



The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 passed by Parliament; allows up to 100% FDI in insurance companies

The Bill to deepen insurance coverage, provide ease of doing business and improve regulatory oversight and governance

Capital augmentation, adoption of advanced technology and global best practices in insurance sector to be leveraged

Increased competition to drive efficiency in products and services for citizens

Net Owned Fund requirement of Foreign Reinsurance Branches reduced from 5,000 Cr to 1,000 Cr

Policyholders' Education and Protection Fund, a dedicated fund to spread awareness about insurance amongst policyholders

प्रविष्टि तिथि: 18 DEC 2025 5:15PM by PIB Delhi

The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 has been passed by Parliament on 17.12.2025. The bill amends three Acts related to Insurance sector, namely, The Insurance Act, 1938, The Life Insurance Corporation Act, 1956 and The Insurance Regulatory and Development Authority Act, 1999.

One of the key features of the bill is to allow up to 100% Foreign Direct Investment in Insurance Companies, opening doors to more foreign players to India. This will help in capital augmentation, adoption of advanced technology and bringing global best practices along with increasing employment opportunities. Increased competition would drive efficiency in products and services proving beneficial for the citizens.

Ease of Doing business is being promoted for intermediaries through the introduction of provision of one-time licensing and the provision of suspension of license rather than straight away cancellation. For insurers, the limit of seeking prior regulatory approval for transfer of share capital has been raised from 1% to 5%, the Net Owned Fund requirement of Foreign Reinsurance Branches has been reduced from Rs 5,000 Crore to Rs 1,000 Crore. LIC has been provided autonomy to open Zonal offices in the country and to align its foreign offices with the laws and regulations of their respective jurisdiction.

To protect the interest of Policyholders, a dedicated fund, namely Policyholders' Education and Protection Fund will be set up to spread awareness about insurance. Policyholders' data would now be required to be collected and protected in alignment with DPDP Act 2023.

Regulatory governance is being strengthened by introducing standard operating procedure for regulation making and mandating the process consultative. IRDAI is being given the power to disgorge wrongful gains from insurers and intermediaries. Penalties are being rationalised and factors for imposition of penalties are being introduced.

The reforms are aimed at extending insurance coverage to people, households and enterprises, deepening insurance coverage, providing ease of doing business, improving regulatory oversight and governance. All these measures would lead to strengthening of Indian insurance sector to provide financial resilience to Indian economy.

NB/PK

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