance solutions to address evolving consumer needs and demographic shifts.

<p>2.1 Short-Term & Event-Based Life Insurance Products</p>	<p>Recommended the development of short-term, event-based products to address temporary financial protection needs, particularly for young adults, first-time borrowers, and low- to middle-income earners who may not require or afford long-term policies. Examples include:</p> <ul style="list-style-type: none"> • Loan Protection Insurance • Education Protection Insurance • Maternity-Linked Coverage <p>Key Features Expected:</p> <ul style="list-style-type: none"> • Simplified underwriting and documentation using self-declarations or minimal medical checks. • Integrated distribution partnerships with banks, microfinance institutions, employers, schools, and healthcare providers. • Digital-first delivery models for policy issuance, premium payments, and claims processing. • Standardized, easy-to-understand disclosures explaining duration, covered events, benefits, and exclusions. • Expanded coverage beyond traditional death or maturity benefits to include: <ul style="list-style-type: none"> ○ Income instability ○ Critical illness ○ Mental health challenges ○ Climate-related livelihood loss ○ Caregiving responsibilities 											
<p>2.1.a Gaps & Solutions</p>	<table border="1"> <thead> <tr> <th data-bbox="480 1046 778 1084">Matter / Gaps</th> <th data-bbox="778 1046 1425 1084">Solution</th> </tr> </thead> <tbody> <tr> <td data-bbox="480 1084 778 1279">Term life insurance policies are vital but typically offer no maturity benefits and have long policy terms (5–30 years).</td> <td data-bbox="778 1084 1425 1279">Introduce low-cost products that offer sufficient life insurance coverage.</td> </tr> <tr> <td data-bbox="480 1279 778 1570">Lack of insurance solutions that replace monthly income when a person temporarily loses employment or is unable to work, beyond traditional TPD or critical illness covers.</td> <td data-bbox="778 1279 1425 1570">Introduce short-term income replacement or unemployment protection products, potentially in collaboration with public policy frameworks (Sri Lanka Government-based solutions).</td> </tr> <tr> <td data-bbox="480 1570 778 1832">Limited or no structured covers for home-based care, long-term care, or caregiver cash benefits given the rapidly ageing population.</td> <td data-bbox="778 1570 1425 1832">Develop elderly-focused health and long-term care solutions to address future healthcare and dependency risks.</td> </tr> <tr> <td data-bbox="480 1832 778 2049">Mental health conditions and lifestyle diseases such as diabetes and kidney disease are increasing, yet existing coverage remains minimal.</td> <td data-bbox="778 1832 1425 2049">Expand protection through dedicated riders or products that provide meaningful coverage for these emerging health risks.</td> </tr> </tbody> </table>		Matter / Gaps	Solution	Term life insurance policies are vital but typically offer no maturity benefits and have long policy terms (5–30 years).	Introduce low-cost products that offer sufficient life insurance coverage.	Lack of insurance solutions that replace monthly income when a person temporarily loses employment or is unable to work, beyond traditional TPD or critical illness covers.	Introduce short-term income replacement or unemployment protection products, potentially in collaboration with public policy frameworks (Sri Lanka Government-based solutions).	Limited or no structured covers for home-based care, long-term care, or caregiver cash benefits given the rapidly ageing population.	Develop elderly-focused health and long-term care solutions to address future healthcare and dependency risks.	Mental health conditions and lifestyle diseases such as diabetes and kidney disease are increasing, yet existing coverage remains minimal.	Expand protection through dedicated riders or products that provide meaningful coverage for these emerging health risks.
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	<p>Medical expenses and the loss of a breadwinner are among the leading causes of household bankruptcy.</p>	<p>Introduce a mandatory basic health and life insurance cover offered at an affordable premium for the public.</p>														
	<p>Mental health conditions such as depression and anxiety are increasing, but most insurance covers still focus only on in-patient treatment.</p>	<p>Expand coverage to support ongoing management and access to care, not just hospitalization.</p>														
<p>2.1.b Suggestions / Solutions for Improvement</p>	<table border="1"> <thead> <tr> <th data-bbox="472 640 683 685">Area</th> <th data-bbox="683 640 1420 685">Suggestions</th> </tr> </thead> <tbody> <tr> <td data-bbox="472 685 683 786">Wellness-based insurance</td> <td data-bbox="683 685 1420 786">Integration of wellness-based insurance solutions can help reduce claim costs through early diagnosis and preventive care.</td> </tr> <tr> <td data-bbox="472 786 683 887">Simplified protection products</td> <td data-bbox="683 786 1420 887">Allow simplified, short-term income protection and hospital cash products with limited documentation, capped benefits, and micro-premium structures.</td> </tr> <tr> <td data-bbox="472 887 683 1010">Standardized basic protection</td> <td data-bbox="683 887 1420 1010">Provide essential protection with standardized minimum benefits and integrate into the digital government ecosystem for easy enrollment, premium collection, and claims processing.</td> </tr> <tr> <td data-bbox="472 1010 683 1111">Digital government integration</td> <td data-bbox="683 1010 1420 1111">Integrate policy enrollment, premium payments, and claims submission into the government super app to ensure ease of access and high participation.</td> </tr> <tr> <td data-bbox="472 1111 683 1211">Affordability</td> <td data-bbox="683 1111 1420 1211">Ensure premium affordability through large-scale risk pooling, government subsidies for vulnerable groups, and simplified benefit structures.</td> </tr> <tr> <td data-bbox="472 1211 683 1312">Regulatory oversight</td> <td data-bbox="683 1211 1420 1312">Strengthen regulatory oversight to ensure product transparency, consumer protection, and efficient claims settlement.</td> </tr> </tbody> </table>		Area	Suggestions	Wellness-based insurance	Integration of wellness-based insurance solutions can help reduce claim costs through early diagnosis and preventive care.	Simplified protection products	Allow simplified, short-term income protection and hospital cash products with limited documentation, capped benefits, and micro-premium structures.	Standardized basic protection	Provide essential protection with standardized minimum benefits and integrate into the digital government ecosystem for easy enrollment, premium collection, and claims processing.	Digital government integration	Integrate policy enrollment, premium payments, and claims submission into the government super app to ensure ease of access and high participation.	Affordability	Ensure premium affordability through large-scale risk pooling, government subsidies for vulnerable groups, and simplified benefit structures.	Regulatory oversight	Strengthen regulatory oversight to ensure product transparency, consumer protection, and efficient claims settlement.
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<p>2.2 Elderly-Focused Products / Riders</p>	<ul style="list-style-type: none"> <p>Long-Term Care Products: Develop long-term care insurance solutions to address the needs of Sri Lanka’s ageing population (approximately 12.5% aged 65+) and the growing demand for financial protection and healthcare support. These products can help cover expenses related to assisted living, nursing care, and other long-term care services.</p> <p>Coverage for Pre-Existing Conditions: Introduce affordable insurance options that provide coverage for selected pre-existing medical conditions, which are commonly excluded under traditional policies. Covered conditions should be clearly defined and transparently communicated to policyholders to ensure clarity and manage expectations.</p> <p>Life Insurance for Pre-Retirees / Older Segments: Develop life insurance solutions tailored to pre-retirees and older individuals, combining protection and investment features. Such products can support long-term financial security, retirement planning, and wealth preservation while also providing protection for dependents.</p> <p>Home Care and Long-Term Care Solutions: Introduce insurance coverage that supports home-based care and long-term healthcare needs. Early-stage coverage can help mitigate future</p> 															

	<p>healthcare costs associated with ageing while enabling insurers to manage risks through preventive care and early intervention.</p> <ul style="list-style-type: none"> • Caregiver Support Riders: Provide optional riders offering financial support for caregivers assisting elderly policyholders, helping to cover caregiving expenses and related support services. • Dependency Income Riders: Include riders that provide income support in cases of dependency, ensuring financial stability for elderly policyholders and their families. Policies should also incorporate simplified servicing and digital access options to enable easier policy management for older customers. <p>Incorporate activity-based reward programs via mobile or fitness apps.</p> <ul style="list-style-type: none"> • Provide annual basic health screenings and preventive care services (tele-doctor, mental health consultations). • Allow small, frequent premium payments (daily/weekly) linked to mobile reloads or loans for low-income customers. • Integrate digital and micro-payment channels to reduce drop-outs. • Enable full digital/mobile access for policy management, claims submission, and micro-payments.
<p>2.3 Legacy Planning Solutions (High-Net-Worth Individuals)</p>	<p>Traditional legacy planning relies on wills, estate planning, and inheritance mechanisms.</p> <ul style="list-style-type: none"> ○ Introduce premium life insurance products with integrated legacy planning features. ○ Enable structured management of accumulated wealth and EPF savings. ○ Facilitate efficient, tax-effective wealth transfer to the next generation.
<p>2.4 Mini-Retirement Solutions (Younger / Mid-Career Segments)</p>	<p>Emerging trend of multiple “mini-retirements” among Gen Z and Millennials. Gen Z accounts for ~25% of the population and 19% of the labour force, highlighting potential demand.</p> <p>Recommend</p> <ul style="list-style-type: none"> ○ Mini-retirement products combining savings and protection features. ○ Include flexible annuity options, partial withdrawals, and liquidity for planned career breaks. ○ <p>Targets mid-career and pre-retirement segments seeking work-life balance and financial flexibility, while helping insurers remain competitive and forward-looking.</p>
<p>3. Parametric Insurance Solutions</p>	<p>Climate and Disaster Risks</p> <ul style="list-style-type: none"> ○ Sri Lanka faces increasing frequency and severity of climate-related and natural disasters. ○ Limited insurance solutions currently address disaster-related risks. <p>Recommendation: Explore parametric insurance models with rapid payouts triggered by predefined disaster events to provide timely support to affected individuals and households.</p>

	<p>Income Protection and Family Protection Solutions</p> <ul style="list-style-type: none"> ○ Large portion of workforce engaged in informal or vulnerable employment with irregular income and limited social security. ○ Existing life insurance mainly provides lump-sum death or total permanent disability benefits, with limited short-term income replacement. <p>Recommendations:</p> <ul style="list-style-type: none"> ✓ Develop affordable income protection solutions for short- to medium-term monthly income replacement during illness, accidents, or job loss. ✓ Provide affordable term life insurance for low-income groups to protect families. ✓ Benchmark minimum life cover at 10× annual income; extend coverage until dependents reach economic independence or education completion. ✓ Focus on vulnerable households (e.g., single-income) to prevent financial disruption from sudden loss of income.
<p>4. Gender-Sensitive Insurance Products</p>	<p>Existing women-focused insurance products are largely traditional and do not fully address specific risks across women’s life stages.</p> <p>Recommendation: Recognize women’s protection as a priority in regulatory product guidance to encourage gender-sensitive innovation.</p> <p>Redesign women-specific and maternity covers to address:</p> <ul style="list-style-type: none"> ✓ Income disruption during maternity and caregiving periods ✓ Pregnancy-related complications ✓ Women-specific cancers and health risks ✓ Protection needs of rural and micro-insurance segments ✓ Introduce women-focused riders: maternity complication covers, income protection during maternity leave, and women-specific critical illness covers with proportionate pricing and simplified underwriting. <p>❖ Maternity Benefit Coverage</p> <p>Current market lacks comprehensive maternity insurance packages covering childbirth and related complications.</p> <p>Recommendation: Introduce standalone maternity covers or integrate maternity benefits into broader health insurance plans.</p> <p>❖ Pregnancy-Related Complications / Women-Specific Health Covers:</p> <p>Pregnancy complications and women-specific cancers remain significant risks. Few products address these risks adequately across life stages.</p>

	<p>Recommendation: Develop need-based, women-focused solutions, including micro-insurance and rural coverage, with appropriate riders for maternity complications, women-specific cancers, and income protection.</p> <p>❖ Income Disruption During Maternity / Caregiving:</p> <p>Current products do not adequately reflect income loss and caregiving responsibilities.</p> <p>Recommendation: Redesign covers to include income disruption, health risks, and broader responsibilities faced by women, ensuring proportional pricing and simplified underwriting.</p>
5. Medical Insurance Coverage & Sustainability	<ul style="list-style-type: none"> • Expand Coverage: Broaden the range of critical illnesses and medical reimbursement benefits to reflect increasing treatment complexity and rising healthcare costs. • Reinsurance Diversification: Reduce concentration risk by ceding medical insurance risk across multiple reinsurers rather than relying on a single provider. • Coordination with Healthcare Providers: Strengthen insurer-provider coordination to prevent overcharging at the claims stage, improving affordability and sustainability.
6. Microfinance & Cooperative Insurance Models	<ul style="list-style-type: none"> • Community Trust: Leverage cooperatives, microfinance institutions, and community-based organizations trusted by rural households. • Embedded Insurance: Integrate insurance into existing financial or social arrangements instead of standalone traditional products. • Small, Regular Contributions: Enable affordable access via collection of micro-premiums aligned with local practices.
7. Welfare-Based Insurance Schemes (Informal / Self-Employed Workers)	<p>Target Population: Focus on self-employed and informal workers without fixed incomes.</p> <p>Government Collaboration: Implement schemes with the Treasury and Ministry of Social Security for voluntary participation and risk pooling.</p> <p>Leverage Existing Programs: Use initiatives like Samurdhi for awareness, enrollment, and premium collection.</p> <p>Government Ownership: Administer through government-owned insurance funds rather than private insurers to increase penetration and sustainability.</p>

2. Financial Inclusion	
Section	Key Points / Details
2.1 Micro-Health Insurance for Low-Income Segments (SEC D & E)	<ul style="list-style-type: none"> ✓ Urgent need for affordable micro-health insurance for low-income households (Socio-Economic Classes D and E). ✓ NDLS 2024/25: ~34.1% of Sri Lankans are low-income; illness often causes income loss and financial strain. ✓ 40.2% of healthcare expenditure is out-of-pocket; financial burden worsened by poor sanitation, nutrition, and elevated health risks.

	<ul style="list-style-type: none"> ✓ Affordable coverage needed for hospitalization, critical illnesses, and outpatient care to protect vulnerable families and break the poverty cycle. <p>Strategy targeting lower-income segments can create competitive advantage while supporting financial inclusion.</p>
Micro-Insurance Group Plans for SMEs and Rural Communities	<ul style="list-style-type: none"> ✓ SME employees and rural cooperative members often lack traditional insurance due to affordability and awareness issues. ✓ High exposure to financial risks from health issues, accidents, and natural disasters. ✓ Reliance on informal risk-sharing mechanisms like funeral societies, family support, or borrowing. ✓ Irregular/low incomes lead to short-term financial decisions. <p>Recommendation: introduce micro-insurance group plans for SME employees, rural cooperatives, agricultural associations, and plantation communities.</p> <p>Flexible premium payment options important to bridge protection gaps.</p>
Financial Inclusion through Group Insurance Schemes	<p>Leveraging Group Structures:</p> <ul style="list-style-type: none"> ○ Use employers, cooperatives, and community groups to offer collective coverage. ○ Reduces administrative costs and improves accessibility for underserved populations. ○ Low life insurance penetration (~0.6–1.1% of GDP) underscores importance of group schemes. <p>Customer-Centric Approach & Digital Support:</p> <ul style="list-style-type: none"> ✓ Implement accessible digital channels for policyholders to track claims, lodge grievances, and provide feedback. ✓ Timely responses and structured feedback loops build trust and help insurers learn from interactions. <p>Promoting Term Insurance:</p> <ul style="list-style-type: none"> ✓ Emphasize term insurance as income protection rather than savings-oriented. ✓ Ensures financial security in case of unforeseen events.
2.2 Key Considerations for Financial Inclusion	<ul style="list-style-type: none"> ✓ Simplify product structures and approval processes for micro-health insurance. ✓ Collaborate with government for premium subsidies or tax incentives for low-income segments. ✓ Mandate transparency and robust grievance redressal mechanisms to build trust. ✓ Offer flexible payment frequencies for group plans, targeting SMEs and rural cooperatives. ✓ Encourage partnerships with cooperatives, plantations, and agricultural associations for distribution. ✓ Facilitate regulatory support for mobile-based enrollment and premium collection
2.3 Considerations for Future Policy Introductions	<ul style="list-style-type: none"> ✓ Many policyholders face non-linear careers and increasing health-related financial pressures. ✓ Conventional long-term, rigid policies often fail to address evolving realities → reduced relevance, lower satisfaction, higher surrender rates.

	<ul style="list-style-type: none"> ✓ Innovation in policy features improves persistency, trust, and engagement. <p>Suggested Measures:</p> <ul style="list-style-type: none"> • Introduce modular add-ons that can be activated or paused. • Allow dynamic premium adjustments linked to income changes without penal charges. • Promote short-term life covers (5–10 years) for specific needs such as education loans or caregiving phases. • Encourage simplified underwriting using alternative data for low-risk, low-sum assured products.
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3. Wellness Integration	
Section	Key Points / Details
3.1 Life Insurance Linked with Preventive Care	<ul style="list-style-type: none"> ✓ According to the WHO, probability of premature death (ages 30–70) from NCDs in Sri Lanka remains alarmingly high; NCDs are a critical health challenge ✓ NCDs account for nearly 83% of all deaths, affecting individuals earlier and with greater severity (MOH, 2025). ✓ Opportunity to develop hybrid life insurance products combining traditional protection with preventive care to reduce long-term health risks and promote engagement. <p>Suggested Strategies:-</p> <p>Wellness-Linked Bonuses:</p> <ul style="list-style-type: none"> ✓ Loyalty bonuses, higher dividend rates, or top-up contributions for policyholders achieving wellness milestones (annual health check-ups, fitness targets). <p>Points-to-Credit Systems:</p> <ul style="list-style-type: none"> ✓ Points earned through wellness activities can be converted into monetary credits or investment boosts, similar to loyalty programs but tied directly to financial growth. ✓ Aligns financial protection with health promotion, enhancing policyholder well-being and long-term sustainability of insurance programs.
3.2 Respondents’ Suggestions for Improving Regulatory Actions	
3.2.1 Regulatory Coordination and Communication	<ul style="list-style-type: none"> ✓ Strengthen coordination and communication during product evaluation and implementation. ✓ Adopt a consistent, unified review approach across regulatory functions, supported by timely and structured feedback, improving clarity for insurers and ensuring product recommendations are aligned institutionally. ✓ Maintain accurate, accessible, industry-wide data through a common regulatory portal. Access to claims trends, demographic risk indicators, and product performance data will support evidence-based product development, regulatory interventions, and coordinated responses aligned with national protection gaps.
3.2.2 Regulatory Enablement and Innovation	<ul style="list-style-type: none"> ✓ Develop or update rules to explicitly allow short-term life insurance and event-based policies. ✓ Establish standardized product frameworks, including industry-wide definitions and templates for common event-based products, to ensure

	<p>transparency, consistency, and consumer protection. Key areas: loan protection, education protection, maternity coverage.</p> <ul style="list-style-type: none"> ✓ Enable features such as partial withdrawals and annuities within life insurance products through regulatory approval. ✓ Support development of digital tools for managing mini retirement funds and launch educational campaigns on financial planning, particularly for career breaks. ✓ Encourage insurers to design simple, low-cost term insurance products linked to income levels, with regulatory guidance on minimum coverage benchmarks and awareness initiatives to promote informed decision-making.
<p>3.3.3 Suggestions for Regulatory Guidance</p>	<ul style="list-style-type: none"> ✓ Existing directions focus on information submission and compliance checks, with limited guidance on need-based product design for specific market segments. Clear filing and approval guidelines tailored to micro-insurance would help the industry address gaps more effectively. ✓ Issue a guideline defining “income-protection micro-insurance products” (simple wording, fixed benefits, daily/weekly/monthly premiums), enabling insurers to design benefits directly linked to days of work lost. ✓ Issue a common industry framework to address key unmet risk and support increased insurance penetration. ✓ Introduce regulatory or tax incentives for retirement- and care-linked products, along with clear regulatory guidance, to support Sri Lanka’s ageing population. ✓ Clarify that tele-counselling, disease-management programmes, and outpatient mental-health services may be offered as contractual insurance riders, rather than only as non-contractual value additions; clear regulatory communication on permissible structures will enable insurers to expand meaningful mental-health coverage. ✓ Define a dedicated micro-insurance framework covering product filing, pricing, and market conduct requirements. ✓ Issue clear guidance confirming that health-related reward mechanisms such as premium discounts, additional cover, or health service methods earned through preventive check-ups or activity-based programs are permissible within insurance products; specify any conditions, limitations, or wellness-integration requirements in advance to enable compliant design and risk management. ✓ Develop industry guidelines on collecting and using health and activity data (from apps, wearables, labs), including explicit customer consent, purpose limitation, and retention rules; provide an accurate process to implement and monitor compliance if needed. ✓ Develop guidelines for hybrid products combining life cover with investment components; introduce tax incentives for retirement-focused insurance plans and promote awareness campaigns targeting pre-retiree segments. ✓ Develop regulatory frameworks for long-term care insurance, including assisted living benefits; allow flexible premium payment options to make products affordable for senior customers; encourage partnerships with healthcare providers for integrated care solutions. ✓ Create clear compliance guidelines for wealth transfer and trust integration within insurance products; offer tax optimization benefits for high-value policies to attract HNI customers.

Claims Management and Operational Efficiency

Strategic Pillar	Rationale	Request for Public Comment
II. Claims Management and Operational Efficiency	Claims management is the “moment of truth” for the insurance promise. Improving speed, transparency, and empathy is important for building public trust.	<p>Stakeholders are invited to provide detailed recommendations on:</p> <ol style="list-style-type: none"> Digital Claims Automation: Effective technologies (e.g., AI) and clear regulatory requirements to significantly reduce claims processing time and costs. Transparency Standards: Specific protocols and communication mandates (e.g., mandatory timeline updates, clear documentation checklists) to enhance transparency. Customer-Centric Approach: Strategies to enhance customer service skills, emphasize empathy, and ensure consistent, fair claim adjudication.

1. Digital Claims Automation	
Section	Key Points / Details
Matters and Past Experiences	<ul style="list-style-type: none"> ✓ Respondents reported delays in claim settlement and approval processes, as well as vague or no responses when seeking updates. ✓ Claims should be simple, fast, transparent, and sensitive to policyholder needs. ✓ Claims arise during stressful times (illness or death); delays, lack of information, and impersonal handling reduce trust. ✓ Combining digital efficiency with transparency and empathy improves policyholder experience and trust. ✓ Delays often caused by manual verification, fragmented data, and limited fraud-detection capability. ✓ International experience shows digital claims automation and AI-enabled fraud analytics reduce processing time, costs, and fraud. ✓ In Sri Lanka, absence of industry-wide data-sharing limits efficient verification and cross-company fraud detection.
Suggestions for Improvements: Digital Claims Automation	<ol style="list-style-type: none"> I. Develop a Centralized Digital Claims Platform:- <ul style="list-style-type: none"> ○ Mobile app and web platform for electronic claims submission and real-time tracking. ○ Integration with hospital systems for faster processing.- Standardized checklists, workflows, and timelines to reduce errors and delays. II. Enhance Customer Communication and Transparency:- <ul style="list-style-type: none"> ○ Proactive updates via SMS, email, app notifications with clear document guidance. ○ Digital Transparency Dashboard for real-time insights.- Multilingual support and visual aids; clear grievance escalation matrix.

	<p>III. Automate Routine Claims with AI and RPA:-</p> <ul style="list-style-type: none"> ○ Automate high-volume, low-complexity claims. ○ Use AI-assisted triage, OCR, and rule-based systems for document verification and fraud detection. ○ Human oversight for complex/high-value/disputed claims. <p>IV. Digitize Clinical Documentation and Data Frameworks:-</p> <ul style="list-style-type: none"> ○ Standardize diagnosis records using ICD coding. ○ Implement workflow-based claims systems and digital document management. ○ Support integrated healthcare ecosystem operations. <p>V. Establish Centralized and Shared Industry Data Mechanisms:-</p> <ul style="list-style-type: none"> ○ National policy repository for verification and portability. ○ Shared fraud detection system with anonymized, regulatory-approved data. ○ API integration with banks, fintech, and government ID systems. <p>VI. Leverage Predictive Analytics for Risk Management:-</p> <ul style="list-style-type: none"> ○ Use big data and advanced analytics to detect fraud and enhance decision-making. <p>VII. Ensure Regulatory Compliance and Governance:-</p> <ul style="list-style-type: none"> ○ Follow guidelines on data privacy, model governance, audits, and digital rights. ○ Define standards for AI/automation use (transparency, explainability, accountability). ○ Phased implementation starting with simple claims. <p>VIII. Optimize Operational Efficiency:-</p> <ul style="list-style-type: none"> ○ Standardize digital claim formats, electronic medical documentation, automated workflows. ○ Leverage government digital infrastructure (D.S., Grama Sevaka Officers) for faster settlements. 													
Regulatory Actions	<table border="1"> <thead> <tr> <th data-bbox="496 1368 842 1406">Regulatory Action</th> <th data-bbox="842 1368 1422 1406">Key Details / Recommendations</th> </tr> </thead> <tbody> <tr> <td data-bbox="496 1406 842 1541">Centralized & Shared Industry Data</td> <td data-bbox="842 1406 1422 1541">Create platforms for fraud detection, verification, and risk assessment using industry-level data, reducing reliance on individual company data.</td> </tr> <tr> <td data-bbox="496 1541 842 1675">Digital Claims Automation Guidance</td> <td data-bbox="842 1541 1422 1675">Issue standards for AI-assisted automation, straight-through processing, and workflow-based claims to improve efficiency, accuracy, and cost-effectiveness.</td> </tr> <tr> <td data-bbox="496 1675 842 1765">AI & Automation Standards</td> <td data-bbox="842 1675 1422 1765">Define rules on transparency, explainability, data management, and accountability in automated claims processing.</td> </tr> <tr> <td data-bbox="496 1765 842 1899">Minimum Operational Standards</td> <td data-bbox="842 1765 1422 1899">Set benchmarks for turnaround times, claim settlement ratios, straight-through processing, average processing times, and grievance redress performance.</td> </tr> <tr> <td data-bbox="496 1899 842 1995">Standardized Claims Data</td> <td data-bbox="842 1899 1422 1995">Mandate uniform claim forms, data fields, and digital document formats to enable interoperability and reduce errors.</td> </tr> </tbody> </table>	Regulatory Action	Key Details / Recommendations	Centralized & Shared Industry Data	Create platforms for fraud detection, verification, and risk assessment using industry-level data, reducing reliance on individual company data.	Digital Claims Automation Guidance	Issue standards for AI-assisted automation, straight-through processing, and workflow-based claims to improve efficiency, accuracy, and cost-effectiveness.	AI & Automation Standards	Define rules on transparency, explainability, data management, and accountability in automated claims processing.	Minimum Operational Standards	Set benchmarks for turnaround times, claim settlement ratios, straight-through processing, average processing times, and grievance redress performance.	Standardized Claims Data	Mandate uniform claim forms, data fields, and digital document formats to enable interoperability and reduce errors.	
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	Data Privacy & Cybersecurity	Establish rules to protect policyholder data, obtain consent, and ensure robust cybersecurity across digital claims platforms.
	Phased AI Implementation	Encourage gradual adoption of AI tools, starting with high-volume, low-complexity claims before scaling to complex cases.
	Oversight & Dispute Resolution	Appoint a regulatory body for claims oversight, grievance handling, and dispute resolution.
	Professional Standards & Capacity Building	Require technical professionals to complete Chartered Insurance Institute (CII) examinations and support structured training programs.
	Compliance Enforcement	Impose strict penalties for insurers failing to meet fair, timely, and compliant claims processing standards.

2. Transparency Standards	
Section	Key Points / Details
2.1 Standardized Communication Protocols and Digital Claims Processing	<ul style="list-style-type: none"> ✓ Lack of clear and timely communication often leads to customer confusion, repeated inquiries, and disputes. ✓ Manual processing delays contribute to dissatisfaction and inefficiencies. <p>Key Measures:</p> <ul style="list-style-type: none"> ○ 24-Hour Claim Acknowledgment: Acknowledge every claim within 24 hours of submission. ○ Clear Documentation Checklists: Provide standardized checklists of required documents. ○ Regular Status Updates: Consistent updates on claim progress via online portals or mobile apps. ○ Multilingual Templates: Standard templates in Sinhala, Tamil, and English for clarity and accessibility. ○ Automated Policy and Coverage Verification: IT integration to automatically validate policy details and coverage, reducing manual delays. ○ End-to-End Digital Claims Submission and Tracking: Mandate mobile/web digital submission and tracking systems to improve speed, reduce errors, and minimize fraud.
2.2 Benefits of Implementing Communication Protocols and Digital Claims Processing	<ul style="list-style-type: none"> ✓ Enhanced transparency and trust with policyholders and beneficiaries. ✓ Reduced disputes and inquiries through clear, standardized communication. ✓ Faster and more accurate claim processing, lowering administrative costs and operational errors. ✓ Increased customer satisfaction and retention; clear communication reduces complaints and improves loyalty in emerging insurance markets.

1. Customer-Centric Approach	
Section	Key Points / Details
	Life insurance claims are highly sensitive. Lack of empathy, unclear communication, and complex policy wording can lead to customer dissatisfaction, disputes, and erosion of trust. Measures include training staff, assigning dedicated claim advocates, simplifying policy terms, and providing clear explanations to ensure fair, transparent, and customer-focused claims management.
Expected Benefits	<ul style="list-style-type: none"> ✓ Enhanced transparency and trust with policyholders and beneficiaries. ✓ Reduced disputes and inquiries through clear communication and proactive disclosures. ✓ Consistent, high-quality service delivery and improved customer satisfaction. ✓ Strengthened operational efficiency and compliance with global best practices. ✓ Improved public confidence in the insurance industry and reduced claim-related misunderstandings.
Staff Training and Professional Development	<ul style="list-style-type: none"> ✓ Structured, periodic training for claims/customer service personnel on empathy, communication, product knowledge, regulatory compliance, and customer-centric service. ✓ Equip staff to handle sensitive claims (life, death, disability, critical illness) professionally and with care. ✓ Adopt global best practices through collaboration with reinsurers, structured guidelines, and benchmarking. ✓ Train staff to manage, understand, and oversee AI systems.
Dedicated Claim Advocates and Standardized Adjudication	<ul style="list-style-type: none"> ✓ Assign claim advocates for high-value or complex claims.- Implement standardized claims handling playbooks for fair, consistent, auditable adjudication. ✓ Provide written explanations in simple language whenever claims are delayed or rejected.
Enhanced Customer Experience Metrics	<ul style="list-style-type: none"> ✓ Expand Net Promoter Score (NPS) tracking to multiple touchpoints: maturity payouts, branch services, policy servicing. ✓ Use a Policyholder Charter as a transparency metric to identify improvement areas and strengthen service quality.
Simplified Policy Terms and Pre-Emptive Disclosures	<ul style="list-style-type: none"> ✓ Standardize and simplify policy wordings using plain language while remaining legally robust. ✓ Clearly disclose potential exclusions and claim expectations at policy inception.
Professional Qualification and Competency Development	<ul style="list-style-type: none"> ✓ Mandate professional qualifications and structured training programs for technical staff. ✓ Ensure operational efficiency, fairness, transparency, and adherence to internationally recognized standards in claims handling.
Auditability and Model Governance	<ul style="list-style-type: none"> ✓ Implement regular checks of AI-assisted decision systems and fraud models to ensure accuracy, consistency, and fairness.
Human Oversight and Inclusivity	<p>Support for Digital Inclusion: Assist customers, particularly in rural areas, with digital claims submission.</p> <p>Mandatory Human Checks: Require manual review for rejected claims, high-value claims, and claims flagged for potential fraud to ensure fairness and trust in automated systems.</p>

Distribution Channel Enhancement and Digital Access

Strategic Pillar	Rationale	Request for Public Comment
III. Distribution Channel Enhancement and Digital Access	Low insurance penetration necessitates a modern, hybrid approach to sales and service that leverages technology to reduce acquisition costs and expand geographical reach.	Stakeholders are invited to provide detailed recommendations on the effectiveness, accessibility, and customer preferences related to various channels, including: <ul style="list-style-type: none"> ✓ Traditional agent and broker networks ✓ Bancassurance via banks and financial institutions ✓ Digital platforms (insurer websites and mobile apps) ✓ Web aggregators and online insurance marketplaces ✓ Point-of-sale (POS) digital tools at retail outlets and community centers ✓ Community-based distribution through local agents and microfinance institutions ✓ Corporate/group sales through employers and organizations ✓ Mobile and telecom-based channels leveraging mobile wallets and SMS enrollment

Distribution Channel Enhancement and Digital Access	
Section	Key Points / Details
Traditional Agent and Broker Networks	<p>Respondents emphasized that traditional insurance agents and brokers remain highly effective for selling products that require personal guidance. However, declining consumer trust often due to aggressive or inappropriate sales practices poses a challenge.</p> <p>Recommended Actions:</p> <ul style="list-style-type: none"> • Structured Training Programs: <ul style="list-style-type: none"> ✓ Analyze and understand customer needs ✓ Deliver accurate and transparent product information ✓ Adhere to ethical sales practices ✓ Enhance customer handling and relationship management • Digital Enablement of Agents: <ul style="list-style-type: none"> ✓ Mobile CRM systems for lead tracking and client communication ✓ E-KYC and instant policy issuance for faster onboarding ✓ Dashboards to monitor renewals, persistency, and performance metrics • Knowledge Enhancement: <ul style="list-style-type: none"> ✓ Continuous learning programs to ensure agents can explain products clearly, address queries, and guide clients effectively • Customer-Centric Practices: <ul style="list-style-type: none"> ✓ Promote transparency, professionalism, and ethical conduct to rebuild trust and improve insurance adoption

	<p>Impact: Implementing these measures allows agents and brokers to remain a critical distribution channel, complement digital platforms, and increase insurance penetration, especially for customers needing personalized guidance.</p>
<p>Digital Platforms (Insurer Websites & Mobile Apps)</p>	<p>Respondents emphasized the need for insurance agents to adopt modern digital tools such as e-KYC, instant policy issuance, and mobile CRM systems to improve efficiency, accuracy, and customer service. Traditional manual processes are slow, error-prone, and limit the ability to manage multiple clients. Digital tools enable agents to:</p> <ul style="list-style-type: none"> • Instantly complete applications and ID verification • Track leads and manage client communications • Set reminders and monitor policy renewals • Enhance customer engagement and policy retention • Increase productivity, reduce operational costs, and build trust <p>Recommended Actions for Effective Digital Adoption:</p> <ul style="list-style-type: none"> ✓ Regulatory Encouragement: Develop guidelines that promote digital tool use while ensuring compliance with data privacy and cybersecurity standards ✓ Standardized Technology Platforms: Establish secure, interoperable, and user-friendly platforms for onboarding, policy issuance, and service delivery ✓ Training and Capacity Building: Provide structured programs to equip agents with skills for digital-first service and regulatory compliance ✓ Performance Incentives: Align agent incentives with metrics such as e-KYC completions, digital policy issuance, timely follow-ups, and policy persistency ✓ Monitoring and Evaluation: Use analytics and dashboards to track tool usage, operational efficiency, and customer satisfaction ✓ Support Infrastructure: Offer technical support and troubleshooting, particularly in rural or low-connectivity areas <p>Impact: Implementing these measures empowers agents digitally, improves service quality, enhances operational efficiency, and expands market reach. A comprehensive digital enablement strategy—including technology, training, incentives, monitoring, and support—is critical to increasing insurance penetration, reducing costs, and improving accessibility, particularly for low-income and low-insurance-literacy segments.</p> <p>Key Recommendations for Digital Inclusion:</p> <ul style="list-style-type: none"> ✓ Enhance Digital Platforms: Strengthen sales and customer engagement channels ✓ Digital Self-Service: Enable self-service capabilities to reduce reliance on agents and lower costs ✓ Multilingual & Voice Support: Implement Sinhala and Tamil IVR/voice navigation for low-literacy customers ✓ Integrated Messaging Channels: Use WhatsApp and multilingual chatbots for quotations, onboarding, servicing, and claims ✓ AI-Driven Personalization: Provide tailored recommendations and predict life events for proactive offers ✓ Empowered Agents: Equip agents with tablets/CRM tools and align incentives with digital adoption and policy persistency

	<ul style="list-style-type: none"> ✓ Continuous Upskilling: Offer ongoing training to develop digitally empowered advisors ✓ Regulatory Framework: Ensure mandatory security, transparency, and customer protection standards
<p>Corporate / Group Sales via Employers</p>	<p>Respondents highlighted the importance of promoting group insurance via corporate channels, noting that employee coverage remains low due to underutilization of these channels. While Group Term insurance plans are offered, stringent regulatory requirements particularly AML/CDD obligations related to Beneficial Ownership (BO) identification limit scalability.</p> <p>Key Recommendations:</p> <ul style="list-style-type: none"> • Reassess the applicability of BO requirements for Group Term insurance products, which do not provide survival benefits • Adopt proportionate or tailored regulatory approaches to encourage wider adoption • Enhance employee coverage and strengthen corporate distribution channels <p>Impact: Implementing these measures would expand access to group insurance, improve financial protection for employees, and support the growth of corporate insurance distribution in Sri Lanka.</p>
<p>Community-Based Distribution (Local Agents & Microfinance)</p>	<p>Respondents highlighted the potential of event-based micro life insurance, providing affordable coverage triggered by key life events such as marriage, childbirth, obtaining a home loan, or overseas employment.</p> <p>Key Recommendations:</p> <ul style="list-style-type: none"> • Distribute products through trusted local channels, including banks, civil registrars, employers, and migration agents • Ensure timely and relevant coverage at the point of need • Align offerings with the demand for flexible and inclusive life insurance solutions in Sri Lanka <p>Impact: This approach improves accessibility, builds trust among policyholders, and encourages uptake in rural and underserved populations.</p>
<p>Hybrid / Multi-Channel Strategy</p>	<p>Respondents recommended adopting a multi-channel approach to address low insurance penetration, especially in rural and non-urban areas. While traditional agent networks remain important, their reach and effectiveness vary across customer segments.</p> <p>Key Recommendations:</p> <ol style="list-style-type: none"> 1. Adopt a Multi-Channel Model: Combine traditional agents with digital platforms, bancassurance, community outreach, POS tools, corporate/group schemes, and mobile/telecom channels.

	<ol style="list-style-type: none"> 2. Strengthen Traditional Channels: Retain agents, brokers, and banks for complex products and rural markets; enhance training, ethical conduct, and consumer protection. 3. Expand Digital and Mobile Channels: Leverage digital self-service platforms, mobile apps, SMS, and telecom networks to improve convenience, reduce costs, and reach underserved populations. 4. Promote “Phygital” Agents: Equip agents with digital tools (instant quotations, video onboarding, e-KYC) and extend the model to rural areas for greater financial inclusion. 5. Align Products to Channels: Distribute complex products via agents/bancassurance; microinsurance via digital, telco, POS, and community channels; corporate/group schemes via digital enrollment and payroll deductions. 6. Simplify and Digitize Processes: Standardize terms and documentation, implement e-KYC, e-proposals, and digital onboarding to improve efficiency and compliance. 7. Enhance Regulatory Support: Update regulations to cover digital sales, remote advice, and e-KYC; ensure consumer protection, data privacy, and transparency. 8. Leverage Strategic Partnerships: Collaborate with banks, microfinance institutions, retailers, employers, community groups, and telecom operators to expand reach. 9. Improve Accessibility and Inclusion: Develop multilingual, user-friendly platforms and low-premium, flexible microinsurance products tailored to underserved segments. <p>Impact: A hybrid approach increases penetration, lowers costs, strengthens compliance and trust, and supports sustainable growth of the insurance sector, particularly among rural and low-income populations.</p>
<p>Hybrid Public–Private Partnership Approach</p>	<ul style="list-style-type: none"> ✓ Leverage government infrastructure: Grama Sevaka Officers, D.S. Offices, centralized digital portals. ✓ Reduce distribution costs, expand coverage in underserved/rural areas. ✓ Public–private collaboration ensures regulated, cost-effective, and scalable distribution. ✓ Introduce usage-based, event-triggered life insurance: short-term, affordable, timely coverage via trusted intermediaries. ✓ Integrate insurance with existing financial/admin processes to improve convenience and trust.
<p>Modernization Recommendations</p>	<p>Respondents emphasized leveraging government infrastructure and personnel to improve insurance distribution, particularly for basic life insurance products. A hybrid public–private model can expand coverage, reduce costs, and increase trust among underserved populations.</p> <p>Key Recommendations:</p> <ol style="list-style-type: none"> 1. Utilize Local Government Officers: <ul style="list-style-type: none"> ✓ Grama Sevaka Officers and D.S. Offices can act as trusted intermediaries to provide information and facilitate enrollment. ✓ Small contributions can be collected through existing government payment mechanisms (e.g., relief or donation programs). 2. Leverage Government Digital Facilities:

- ✓ Centralized digital portals or authorized officials can provide access to policy information, enrollment, and management.
- 3. **Cost Reduction and Increased Reach:**
 - ✓ Using existing infrastructure reduces acquisition costs, making insurance more affordable, particularly amid rising living costs.
 - ✓ Expands coverage in rural and underserved communities.
- 4. **Public–Private Partnerships:**
 - ✓ Collaborations between insurers and government agencies can ensure regulated, cost-effective, and scalable distribution integrated into government platforms.
- 5. **Event-Based and Micro Insurance Products:**
 - ✓ Activate coverage only during key life events (marriage, childbirth, home loans, overseas employment).
 - ✓ Keep premiums short-term and affordable to enhance accessibility.
 - ✓ Distribute products at points of life events via trusted intermediaries such as banks, civil registrars, employers, and migration agents.
- 6. **Modernizing Distribution:**
 - ✓ **Strengthen Traditional Channels:** Optimize agency and bancassurance models with modern operating methods.
 - ✓ **Diversify Channels:** Introduce alternative, affinity-based, broker, and corporate channels to reach varied customer segments.
 - ✓ **Enhance Digital Distribution:** Expand digital capabilities to improve efficiency, reduce costs, and meet evolving customer expectations.
 - ✓ **Digitally Empower Agents:** Equip agents with end-to-end digital sales tools and dashboards for leads, renewals, and policy persistency.
 - ✓ **Align Products with Bank Customer Segments:** Tailor products to bank customer profiles and enable simplified, digital underwriting for faster bancassurance sales.

Impact:

This hybrid approach improves accessibility, affordability, and relevance of life insurance, particularly for low-income and underserved populations, while integrating modern digital and event-based solutions to align with changing customer behaviors in Sri Lanka.