



JSA Newsletter Insurance

May 2026

This edition of the newsletter captures the key regulatory developments in the Indian insurance sector between January – March 2026.

Various measures were taken in the first quarter of 2026 focused on consumer protection, promoting ease of doing business, protection of the policyholders' interests and improving the governance framework.

In the 134th meeting of the Insurance Regulatory and Development Authority of India (“**IRDAI/ Authority**”), held on March 9, 2026, the Authority deliberated on the regulatory framework required pursuant to the enactment of the *Sabka Bima Sabki Raksha* (Amendment of Insurance Laws) Act, 2025. Further, the Authority granted in-principle approval for drafting and publishing the draft regulations for stakeholder consultation with regard to the regulations required to be framed under the *Sabka Bima Sabki Raksha* (Amendment of Insurance Laws) Act, 2025.

On March 9, 2026, IRDAI in collaboration with the United States (“**US**”) India Strategic Partnership Forum, convened a virtual engagement with US-based stakeholders representing a wide spectrum of the financial services ecosystem to promote a stable, transparent, and well-regulated insurance sector in India.

Further, on March 17, 2026, IRDAI convened an industry stakeholders' discussion on the proposed public insurance registry and *bima sugam*, to deliberate on the vision, design, and implementation roadmap of public insurance registry and the digital public insurance infrastructure. Key expectations from the insurance sector were also discussed including compliance readiness, data governance standards, cybersecurity safeguards, and the role of interoperable digital infrastructure in modernising the insurance ecosystem.

IRDAI, at its 135th meeting held on March 30, 2026, approved the IRDAI (Actuarial, Finance and Investment Functions of Insurers) (Amendment) Regulations, 2026. These amendments represent a significant step towards modernising the financial reporting framework of the insurance sector in India. By aligning with globally accepted accounting standards, the regulations are expected to enhance transparency, credibility, and regulatory oversight, while safeguarding policyholder interests and supporting the development of a robust and globally aligned insurance ecosystem.

Several regulatory changes impact the investments and operations of insurance entities and insurance products. These regulatory developments include: (a) direction issued by the Telecom Regulatory Authority of India (“**TRAI**”), as implemented by IRDAI, mandating the adoption of the 1600-series for service and transactional voice calls by insurers and insurance intermediaries; (b) Press Note 1 (2026 Series) (“**Press Note 1**”) issued by the Department for Promotion of Industry and Internal Trade proposing to amend the Consolidated FDI Policy, 2020 (“**FDI Policy**”) for Foreign Direct Investments (“**FDI**”) in the insurance sector; (c) guidelines for liaison offices introduced by IRDAI; (d) clarifications on insurers' investments in Alternative Investment Funds (“**AIFs**”) by IRDAI; and (e) transitional arrangements prescribed by IRDAI for payment of annual fees and issuance of certificates of registration for insurance intermediaries.

These new regulations/amendments/guidelines aim to drive sustainable growth, improve efficiency in operations and uphold policyholder protection in the dynamic insurance landscape and are discussed further in this newsletter.

Implementation of TRAI direction on mandatory adoption of 1600-series to curb the menace of unsolicited commercial communication

TRAI, *vide* direction dated December 16, 2025, mandated the adoption of the 1600-series for all service and transactional voice calls made by entities regulated by IRDAI to the consumers, to curb unsolicited commercial communication, prevent impersonation-based frauds and enhance consumer trust. In this regard, IRDAI, *vide* circular dated January 6, 2026, has directed all insurers and insurance intermediaries to ensure that:

1. adoption of the 1600-series for all service and transactional voice calls is completed on or before February 15, 2026;
2. no service or transactional voice calls are initiated from any number other than those allocated under the 1600-series after the aforesaid date, irrespective of explicit or inferred customer consent;
3. any complaint of unsolicited commercial communication against entities not complying with the above will attract action as per regulatory provisions of TRAI applicable to unregistered telemarketers, in addition to any action as may be considered appropriate by IRDAI; and
4. copy of the status reports must be furnished on timely basis to IRDAI, as specified by TRAI in its directions.

Press Note 1 (2026 Series): Amendments to the FDI Policy for the insurance sector

Press Note 1, issued on February 11, 2026, reiterates the amendments to the Insurance Act, 1938 ("**Insurance Act**") and the Indian Insurance Companies (Foreign Investment) Rules, 2015 ("**Foreign Investment Rules**"), as amended by the *Sabka Bima Sabki Raksha* (Amendment of Insurance Laws) Act, 2025 and the Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025, in relation to the increase in the foreign investment in the insurance sector and the conditionalities associated with the foreign investment.

Press Note 1 *inter alia*, sets out the following conditions for Indian insurance companies with foreign investment:

1. foreign investment up to 100% of the total paid-up equity of an Indian insurance company is allowed under the automatic route subject to approval by IRDAI;
2. Press Note 1 also reiterates certain conditions prescribed under the Foreign Investment Rules, including the following:
 - a) at least 1 (one) of the chairperson of the board of directors, managing director or chief executive officer must be a resident Indian citizen;
 - b) foreign portfolio investment in an Indian insurance company will be subject to the applicable provisions contained of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, and the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019; and
 - c) any increase in foreign investment must comply with the pricing guidelines specified by the RBI under the Foreign Exchange Management Act, 1999 and the rules and regulations framed thereunder;
3. foreign investment in Life Insurance Corporation of India is permitted up to 20% under the automatic route; and
4. Press Note 1 also reiterates the existing 100% FDI limit for insurance intermediaries and the foreign investment conditions for insurance intermediaries with majority foreign shareholding which, *inter alia*, require that:
 - a) at least 1 (one) from among its chairman of the board of directors or the chief executive officer or principal officer or managing director as a resident Indian citizen;

- b) the intermediary must bring in the latest technological, managerial and other skills; and
- c) disclosures, in the formats specified by the IRDAI, must be made of all payments to its group, promoter, subsidiary, interconnected or associate entities.

Press Note 1 and the amendments to the FDI Policy will be effective upon issuance of the corresponding notification under the Foreign Exchange Management Act, 1999, which is currently pending.

Guidelines on establishment and closure of liaison office in India by an insurance company registered outside India

IRDAI has issued the Guidelines on Establishment and Closure of Liaison Office in India by an Insurance Company Registered Outside India (“**LO Guidelines**”) on February 11, 2026 (effective immediately), superseding the earlier guidelines dated October 17, 2022 (“**Erstwhile Guidelines**”).

The LO Guidelines govern Liaison Offices (“**LOs**”) of overseas insurers in India. The definition of an LO as an office that serves as a communication channel between the overseas insurer’s head office and entities in India (and which does not undertake commercial activities) remains unchanged from the Erstwhile Guidelines. However, the LO Guidelines introduce certain changes *inter alia*, to the eligibility criteria and the framework for extension of approvals.

Relaxation of net worth requirement

Under the Erstwhile Guidelines, an overseas insurer was required to have:

1. profit-making track record for the preceding 3 (three) financial years; and
2. minimum net worth of USD 65,000,000 (US Dollars sixty-five million).

The LO Guidelines retain the financial soundness and profitability requirements but introduce a relaxation mechanism for relaxing the minimum net worth requirement for:

1. foreign state-owned enterprises;
2. reinsurers with strong credit ratings or demonstrated expertise; or
3. specialised insurers.

The relaxation will be based on bilateral trade significance and scope for market development.

Application and approval framework

The initial approval for operating an LO continues to be valid for 3 (three) years, subject to the LO being established within 6 (six) months of approval. Failure to establish within 6 (six) months results in automatic withdrawal. Overseas insurers that opened LOs within 3 (three) years prior to the issuance of the LO Guidelines may apply for a further 3 (three) year extension under the LO Guidelines.

Revised extension framework

1. 3+3 years framework:

Under the Erstwhile Guidelines, an LO was permitted to operate for 3 (three) years from the date of approval, with only a 1 (one) year extension available thereafter. An LO may now seek a 3 (three) year extension after the initial 3 (three) year term, creating a clear 3+3 years regime.

2. Increase in extension fee:

The processing fee for extension applications (Form IRDAI-FIC-1) is increased from USD 2,500 (US Dollars two thousand five hundred) to USD 5,000 (US Dollars five thousand).

3. Continuation beyond 3+3 years in exceptional cases:

In exceptional cases involving strategic importance, bilateral trade significance, contribution to FDI inflows, technology transfers to support market development (including in case of LOs of wholly foreign state owned enterprises), IRDAI may permit continuation beyond the 3+3 years period. Each such exceptional extension is granted for 3 (three) years at a time and is subject to periodic review.

Overall, the LO Guidelines provide the revised requirements governing LOs of overseas insurers in India.

Clarifications on provisions with respect to investment in AIFs

IRDAI issued a circular with clarifications on February 12, 2026, under the Master Circular on Actuarial, Finance and Investment Functions of Insurers, 2024 (“**AIF Master Circular**”) regarding insurers’ investments in AIFs (“**AIF Circular**”). The clarifications explain the regulatory position on overseas exposure, excusal rights and the revised approach to AIF exposure limits.

Existing framework applicable to AIF investments

Under the AIF Master Circular, insurers must comply with the following requirements when investing in AIFs or Fund-of-Funds (“**FoFs**”):

1. insurers must invest only in FoFs which comply with the requirement of Section 27E of the Insurance Act which prohibits insurers from investing the funds of policyholders outside India;
2. FoFs offer documents must restrain FOFs from investing into AIFs which invest in overseas companies/funds. Insurers must ensure this to comply with Section 27E of the Insurance Act;
3. insurers must ensure that AIFs do not invest in securities of companies incorporated outside India; and
4. no insurer may invest in an AIF which, in turn, has exposure to FoF, in which the insurer already has exposure.

Excusal rights

1. While many AIFs invest outside India, insurance companies are prohibited from investing policyholders’ funds outside India. In this context, the Security and Exchange Board of India’s circular on ‘Guidelines with respect to excusing or excluding an investor from an investment of AIF’ dated April 10, 2023 enable an AIF to excuse its investors from participating in certain circumstances (such as the investor confirming that its participation would violate applicable laws).
2. IRDAI has clarified that insurers will be compliant with paragraphs 1, 2 and 3 mentioned under the heading ‘Existing Framework Applicable to AIF Investments’ above, subject to compliance with the following conditions:
 - a) the insurer submits a formal declaration citing Section 27E of the Insurance Act for its inability to participate in overseas investments;

- b) AIF's Private Placement Memorandum ("PPM") must contain a clause confirming that the insurer's capital (including proceeds) will not be used for investments outside India;
 - c) statutory auditors of AIF must confirm that insurer capital is not invested abroad;
 - d) the insurer receives a compliance certificate from AIF regarding disclosure of overseas investments, valid invocation of 'Excusal rights', and absence of costs related to overseas assets; and
 - e) the insurer's concurrent auditor certifies compliance with 'Excusal rights' provisions for insurer's investments in AIFs having outside India exposure.
3. The AIF Circular also includes a 'Comprehensive Operating Framework' which, *inter alia*, prescribes the clauses which must be included in PPM to confirm that capital commitments received from insurance companies must not be drawn for investment outside India, reporting requirements and a 3 (three) tier certification framework to ensure strict segregation of insurer capital from overseas investments.

Modification of single AIF exposure limit

The AIF Circular also amends the AIF Master Circular, which previously provided that if an insurer had exposure to a particular FoF, it was not allowed to invest in any AIF that also had exposure to that FoF. This approach has now changed. Insurers may now invest in an AIF that is exposed to the same FoF, as long as the insurer's total exposure (both direct (to the AIF) and indirect (through the FoF)) stays within the maximum percentage limits specified for AIF investments.

As such, the AIF Circular strengthens compliance safeguards while allowing insurers greater flexibility to invest in AIFs.

Transitional arrangements for payment of annual fee and issuance of certificate of registration pursuant to the *Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025*

The Central Government, *vide* notification dated February 3, 2026 has appointed [February 5, 2026](#), as the date on which the provisions of the *Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025*, (except Section 25 (restricts a director or officer of an insurer from simultaneously serving as a director or officer of any other insurer carrying on the same class of insurance business, or of a banking company, or of an investment company)), will come into force. Pursuant to the *Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025*, IRDAI, *vide* circular dated March 16, 2026, has specified the transitional arrangements relating to the issuance of certificates of registration and payment of annual fees for insurance intermediaries. Registrations granted to insurance intermediaries will remain valid on a continuous basis, subject to payment of an annual fee, until such registration is suspended or cancelled by IRDAI. Further, to facilitate a smooth transition to the new regime, an interim arrangement has been introduced applicable to insurance intermediaries (including all insurance brokers, corporate agents, insurance marketing firms, web aggregators, common service centres, insurance surveyors and loss assessors, insurance repositories, third party administrators and any other entities registered as insurance intermediaries under applicable regulations), granting fresh registration or renewal of certificate of registration during the period from February 5, 2026, to June 30, 2026. During this period, an interim annual fee will be payable at the time of issuance of the certificate of registration. The interim measure will remain in force until a comprehensive regulatory framework governing annual fee payments is notified. Additionally, cases where renewal of registration has been granted on or after February 5, 2026, and the renewal fee had already been paid earlier, the amount collected will be adjusted against the interim annual fee payable. Any excess amount arising from such adjustment will be refunded to the concerned intermediary.

IRDAI (Actuarial, Finance and Investment Functions of Insurers) (Amendment) Regulations, 2026

IRDAI, *vide* notification dated March 30, 2026, has issued the IRDAI (Actuarial, Finance and Investment Functions of Insurers) (Amendment) Regulations, 2026, amending the IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, to prescribe the preparation and presentation of financial statements by insurers in accordance with applicable Indian Accounting Standards ("**Ind AS**"). Introduction of Ind AS aims to enhance consistency, transparency, and comparability in financial reporting across the insurance sector, in alignment with globally accepted standards. Accordingly, from April 1, 2026, all insurers, including life, general, standalone health insurers, and reinsurers must prepare and present their financial statements in accordance with the applicable Ind AS. Insurers are required to undertake parallel reporting for a period of 2 (two) years, (or such period as may be specified by IRDAI), comprising of financial statements prepared in accordance with Ind AS alongside financial information under the existing accounting framework. Additionally, to cater to the challenges faced by the insurers in immediately shifting to Ind AS, a provision has been made to grant forbearance for 1 (one) year. Further, the amendments set out the regulatory framework governing the recognition, measurement, presentation and disclosure of financial statements under Ind AS. The framework has been developed after extensive stakeholder consultations, including consideration of public comments on the exposure draft and engagement with insurers and industry professionals.

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 both in 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.

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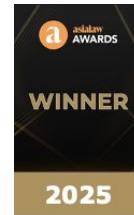
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