

GUIDELINES ON POLICY FRAMEWORK FOR GENERAL INSURANCE PRODUCTS

1. INTRODUCTION

This guideline is issued pursuant to Section 37 (2) of the Regulation of Insurance Industry Act, No.43 of 2000 (the RII Act) in order to ensure that the terms of the contract of insurance covered by such products are fair and equitable. The Insurance Regulatory Commission of Sri Lanka (IRCSL) is empowered in terms of Section 37 of the RII Act to direct amendments to any policy form, and it shall be the duty of the insurance companies, to give effect to such amendments in order to safeguard the interest of the policyholders.

2. PURPOSE

The purpose of this guideline is to set forth a framework for the essential components (elements) of the policy documents of General Insurance products offered in Sri Lanka in order to protect the policyholders' interests.

3. SCOPE & APPLICABILITY

- 3.1 These guidelines are applicable to all new general insurance products issued by insurance companies registered to carry on general insurance business under the provisions of the RII Act.
- 3.2 These guidelines shall come into effect 3 months from the date of issuance of these guidelines.

4. POLICY DOCUMENTS

4.1 The policy document shall include the following contents;

- 4.1.1 Name, Logo and Contact details of the insurance company and the name of the product on the front page.
- 4.1.2 The policy document starts with (in the preamble) a statement with the authorized person's signature along with the designation. The Board of Directors and the Principal Officer of the insurer shall delegate such powers to the authorized person to place his/her signature in the policy document on behalf of the company.
- 4.1.3 Insurance policy shall include an index page, indicating the title, section and the corresponding page number.
- 4.1.4 Insurance policy shall include the following mandatory key sections;
- a) "Coverage/ key purpose (objective)/ Operative Clause / Insuring Clause"
 - b) "Key Definitions"
 - c) "Conditions"
 - d) "Exclusions"
 - e) "Endorsements" (*if applicable*).
 - f) "Claims Handling Procedure"
 - g) "Grievances/Complaints Handling Procedure"
 - h) "Dispute Resolution Procedure"

4.2 The "Coverage/ Operative Clause/Insuring Clause /Key Purpose (objective) of the product" shall be described in a separate section covering all features of the (basic) product in a clear and simple language.

4.2.1 This description shall include only the information about 'what risk(s) is (are) covered'

4.2.2 A basic cover and endorsements applicable shall be clearly stated

4.3 The "Key Definitions"; Technical terms must be clearly defined in a separate section with clear description title "Key Definitions" in more generic manner and in simple language.

- 4.4 The Conditions imposed by the Insurer shall be described in a separate section titled 'Conditions'. If a particular condition is applicable to specific cover/s those conditions shall be clearly stated under the specific cover.
- 4.4.1 Conditions shall be called "Conditions" and not be called as 'special conditions', or 'special provisions'.
- a) All relevant conditions applicable for the basic cover shall be disclosed under basic cover
 - b) All relevant conditions applicable for Riders/ endorsement/Additional Covers/Clauses", under corresponding headings/topics
- 4.4.2 Relevant and applicable warranties and clauses in respect of the product should be clearly stated.
- 4.4.3 May include the Premium Payment Warranty (PPW) as required by Circular 25 dated 1st December 2006, if credit has been granted to the policyholder and it shall be emphasized that the benefit of the PPW is applicable only for the insured.
- 4.5 The "Exclusions" relevant to the basic cover shall be described along with the basic cover. Any other exclusions shall be described in a separate section titled "General Exclusions" and state the application of the said general exclusions to covers such as basic and/ or endorsements with cross reference for ease of reference
- 4.5.1 The term "exclusions", shall not be called 'exceptions'
- 4.6 "Any additional covers offered by the Insurer in respect of a particular product, shall be described in a separate section titled 'Additional Covers'. Such additional Covers shall not be called as 'Endorsements'. Further, reference shall be made to the policy document where additional covers are offered with the basic cover.
- 4.6.1 All conditions applicable to the additional covers shall be described clearly under the heading of the additional cover.
- 4.7 The claims handling procedure shall be explained in a separate section under the said heading and include the following:
- 4.7.1 Procedure for intimating a claim to the insurance company (how to inform the insurance company and police station), The telephone number and/or email address of Claims Handling Division/Unit
- 4.7.2 Documents to be submitted to insurance company including the claim form
- 4.7.3 The requirements applicable to the settlement of claim
- 4.7.4 The time frame applicable for settlement of claims as per Direction 6A dated 21st August 2015
- 4.7.5 Reference in respect of the claim form shall be disclosed in the policy document.
- 4.8 A section titled Grievances/Complaints handling and Dispute Resolution procedure shall be explained and included under the said heading and shall include the following:
- 4.8.1 Methodology of filing a complaint against an Insurer including appealing process.
- 4.8.2 The telephone number and/or email address of Complaints Handling Division/Unit
- 4.8.3 The time frame applicable for resolving complaints (other than claims)
- 4.8.4 The insurer shall include a standardized Complaints Form as an annexure to the policy document
- 4.8.5 Dispute Resolution methods and procedures shall be described clearly under each method and/or option such as;
- a) Dispute resolution method at company level (internal process)
 - b) Dispute resolution by the Insurance Ombudsman
 - c) Dispute resolution by the IRCSL
 - d) Arbitration shall be at the option of the policyholder.
 - e) Litigation through the Court system

4.8.6 Arbitration shall not be made compulsory for dispute resolution and it shall be provided as an option to the policyholder in seeking redress in a claims dispute.

4.9 The Policy Schedule

4.9.1 The policy schedule shall include the following:

- a) Name and address of the policyholder and the insurance company
- b) Date of issue of cover
- c) Number of the policy
- d) Name of the product, description of cover/s, and the premium charged for it
- e) Date of commencement of the policy and the period of coverage of the policy except marine policies in respect of period of coverage.
- f) Maximum cover limits, premium and any other charges if applicable
- g) Name(s) of the additional cover(s) selected by the policyholder including the relevant additional premium(s). Reference to the section in the policy document shall be mentioned.
- h) Code of the Broker or the Agent (if applicable)
- i) Details (names, address, contact details etc.) of legal representative/assignee (if applicable).

4.9.2 In addition, applicable sections with regard to conditions, exclusions, endorsements and any other sections or annexes that may be relevant to said product shall be disclosed in policy schedule.

4.9.3 The printed signature of the authorized person along with his/her designation shall be included at the end of the policy document and the digital signature of the authorized person shall be used in the case of policies issued online or in the soft version of policy document. The Board of Directors and/or the Principal Officer of the insurer shall delegate such powers to the authorized person to place his signature in the policy document on behalf of the company.

4.10 All documents pertaining to insurance products shall comply with the following:

4.10.1 Font size of the content shall be as required by Circular No. 43 dated 2nd July 2020, i.e., Times New Roman 12.

4.10.2 The availability of insurance policies in the preferred of the policyholders, as required by Circular No. 43 dated 2nd July 2020, i.e., in three (03) languages (Sinhala, Tamil & English)

5. DECLARATION

5.1 Proposal form/Application form

Declaration shall be obtained from the policyholder confirming that the coverage, exclusions, conditions, warranties, endorsements and claim and complaint intimation are explained to the policyholder by the insurer or intermediary and understood by the policyholder

6. COMPLIANCE

6.1 These guidelines shall come into effect;

6.1.1 From three (03) months from the date of issuance of these guidelines for all new general insurance products; and

6.1.2 All corporate policies shall include the requirements stated in the guidelines in addition to any reinsurance requirement for corporate insurance policies.

6.2 The Principal Officer shall submit a certificate of compliance to the IRCSL along with the filing of product documents upon implementation of the guidelines, confirming fulfilment of these guidelines.