

**Sale of insurance products to customers of Mobile Network Operators' (MNOs) and Fixed Line Operators' (FLOs) through the usage of data and platform of MNOs and FLOs**

**REGULATION OF INSURANCE INDUSTRY ACT – DIRECTION**

22.08.2024

No. 05 of 2024

The Insurance Regulatory Commission of Sri Lanka (IRCSL), at its 254<sup>th</sup> Commission meeting, has decided to issue the following direction to Insurers and Insurance Brokers who market and sell insurance products to customers of MNOs and FLOs through the usage of data and platform of MNOs and FLOs:

**(1) APPROVAL OF IRCSL**

1. An insurer intending to market and sell insurance products and /or currently marketing and selling insurance products, either directly or through insurance brokers, to customers of MNOs or FLOs through the usage of data and platform of MNOs and FLOs shall obtain the approval of IRCSL for the process adopted, and the products marketed and sold. Insurers shall follow the requirements specified in Circular No. 1 of 2021 for the product filing with IRCSL.
2. When seeking such approval, the following shall be filed with IRCSL:

**(A) The insurance product & presale material/questions:**

1. The insurance product : The product shall be simple and easy to understand, considering the market segment and the process it proposes to market and sell;
2. A separate sheet containing the summary of the product i.e. key features of the product in simple and easy to understand (wordings);
3. The product shall identify the insurer;
4. The insurers shall ensure that physical policy documents are sent to the policyholders in their preferred language;
5. The product shall have specific reference on the claim making process, including the following:
  - a. Procedure for intimating a claim to the insurance company (how to inform the insurance company and police station, if necessary)
  - b. The telephone number and email address of claims handling division of the insurer
  - c. Documents to be submitted to the insurance company, including the claim form and how to get the claim form
  - d. The requirements applicable to the settlement of claim
  - e. The time frame applicable for settlement of claims as per Direction 6A dated 21st August 2015
6. The product shall have specific reference on the disputes handling process, including the following:
  - a. Methodology of filing a complaint against an Insurer/broker including appealing process
  - b. The telephone number and email address of complaints handling division of insurer
  - c. The time frame applicable for resolving complaints
  - d. Dispute Resolution methods and procedures shall be described 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 f)

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.

7. The product shall have specific reference to a dedicated telephone number of the insurer and/ or broker to enable any clarifications of the product;
8. The presale material/questions shall have simplified Know Your Customer (KYC) requirements.

**(B) Agreement/ between the insurer/broker and the MNO/FLO;**

1. Insurer and/or broker shall enter into written agreement with MNO/FLO;
2. The agreement shall state the roles and responsibilities of the MNO/FLO, insurer and insurance broker (in case insurance broker is involved as an intermediary) and remittance of collected premium (collected premium should be sent to the insurer within two weeks from the end of each month);
3. The filing of the Agreement with IRCSL shall be done within a week of execution;
4. The insurer/broker shall ensure that the MNO/FLO only facilitates/provides the data to connect customers and the platform for premium collection and shall ensure that all rules and regulations in that connection are complied with.
5. The sale of insurance is only conducted by a registered insurance broker and the agents of such insurers or brokers and that the MNO and FLO merely acts as facilitators in collecting premium
6. The MNO and FLO do not act as agents of the insurers.

**(C) The description of the process of marketing and selling;**

1. The details of the marketing process: The marketing and sales process can be done through only insurer or broker and not by the MNO and/or FLO;
2. The insurer/broker shall obtain the NIC/Passport (PP), name, address, phone number, beneficiary details before completing the sale;
3. The language preference shall be provided to the customer at the inception, and at all subsequent communications.

**(D) The description of the on boarding process**

1. The insurer shall disclose what the customer is required to do to purchase an insurance policy;
2. The insurer/broker shall provide a confirmation to the customer that an insurance cover has been issued in the name of customer, giving the name of insurer, period of cover, premium amount, sum insured, the payment frequency and details of beneficiaries;
3. The insurer/broker shall send a notice to the customer / policyholder giving the link to the insurance policy; The insurer/broker shall also inform as to how to obtain a hard copy of the policy document. The insurance product shall be disclosed on the website of the insurer;
4. The insurer/broker shall send to the customer giving the dedicated telephone number of the insurer or the broker in order to clarify any matter regarding the insurance policy. All such staff of insurer or broker shall be trained regarding the features of the product and all pre-sale and post-sale services;
5. Identification of the location of call centre shall be disclosed.

**(E) Promotional/Marketing material**

1. In all awareness/promotional material, the dedicated phone number of the insurer and /or broker shall be highlighted.
2. The insurer shall ensure that the MNO/FLO shall not communicate with its customers or public verbally or otherwise with regard to the insurance product, other than information regarding the product in its websites, in which the insurer shall approve the contents.

3. Insurer shall approve all promotional material, including advertisements in any media, hoardings, SMS's, E-mails etc. – approval shall be given by the Principal Officer of the insurer in line with advertisement direction of IRCSL and all such advertisements shall be approved by the IRCSL in terms of advertisement direction of IRCSL.

**(H) Other Requirements**

1. The insurer/broker shall send a notice to the customer if the insurance policy is deactivated giving the reason(Ex: Non-payment of premium);
2. The insurer shall ensure that mechanisms are in place to comply with the relevant provisions in the Personal Data Protection Act, No. 09 of 2022 to prevent data breaches in respect of policyholders' information i.e., Security measures to prevent information concerning contracts and policyholders' details from being disclosed illegally.

In view of above, Direction 4 of 2021 issued on 6<sup>th</sup> September 2021 is hereby repealed.

This Direction shall come into force with immediate effect. Insurers / Brokers who have existing arrangements shall comply with the said requirements of this Direction on or before 4 months from the issuance of this Direction.



**Director General**

**Signed for and on behalf of the Commission**