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Public perception of insurance must change

IRCSL, Director General, Damayanthi Fernando

The Insurance Regulatory Commission of Sri Lanka (IRCSL) safeguards policy holders through the supervisory control of insurance companies. Professionals with experience at the IRCSL advise the government on policy and laws that would make the industry remain viable and able to meet its commitments to policy holders by helping them overcome risks. Following are the excerpts of an interview held with the Director General of the IRCSL, Damayanthi Fernando to mark the insurance month.

Q The name of the Insurance Board of Sri Lanka was changed to IRCSL. What is the reason for this change?

Earlier there was a body known as the Insurance Controller. We were set up in 2001 by an Act of Parliament to be known as the Insurance Board of Sri Lanka (IBSL). However, a similar acronym is used by the Institute of Bankers of Sri Lanka. The Sinhalese name led to confusion between us and

an insurance company owned by the state. Now that the insurance sector is becoming popular among Sri Lankans we thought of streamlining our establishment as a Commission to gain more recognition.

Q Along with the name change was there a widening of the scope?

Well there was no such widening. But it was not focused on enhancing the powers. However, scope widening is planned out via a few more amendments to come.

Q What are the development activities initiated under the new name to inculcate insuring habits?

Last year a few programmes were launched with assistance from the ADB and World Bank. The Treasury is supporting us in terms of modernising the entire financial sector. So, we have planned

the proposed amending of the Act targeting autonomy, enhancing powers, and aligning with the core principles followed in the international arena. There is an international body for insurance; the International Association of Insurance Supervisors of which the IRCSL is a member. So, we need to align ourselves with the 26 core principles. Peer reviews were done and some aligning was done. Micro insurance and market conduct regulations are a few key areas that we look at further developing among a lot of other things.

Q Can you elaborate on the micro insurance?

This is a segment in the market with a lot of potential. Insurers do sell products but under different product names. The premium is small, and the coverage is also small in these products. In the Philippines, the policy of this category is limited to a single page that is understood by the



policy holder. So at the moment there are micro insurance providers in Sri Lanka. They are not regulated. They are unable to meet the standards set by the Act. Some micro finance companies have their micro insurance arms as well. In other countries, especially in the Philippines micro finance and the micro insurance goes hand in hand.


Q The 1st of September was National Insurance Day. What were the initiatives taken by the IRCSL?

We have taken part in island wide seminars with the Insurance Association. As well as the media publicity, programmes were also a part of the said matter. During this month the sales force is also given the task of promoting life policies. The National Forum for Sales Agents was also held recently where the best of the sales force were recognised.

Q From the regulators' point of view, what is the most needed change in the Sri Lankan insurance sector?

A change in public's perception of insurance is a necessity. One bad decision by an insurance company can go a long way to create a negative impact on the entire sector. We should also take into consideration the spending capacity of the public. The Government has taken the National Natural Disaster Insurance Scheme from the National Insurance Trust Fund (NITF) covering the entire population. Under this scheme, the Government was able to compensate the uninsured lives and properties damaged recently due to natural disasters such as floods and landslides. The entire cover is Rs.15 billion. The Suraksha school children's cover is another step the Government took to protect the public.

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