

# NEWSLETTER

THE INSURANCE REGULATORY COMMISSION  
OF SRI LANKA



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## *National Insurance Day 2021*

The first National Insurance Day was declared by the government of Sri Lanka in 2017 as a combined effort of the IRCSL, along with the industry. Initiatives were taken to name the entire month of September as the “Insurance Awareness Month” led by the National Insurance Day on 1st of September. The main objective of the initiative was to create greater awareness and disseminate the message on the importance of insurance to the masses.

The importance of Insurance has been felt across the country in recent times, with the pandemic situation and due to repeated natural disasters occurring in various parts of the country. Amidst the pandemic situation, the IRCSL conducted awareness creation through digital platforms, mainly through its social media platforms and electronic media. Insurance awareness month was celebrated this year through digital platform to enhance the insurance literacy of the policyholders and the potential policyholders.

## **Protection Needs For Different Life Stages**



### **FAMILIES WITH SINGLE INCOME SOURCE**

Households with only a single source of income should have a well rounded coverage in order to safeguard against unexpected risks and to prevent compromising on meeting the family's financial commitments.

#### **REASONS TO ACT NOW**

- Both Critical Illness and mortality protection of the breadwinner are particularly important as the family depends upon one person for income
- A premature death can cause upheaval to the lives of loved ones
- Treatments for Critical Illnesses can wipe out savings and cause financial hardship

#### **PLANS TO CONSIDER**

- Life Insurance
- Loan Protection Cover
- Health Insurance



### **BUSINESS OWNERS**

Whether you run a small business, a large multinational company or are self-employed, various types of insurance covers for businesses can help protect you and your company against the losses occurred from unexpected incidents.

#### **REASONS TO ACT NOW**

If your business has a well-rounded insurance coverage to overcome the affects of an unforeseen contingency happening to your business, you have the peace of mind and can feel confident that you and your employees are financially protected up to the cover that is purchased. An appropriate insurance cover can help you to get your business up and running again quickly.

#### **PLANS TO CONSIDER**

- Fire Insurance
- Marine Insurance
- Engineering Insurance
- Miscellaneous Insurance – Burglary Insurance, Workmen Compensation Insurance, Hospitalization and Surgical Insurance, Business Interruption Insurance etc.



# INDUSTRY STAKEHOLDER CORNER

## ETHICS OF BROKERS & AGENTS



Similar to other financial services, reputation plays a major role in insurance as well. This is critical in safeguarding the interests of policyholders and developing a culture of trust in the insurance industry. Policyholders may require advice and assistance regarding certain financial decisions from experts in the insurance industry. Thus, an ethical and trustworthy environment should be in place ensuring the best practices of insurance companies, agents, brokerage companies, and other vital stakeholders. Ethical insurance professionals will create an ethically responsible organization and a collection of such organizations will eventually lead to an ethically responsible and trustworthy industry.

The development of the insurance industry to some extent depends upon individuals who are both knowledgeable and ethical. A potential policyholder selects a brokering company expecting professionalism in selecting the most suitable insurance policy to meet his/her need. Similarly, they expect clear communication and honesty from an insurance agent. Therefore, it is clear that most actions in the insurance industry are based on trust, which requires high levels of ethical standards. In a holistic view, the industry is based on a considerable amount of trust where the policyholder eases his/her stress by believing that in the event of uncertainty, the stakeholders of the industry will protect them and their loved ones. Such factors imply that ethics play a major role in the sustainable development of the industry.



### DUTY OF CARE

- Make a diligent and professional effort to learn the information about the client such as his/her insurance needs, objectives and financial situation.
- Put the interests of the client ahead of your own interests.
- Provide a high quality service.

### INTEGRITY

- Integrity is not a burden but an important part of insurance business.
- Endeavor to build honest and trustworthy professional relationships with the clients.

### COMPETENCE

- Strive to acquire the knowledge that is necessary to provide competent advice to the clients.
- Possess a required level of technical competency to provide effective advice and service.

### DISCLOSURE

- Your client has the right to be informed of all facts such as the benefits, conditions and any other matters related to the insurance cover and keep them aligned on the issues that may affect the insurance coverage and policy benefits.
- Inform the clients on registered insurance companies.

### FAIRNESS

- Fairness requires impartiality, intellectual honesty, and disclosure of conflicts of interests.

### CONFIDENTIALITY

- Maintain a high level of confidentiality that a client expects from you with regard to the personal information of the client.

### PROFESSIONALISM

- Make courtesy & dignity a critical part of your day-to-day business conduct.

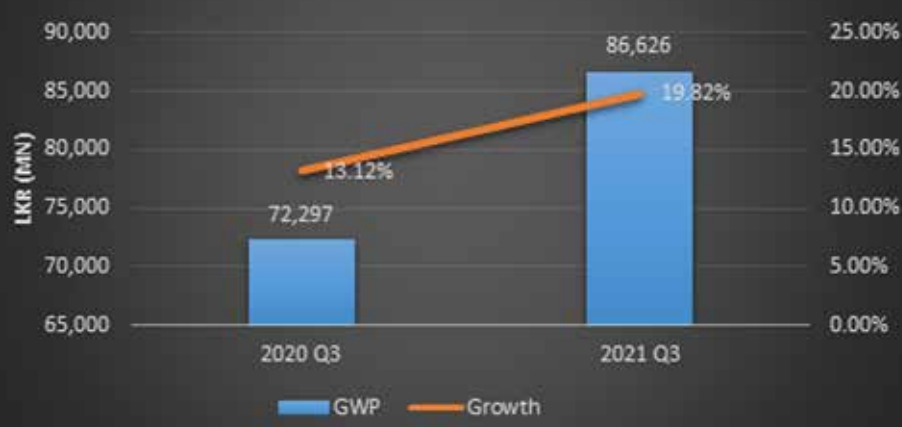


# INSURANCE IN ACTION

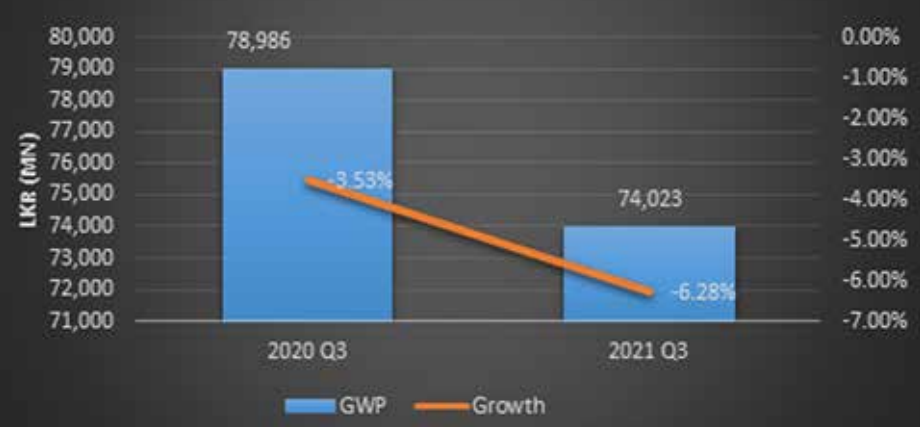


## STATISTICAL DATA OF THE INSURANCE INDUSTRY

### Gross Written Premium - Life Insurance

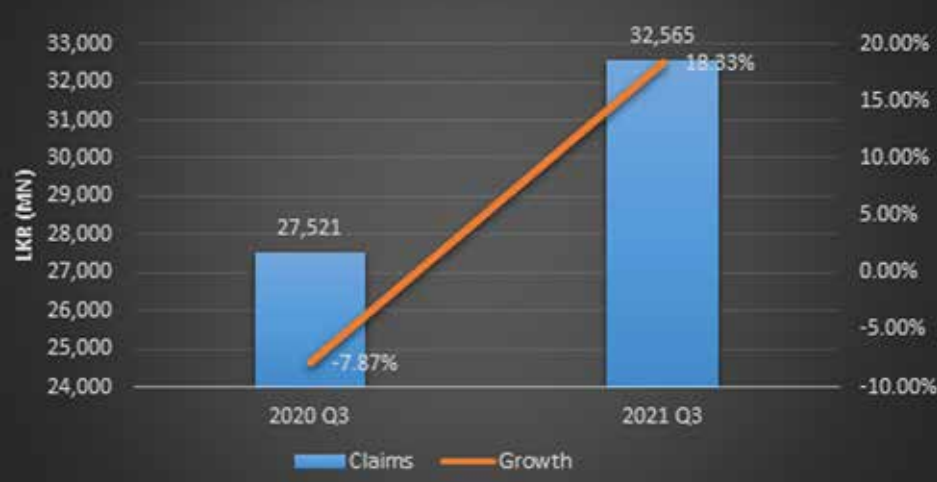


### Gross Written Premium - General Insurance

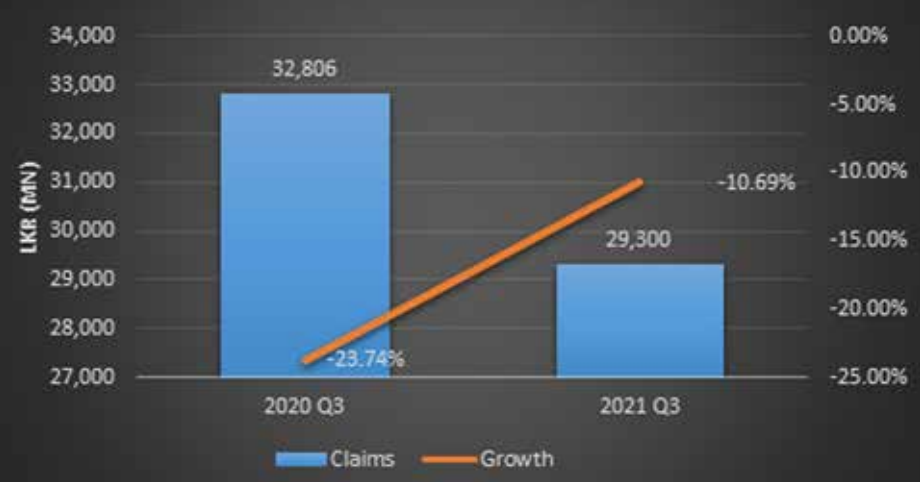


The GWP of Long-Term Insurance Business amounted to Rs. 86,626 million (Q3 of 2020: Rs. 72,297 million) recording a growth of 19.82%. The GWP of General Insurance Business amounted to Rs. 74,023 million (Q3 of 2020: Rs. 78,986 million) recording a decline of 6.28%

### Claims Incurred - Life Insurance

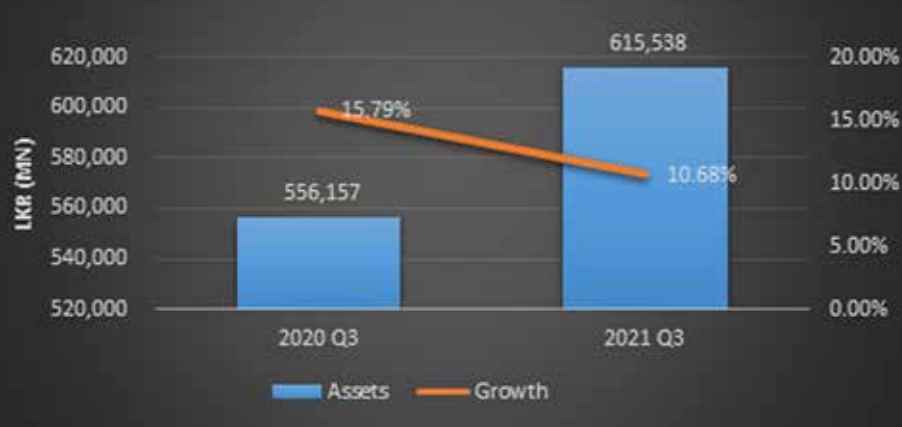


### Claims Incurred - General Insurance

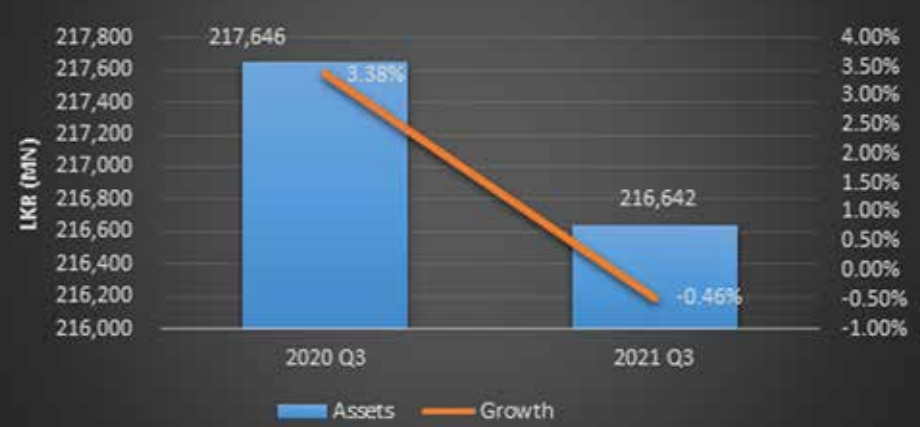


The Long-Term Insurance claims amounted to Rs. 32,565 million (Q3 of 2020: Rs. 27,521 million). The claims incurred in General Insurance Business amounted to Rs. 29,300 million (Q3 of 2020: Rs. 32,806 million). Hence, during the 3rd quarter of 2021, there is an increase of 18.33% in claims incurred by Long Term Insurance Business and a decrease of 10.69% for the General Insurance Business.

### Assets of the Insurance Sector - Life Insurance



### Assets of the Insurance Sector - General Insurance



The assets of Long-Term Insurance Business amounted to Rs. 615,538 million (Q3 of 2020: Rs. 556,157 million) depicting a growth rate of 10.68% which was a 15.79% growth in the 3rd quarter of 2020 when compared with the 3rd quarter of year 2019. The assets of General Insurance Business amounted to Rs. 216,642 million (Q3 of 2020: Rs. 217,646 million) indicating a slight decline of 0.46%.

### Profit Before Tax - Life Insurance



### Profit Before Tax - General Insurance



The profit (before tax) of Long-Term Insurance Business amounted to Rs. 11,655 million (Q3 of 2020: Rs. 9,978 million), while the profit (before tax) of General Insurance Business amounted to Rs. 10,650 million (Q3 of 2020: Rs. 16,273 million). Thus, profit (before tax) of Long-Term Insurance Business has increased by 16.81% and General Insurance Business has decreased by 34.55%.



# IRCSL Regulatory Updates – Recent Regulatory DEVELOPMENTS




DIRECTION NO/ CIRCULAR NO	DESCRIPTION
Direction No.4 of 2021	<p>The Direction No.4 of 2021 prohibits the use of telecommunication service providers' (TSPs) platforms i.e. mobile network and fixed line operators by insurers for selling insurance products to potential policyholders and general public.</p> <p style="text-align: center;"><a href="https://ircs.gov.lk/wp-content/uploads/2021/09/Direction-4-of-2021-08.09.2021.pdf">https://ircs.gov.lk/wp-content/uploads/2021/09/Direction-4-of-2021-08.09.2021.pdf</a></p>
Direction No 3 of 2021	<p>The Direction No. 03 of 2021 requires persons registered under the RII Act (insurers, brokers &amp; loss adjusters) to refrain from employing persons, in any capacity of employment, whose services have been terminated on the grounds of financial misappropriation or fraud.</p> <p style="text-align: center;"><a href="https://ircs.gov.lk/wp-content/uploads/2021/09/Direction-3-of-21.pdf">https://ircs.gov.lk/wp-content/uploads/2021/09/Direction-3-of-21.pdf</a></p>
Circular No. 2 of 2021	<p>The circular No. 2 of 2021 prohibits the promotion/advertising of third party motor insurance.</p> <p style="text-align: center;"><a href="https://ircs.gov.lk/wp-content/uploads/2021/09/Circular-02.pdf">https://ircs.gov.lk/wp-content/uploads/2021/09/Circular-02.pdf</a></p>
Circular No. 1 of 2021	<p>The Circular No. 1 of 2021 requires all insurance companies that they could launch products/policy forms only after the IRCSL confirms that products/policy forms, in the opinion of the IRCSL, are fair and equitable and its adherence to the instructions issued therein.</p> <p style="text-align: center;"><a href="https://ircs.gov.lk/wp-content/uploads/2021/09/Circular-1-of-2021.pdf">https://ircs.gov.lk/wp-content/uploads/2021/09/Circular-1-of-2021.pdf</a></p>


## INSURANCE TIPS

## POLICYHOLDERS' RIGHTS


### • WHEN YOU PURCHASE AN INSURANCE POLICY :



- It is your right to request the policy document in any language (Sinhala/Tamil/English) you are comfortable with and be responsible to read and understand all documents attached to your insurance policy.



- It is your right to obtain any clarifications from the insurance company on any matter that is unclear or difficult to understand in your insurance policy.






- It is your right to be informed of all matters related to the policy such as the status of a claim, the basis of the decision of the insurance company when a claim is denied in whole or in part.



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