



**Knowledge Management**  
Semi-Annual Insurance  
Compendium 2025  
July – December 2025

# Semi-Annual Insurance Compendium 2025



## Introduction

The Insurance Regulatory and Development Authority of India (“**IRDAI**”/“**Authority**”) introduced several measures in 2025 aimed at fostering innovation in the insurance sector, enhancing policyholder protection and strengthening the overall governance framework.

To strengthen the digital payment ecosystem against potential frauds, the Telecom Regulatory Authority of India, *vide* press release dated July 22, 2025, convened a meeting of the Joint Committee of Regulators comprising multiple regulators and key government agencies including the Reserve Bank of India (“**RBI**”), Securities and Exchange Board of India, Ministry of Home Affairs and Pension Fund Regulatory and Development Authority . The meeting focussed on deliberating collaborative regulatory measures to address the growing incidence of digital payment related frauds. The committee *inter alia* discussed steps and timelines for phased migration to dedicated 1600 (one thousand six hundred) number series in the phased manner for transactional and service calls originating from the banking, financial service and insurance sectors.

In a parallel development, the *Bima Sugam* India Federation, *vide* press release dated September 17,

2025, announced the launch of its official website to establish India’s first digital public infrastructure for insurance, aligning with the national vision of “Insurance for All by 2047” and the mission of “Viksit Bharat 2047”.

Also, IRDAI convened its 132<sup>nd</sup> meeting on July 15, 2025 and approved the following policy developments:

1. the rural, social sector and motor third party obligations of the insurers for the Financial Year (“**FY**”) 2025-26 and FY 2026-27 under the IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024;
2. clarifications pertaining to the IRDAI (Maintenance of Information by the Regulated Entities and Sharing of Information by the Authority), Regulations 2025 (“**Maintenance of Information Regulations**”); and
3. modification to the Revised Guidelines on Insurance Repositories and Electronic Issuance of Insurance Policies (“**Revised Guidelines on Insurance Repositories**”).

Further, the IRDAI Chairman held a detailed interaction with the chief executive officers of insurance companies on September 17, 2025, and

appointed actuaries in the month of September 2025. The exemption of life and health insurance from goods and services tax by the Government of India as a part of indirect tax reform was highlighted in the meeting and was fathomed as an opportunity for insurers to increase coverage, penetration and product proposition. In addition, the discussion also focused on the following aspects:

1. strategies to expand penetration beyond urban centres and reach out to the rural population and the unorganised sector;
2. importance of reinforcing service standards related to market conduct, compliance, risk management and internal audits; and
3. establishment of a standing forum at the life council to examine court rulings and extract insights, helping to establish consistent standards in solicitation, underwriting and policy servicing.

The Department of Financial Services (“**DFS**”), Ministry of Finance (“**MoF**”) are undertaking key initiatives towards streamlining of the process of grievance redressal mechanism in banking, financial services and insurance sector. DFS, *vide* press release dated December 12, 2025, initiated ranking of public sector banks, private sector banks and public sector insurance companies based on quality and timely redressal of grievances. This has strengthened the grievance redressal mechanism by increasing focus on faster turnaround time by banks and insurance companies, transparent communication and increase in customer service training. Furthermore, DFS has also initiated ‘Financial Institutions Interaction Program’ from the month of December 2025, wherein meetings are held with selected organisations based on grievances received on the Centralised Public Grievance Redress and Monitoring System portal. As a first step, non-banking financial companies are selected for this exercise.

Further, IRDAI issued a press release on November 26, 2025, regarding its high-level meeting with the chief compliance officers and grievance redressal officers of all the insurers, wherein the discussions centred on strengthening policyholder protection, improving grievance redressal standards and addressing operational challenges faced by the insurance sector. Insurers are advised to develop a clear and standardised operating procedure for classifying

consumer references into complaints and service requests. Further, IRDAI also urged insurers to adopt a more proactive, policyholder-centric approach and to strengthen their internal systems to ensure strict compliance with prescribed timelines.

This Compendium consolidates all key developments undertaken in the Indian insurance sector which were circulated as JSA Prisms and Newsletters during July 2025 till December 2025.



## Clarification on maintenance of information regulations

IRDAI, *vide* circular dated July 22, 2025, clarified that any records (including electronic records) collected by any foreign reinsurer's branches and Lloyd's India (including its syndicates and service companies) under the Maintenance of Information Regulations must be maintained in India.

## Master Circular on Rural, Social Sector and Motor Third Party Obligations

IRDAI issued the Master Circular dated July 25, 2025, on Rural, Social Sector and Motor Third Party Obligations, 2025 (“**RSM Master Circular**”) specifying the obligations of insurers for FYs 2025-26 and 2026-27. The RSM Master Circular outlines the obligations of insurers, along with the methodology of arriving at the obligations with respect to rural sector, social sector and motor third party business. Some of the key provisions are as follows:

The RSM Master Circular is applicable to all life, general and stand-alone health insurers (“**SAHI**”).



1. The obligations of insurers with respect to rural sector are:
  - a) every life insurer to cover minimum specified percentage of lives under individual and/or group insurance policies in allocated gram panchayats;
  - b) every general insurer (other than SAHI, Agriculture Insurance Company of India Limited (“AIC”) and Export Credit Guarantee Corporation of India Limited (“ECGC”)) to cover minimum specified percentage of (i) dwellings and shops under fire insurance, and (ii) vehicles under motor insurance in allocated gram panchayats; and
  - c) every general insurer (including SAHI, other than AIC and ECGC) to cover minimum specified percentage of lives under (i) health insurance and (ii) personal accident insurance in allocated gram panchayats under individual and/or group insurance policies.
2. The obligations of insurers (life, general and SAHI excluding AIC and ECGC) for the second and third year, with respect to the social sector, are determined based on the minimum percentage of lives to be covered under the social sector as a proportion of total lives covered. The prescribed minimum threshold is 10% for FY 2025-26 and 12% for FY 2026-27.
3. The insurer is required to submit returns to the Authority as prescribed under the RSM Master.



## Amendment to the Revised Guidelines on Insurance Repositories

IRDAI, *vide* circular dated July 29, 2025, amended the Revised Guidelines on Insurance Repositories, requiring an insurance repository to have its controls, systems, procedures and safeguards reviewed by an

external auditor who is either a Certified Information System Auditor, a Chartered Accountant with DISA Qualification or a CERT-IN certified expert. The review is to be conducted at least once a year and at the cost of the insurance repository.

## Fraud Monitoring Framework

IRDAI, on October 9, 2025, issued the IRDAI (Insurance Fraud Monitoring Framework) Guidelines, 2025 (“Guidelines”) which will be in effect from April 1, 2026. The Guidelines repeal the IRDAI circular on Fraud Monitoring Framework, dated January 21, 2013 (“Erstwhile 2013 Circular”).

The Guidelines provide a robust governance and operational framework to foster resilience against fraud within the insurance ecosystem and introduces a comprehensive, risk-based, and proactive framework focused on prevention, detection, and governance. The Guidelines also recognise the growing threat of digital and technology-enabled fraud.

## Key aspects of the Guidelines

### Applicability and scope of the Guidelines

The Guidelines apply to all insurers, reinsurers and distribution channels (including insurance intermediaries). The Erstwhile 2013 Circular’s application was limited to insurers and reinsurers. The Guidelines extend the scope to distribution channels as well. Foreign reinsurance branches are also required to adopt either the host jurisdiction’s framework or the Guidelines, depending on whichever framework is more comprehensive.

The Guidelines define insurance fraud, categorisation of different types of fraud, and a governance framework for the regulated entities to prevent and manage incidents of fraud.

### Definition of fraud and classification of fraud

The definition of fraud as defined in the Guidelines is inclusive in nature and not exclusive. Fraud is defined to mean an act or omission intended to gain advantage through dishonest or unlawful means, for a party committing the fraud or for a related party and fraud

includes and is not limited to misappropriating funds; misrepresenting or concealing or not disclosing one or more material facts relevant to any decision or transaction; misuse of position of responsibility or a position of trust or a fiduciary relationship.

Fraud is further categorised as follows:

1. **Internal fraud:** Fraud involving the insurer's employees and/or senior management.
2. **Distribution channel fraud:** Fraud involving intermediaries or other distribution partners.
3. **Policyholder and/or claims fraud:** Fraud committed by any person during the purchase, servicing, or claiming of an insurance policy to obtain undue coverage or payment.
4. **External fraud:** Fraud involving third parties such as service providers, vendors, or other external entities.
5. **Affinity or complex fraud:** Fraud involving collusion among 1 (one) or more perpetrators across any of the aforementioned categories.

## Fraud Risk Management Framework

A central feature of the Guidelines is the requirement for every insurer and distribution channel to adopt a Fraud Risk Management Framework ("**FRM Framework**") based on a principle of zero tolerance for fraud.

A board approved anti-fraud policy ("**Policy**") forms the core of the FRM Framework which will be reviewed by the board annually. The Policy should include, *inter alia*, red flag indicators, procedures to detect and report fraud, defined responsibilities and delegation of authority, timelines for investigation, whistleblower protection mechanisms, due diligence for recruitment and vendor engagement, and provisions for dealing with non-compliance.

## Fraud Monitoring Governance

The Risk Management Committee ("**RMC**") of each insurer will be responsible for the effective implementation and oversight of the FRM Framework across all operations and distributions channels.

Each insurer must constitute:

1. a Fraud Monitoring Committee ("**FMC**") headed by a key managerial person including senior representatives from relevant departments such as underwriting, claims, legal or any other department as deemed necessary; and
2. a fraud monitoring unit that functions independently from the internal audit, to support FMC in effective discharge of functions.

The FMC will be responsible for operationalising the FRM Framework, overseeing prompt investigation and response, maintaining records of fraud incidents, and facilitating collaboration with law enforcement and industry peers. The FMC is also required to conduct an annual Comprehensive Fraud Risk Assessment ("**Risk Assessment(s)**") to identify vulnerabilities and emerging trends. The FMC will ensure a multilayered oversight structure by submitting reports on:

1. a quarterly basis to the RMC on all its activities, findings, recommendations in relation to, *inter alia*, the financial impact of fraud on the insurer;
2. on Risk Assessments to the board of directors through the RMC; and
3. internal frauds to the audit committee, in addition to the RMC.

## Training

The Guidelines emphasise upon the importance of continuous training and awareness. Insurers, intermediaries, and distribution channels must conduct periodic programmes to educate employees, management, and policyholders about fraud risks and prevention methods. Regular training for board members and distribution partners is also mandated to ensure accountability and vigilance across all levels of the insurance value chain.

## Role of the Insurance Information Bureau

To strengthen industry-wide coordination, insurers are mandated to participate in the fraud monitoring technology framework developed by the Insurance Information Bureau ("**IIB**").

Additionally, the IIB will maintain a Caution Repository ("**Repository**") containing information on blacklisted distribution channels, vendors, hospitals, and known

fraud perpetrators. This Repository will serve as a preventive tool to help insurers avoid engagement with entities/persons having a history of fraudulent conduct. The IIB, in consultation with the life and general insurance councils, will also adopt a unique identifier mechanism to enhance traceability and consistency in fraud reporting.

## Reporting obligations

Insurers are required to report fraud incidents to law enforcement agencies or other relevant authorities in accordance with the applicable law. Annual returns in Form FMR-1 must be filed with IRDAI within 30 (thirty) days of the close of the FY. Any fraud involving distribution channels registered with IRDAI must be reported to IRDAI without delay.

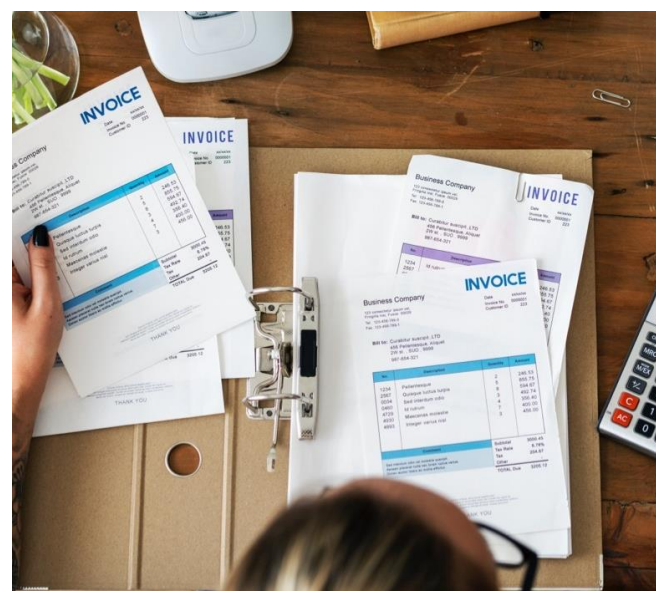
## Conclusion

In the era of growing digital technology and evolving and growing insurance ecosystem, through the Guidelines, IRDAI has equipped regulated entities to establish a principle-based governance framework and identified accountability of each participant in the insurance ecosystem to prevent, detect and rectify fraud.

## Cessation of the practice of allowing additional line of business/department to surveyors and loss assessors

IRDAI had carried out the exercise of categorisation of individual Surveyors and Loss Assessors ("SLA") who were holding a valid surveyor license prior to notification of Insurance Surveyors and Loss Assessors (Licensing, Professional requirements and Code of Conduct) Regulations, 2000. Pursuant to this, an individual SLA was categorised in several Lines of Business/departments ("LoB") and was allowed to have only 3 (three) LoBs out of the categorised LoBs, on his surveyor license. IRDAI, *vide* circular dated February 4, 2020, had allowed addition of LoB on a surveyor license of an individual SLA on the basis of categorisation letter issued by it (subject to certain conditions) and the restriction on the number of LoBs were also lifted.

IRDAI has received several applications where individual SLAs have sought to add a new LoB to their surveyor license despite not having conducted any survey in such LoB since 2002. Considering the rapid upgradation and advancements in technology, IRDAI has noted that such experience and knowledge gained prior to 2001-02 in the concerned LoB has become obsolete. Consequently, IRDAI, *vide* circular dated October 10, 2025, decided to stop the practice of allowing additional LoB to individual SLAs based on the categorisation letter and the circular dated February 4, 2020, is repealed. Individual surveyors would continue to be eligible for any LoB on their surveyor license or may add LoB to their surveyor license, subject to fulfilment of the eligibility criteria/conditions specified under the IRDAI (Insurance Surveyors and Loss Assessors) Regulations, 2015.



## Clarification on raising of invoice by International Financial Services Centre Insurance Offices

Based on feedback and representations from International Financial Services Centre ("IFSC") Insurance Offices ("IIO"), the International Financial Services Centres Authority, *vide* circular dated November 27, 2025, clarified that an IIO transacting re-insurance business may raise invoice on Indian insurers/foreign insurers/re-insurers/cedants, in the currency of the underlying contract of reinsurance, including in Indian Rupees. However, the realisation of amount against such invoice, in the bank account of the IIO, maintained with any IFSC banking unit, must be in the specified foreign currencies.

## Investments in additional Tier 1 bonds and Tier 2 capital of All India Financial Institutions

As part of continuous regulatory initiatives and to enable insurers to have wider scope for investments and portfolio diversification, IRDAI, *vide* circular dated December 19, 2025, permitted insurers to expand their investment avenues. Under the existing framework, insurers were allowed to invest in Additional Tier 1 (“AT1”) bonds and instruments forming Tier 2 capital of banks. After the decision of RBI to allow All India Financial Institutions (“AIFIs”) to issue AT1 bonds and Tier 2 capital with effect from April 1, 2024 under the Basel III capital framework, IRDAI permitted insurers to invest in AT1 bonds and in debt capital instruments as well as preference share capital instruments (except perpetual cumulative preference shares) forming Tier 2 capital, issued by AIFIs. Such investments are to be made as per provisions applicable to insurers’ investments in banks as specified in IRDAI’s Master Circular on Actuarial, Finance and Investment Functions of Insurers dated May 17, 2024.



## Insurance sector reforms: Parliament approves the bill including proposal for 100% foreign investment in insurance companies

The Lok Sabha (lower house of the Parliament) on December 16, 2025, and the Rajya Sabha (upper house of the Parliament) on December 17, 2025, cleared the much-anticipated landmark insurance reforms bill i.e., The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 (the “**Bill**”). The Bill seeks to amend the Insurance Act, 1938 (“**Insurance Act**”), the Life Insurance Corporation Act, 1956 and the IRDAI Act, 1999 (“**IRDA Act**”).<sup>1</sup>

The Bill marks a pivotal step towards liberalisation of the Indian insurance market with increase in the permissible foreign investment limits in Indian insurance companies from 74% to 100%. Additionally, the Bill includes amendments with the objective of improving ease of doing business, providing greater flexibility in structuring transactions, strengthening policyholders’ protection framework and enhanced regulatory powers for IRDAI.

### Key amendments sought to be introduced under the Bill

#### Easing the investment and deal framework

1. **Increased foreign investment limit:** With a view to enhancing foreign capital inflow in the sector, the Bill raises the foreign investment limit from 74% to 100% of the paid-up equity capital of an Indian insurance company. Liberalisation of foreign investment limits is expected to encourage new entrants into the sector. While foreign investors, as on date, are required to have a domestic partner for investing in the Indian insurance market, they may (upon coming into effect of these reforms) consider setting up independent operations or restructuring their existing investments.

However, such foreign investment would be subject to conditions which are yet to be prescribed. In August 2025, in anticipation of the proposed liberalisation of the foreign investment regime, MoF had published draft rules proposing amendments to the Indian Insurance Companies (Foreign Investment) Rules, 2015 for seeking stakeholder observations and suggestions. The draft rules had sought to rationalise and simplify the conditionalities applicable to foreign investment by omitting certain stipulations such as: (a) minimum independent director requirements; (b) dividend declaration and solvency margin related conditions; (c) requirement of majority of board of directors; and (d) key managerial personnel being resident Indian citizens. The only stipulation proposed to be retained was that, in an Indian insurance company with foreign investment, at least one

<sup>1</sup> On December 20, 2025, the Bill became an Act upon receiving the assent of the President of India.



among the chairperson of its board, its managing director and its chief executive officer must be a resident Indian citizen. However, it would be critical to review the stipulations under the rules as are finally notified by the Central Government in this regard.

Also, for operationalising the liberalised foreign investment regime, suitable amendments would have to be made to the Foreign Direct Investment ("FDI") policy, relevant rules under the Foreign Exchange Management Act, 1999 as well as relevant regulations issued by the IRDAI.

2. **Net owned funds requirement:** With a view to encouraging entry of foreign reinsurers, the net owned fund requirement applicable to a foreign re-insurer which establishes a branch in India, or to Lloyd's or its members, is reduced from INR 5,000 crore (Indian Rupees five thousand crore) (USD 555,000,000 (US Dollars five hundred and fifty-five million)) to INR 1,000 crore (Indian Rupees one thousand crore) (USD 111,000,000 (US Dollars one hundred and eleven million)).
3. **IRDAI's approval for share transfer:** Clause 6A of the Insurance Act is proposed to be amended under the Bill to revise the threshold for a share transfer which requires prior approval of the IRDAI. These approval requirements also apply in case of change in shareholding caused by fresh issuance of shares by the insurer. Pursuant to the Bill, such approval would be required for transfer of more than 5% (currently, this is 1%) of the paid-up equity share capital of an insurer. This amendment would help in reducing compliance burden for insurers who are required to apply for such approvals.
4. **Transfer of business:** Another much-anticipated reform introduced under the Bill is a proposed amendment which recognises that non-insurance business of a company may also be transferred to, or amalgamated with, the insurance business of an insurer pursuant to a scheme prepared as per Section 35 of the Insurance Act and with approval of the IRDAI. The current provision only permits transfer or amalgamation of insurance business of one insurer with that of another insurer (because of which IRDAI had refrained from approving

certain transactions in the past). Once notified, the proposed amendment would result in greater flexibility in structuring of such transactions.

## Definition and classes of insurance business

1. **Definition of 'Insurance Business':** The Bill has proposed inclusion of a new definition of 'insurance business' to mean the business of effecting insurance contracts<sup>2</sup> and includes any other form of contract as may be notified by the Central Government in consultation with IRDAI. Arguably, the above definition of 'insurance business' seeks to include an enabling provision for the government to permit insurers to undertake certain other/allied activities, while the scope of such activities/contracts which may be permitted remains to be seen.
2. **Class of insurance business:** The Bill also seeks to introduce a new definition of 'class of insurance business' to include life insurance, health insurance, general insurance and re-insurance, as well as 'such other classes of insurance business as may be notified' by the Central Government in consultation with IRDAI. Accordingly, this amendment enables additional classes of insurance business to be notified and may potentially lead to enabling a composite licence regime going forward (as was also previously contemplated). Interestingly, however, the revised definition of 'Indian insurance company' refers to an insurer whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business or health insurance business (which language does not, strictly speaking, seem to be aligned to a composite license framework).

## Insurance intermediaries

1. **Additional Classes of Insurance Intermediaries:** The definition of 'insurance intermediaries' is proposed to be expanded to

<sup>2</sup> The expression 'insurance contract' has been defined as a contract under which the insurer, on payment of premium, undertakes to take on risk and pay to the insured an agreed compensation for loss,

damage or liability arising from a contingent event on agreed terms and conditions and subject to agreed limitations.



include managing general agents<sup>3</sup> and insurance repositories.

2. **One-time registration:** Under the current regime, the registration granted to an insurance intermediary is valid for 3 (three) years. The Bill proposes grant of a one-time registration which would remain in force (so long as annual fee is paid), unless suspended or cancelled by IRDAI.

These measures seek to improve ease of doing business for intermediaries by reducing their compliance burden and may also help in achieving higher insurance penetration.

### Governance framework and compliances

1. **Actuary report:** Pursuant to the Bill, all insurers would have to cause an investigation to be undertaken by an actuary into the financial condition of their business and have a report prepared in the prescribed manner. Under the current regime, this requirement applies only to life insurers.
2. **Restriction on common directors and officers:** The Bill proposes that a director or officer of an insurer cannot simultaneously serve as a director or officer of: another insurer engaged in the same class of insurance business, or a banking company or an investment company. The current provision restricts only a managing director or an officer of a life insurer from occupying such positions in another life insurer, banking company or investment company.
3. **Investment by insurers:** Various provisions concerning investments by insurers are rationalised while powers are vested with the IRDAI to prescribe stipulations and conditionalities regarding such investments.

### Enhanced penalty regime and regulatory scrutiny

1. **Enhanced penalties and factors for determination:** The maximum penalty for relevant contraventions under the Insurance Act

and IRDA Act are sought to be increased to INR 10,00,00,000 (Indian Rupees ten crore) (USD 1,100,000 (US Dollars one million one hundred thousand)) from INR 1,00,00,000 (Indian Rupees one crore) (USD 110,000 (US Dollars one hundred and ten thousand)). The Bill also lists relevant factors which must be considered by IRDAI while imposing penalties, which among others include the following: (a) the nature, gravity and duration of the default; (b) whether the default is repetitive; (c) resultant disproportionate gains or unfair advantage; (d) loss caused to policyholders; (e) actions taken to mitigate consequences; and (f) number of policyholders impacted.

2. **Disgorgement of wrongful gains:** The Bill also seeks to empower the IRDAI to issue directions to an insurer or insurance intermediary requiring them to disgorge an amount equivalent to the wrongful gain made or loss averted by indulging in any transaction or activity which constitutes a contravention of the Insurance Act.
3. **Appointment of administrator:** The Bill also proposes to expand the powers of the IRDAI to supersede the board of directors of any insurer and appoint an administrator to manage its affairs (under the direction and control of IRDAI) for a period of up to 1 (one) year (which term may be extended by IRDAI), if it has reasons to believe that an insurer's affairs are being conducted in a manner prejudicial to the interests of policyholders. The IRDAI has the authority to appoint such administrator only in respect of life insurance companies.

### Rule making framework

1. **Consultative process:** With a view to bringing in transparency in IRDAI's regulation making process, the Bill provides that IRDAI must: (a) publish draft regulations inviting public comments prior to issuing regulations; (b) publish a general statement of its response to such public comments; and (c) periodically review the regulations. Moreover, if IRDAI considers approving regulations which are substantially different from the proposed regulations (other than changes

<sup>3</sup> Managing general agents are generally understood to mean a class of intermediaries which are granted binding authority by an insurer and can underwrite insurance policies on behalf of the insurer (and

may provide other services as well). The regulatory regime governing such intermediaries is yet to be notified.

made based on public comments), the above process must be repeated. However, the consultative process may be dispensed where amendments are needed urgently in public interest or the regulations pertain solely to IRDAI's internal functioning.

2. **Subsidiary instructions:** The Bill also seeks to introduce a new provision whereby IRDAI's chairperson or whole-time members may issue subsidiary instructions to clarify ambiguities in any regulations or specify ancillary procedural requirements. Except where instructions need to be issued urgently, such instructions must be issued after conferring with a Consultative Committee (which is to be constituted for advising on such matters), whose advice would be non-binding.

## Measures for policyholders' protection

1. **Obligations concerning policyholders' information:** The Bill proposes that IRDAI may specify the manner in which know your customer (KYC) information of policyholders is processed by insurers and other regulated entities. Further, insurers and regulated entities must also ensure that policyholders' information is accurate and updated, has been adequately secured and protected against loss or unauthorised access or use and is maintained with utmost confidentiality. In any case, going forward, insurers would also need to evaluate their processes and adopt measures to ensure compliance with requirements of the Digital Personal Data Protection Act, 2023.
2. **Policyholders' education and protection fund:** The Bill contemplates establishment of a policyholders' education and protection fund by IRDAI which would be primarily utilised for the education and protection of the interests of policyholders. In addition to grants and donations received, penalties realised by the IRDAI and such other amounts as may be specified would be credited to the fund.

## Conclusion

The Bill seeks to introduce various reforms which are aimed at accelerating growth of the Indian insurance sector and would assist in creating a more competitive,

accountable and resilient insurance ecosystem, enhance policyholder trust and provide IRDAI with enhanced authority and tools to regulate and further develop the sector.

It will, however, be important to closely review the fine print of the regulations framed in respect of these amendments, particularly any guardrails that are eventually proposed with respect to foreign investment. While certain anticipated amendments such as a composite license framework and enabling differential capital requirements for specified classes of insurance business have not as such been incorporated under the Bill, the Bill does nonetheless seek to introduce critical reforms which should help augment capital infusion in the sector and encourage entry of new market participants, which in turn would help deepen insurance penetration in the Indian market.



## Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025

MoF, *vide* notification dated December 30, 2025, amended the Indian Insurance Companies (Foreign Investment) Rules, 2015 ("**2015 Rules**"), to align them with the Insurance Act and the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("**NDI Rules**"). Some of the key provisions are as follows:

1. definition of 'FDI' is revised to include investment by non-resident entities/persons under the NDI Rules, and expressly includes investment by foreign venture capital investors as permissible under the NDI Rules;
2. the definitions of 'Foreign Investors' and 'Foreign Portfolio Investment' are revised to refer to the NDI Rules and the definition of 'Public Financial Institution' is omitted;

3. under the provision dealing with quantum of FDI, the term 'total foreign investment' is replaced by 'FDI'. Further, the reference to the 74% cap on foreign investment is replaced with a reference to the percentage permitted under the Insurance Act, ensuring automatic alignment with future statutory changes; and
4. governance requirements are eased and the key conditionality which now applies to an Indian insurer with foreign investment is that at least 1 (one) among the chief executive officer, managing director or chairperson must be a resident Indian

citizen. Accordingly, stipulations requiring such Indian insurers to have a majority of directors and a majority of key managerial personnel as resident Indian citizens, are omitted. Also, conditionalities which were applicable to an Indian insurer with foreign investment in excess of 49% concerning independent director requirements and requirement to transfer profits to general reserves in case of dividend payouts in certain situations, are omitted as well.

## Insurance Practice

JSA is a trusted advisor to leading insurers, reinsurers, brokers, underwriters and consultants on complex transactions, disputes, financing and regulatory and commercial matters. The team with domain expertise in the sector has an unparalleled ability to assist insurance companies in their Indian operations. JSA has been keenly involved in advising private players in both life and non-life insurance sectors on diverse matters relating to: (a) regulatory approvals; (b) compliance requirements; (c) M&A transactions; (d) corporate and regulatory issues; (e) litigation relating to insurance claims.

The authors of this Compendium are:



**Sidharrth Shankar**  
Partner



**Venkatesh Raman Prasad**  
Partner



**Ronak Ajmera**  
Partner



**Shivangi Sharma Talwar**  
Partner





19 Practices and  
40 Ranked Lawyers



7 Ranked Practices,  
21 Ranked Lawyers



15 Practices and  
20 Ranked Lawyers



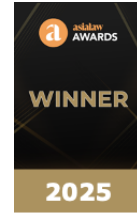
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24 Ranked Lawyers



8 Practices and  
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14 Ranked Practices

9 winning Deals in  
IBLJ Deals of the Year

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Recognised in World's 100 best  
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Ranked Among Top 5 Law Firms in  
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Asia M&A Ranking  
2025 – Tier 1

For more details, please contact [km@jsalaw.com](mailto:km@jsalaw.com)

[www.jsalaw.com](http://www.jsalaw.com)



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