

Exposure Draft on Proposed Amendments to the Insurance Regulatory and Development Authority of India (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) Regulations, 2024

Date: 15.06.2026

1. Executive Summary

The Insurance Regulatory and Development Authority of India (IRDAI) proposes amendments to the Insurance Regulatory and Development Authority of India (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) Regulations, 2024 (“Registration Regulations”), in light of the changes introduced through the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 (“SBSR Act”).

The proposed amendments seek to align the existing regulatory framework with the revised provisions of the Insurance Act, 1938 and facilitate a transparent, growth-oriented, and globally aligned insurance ecosystem while ensuring continued protection of policyholder interests.

The proposed changes relate to regulatory framework regarding:

- Eligibility criteria for Indian Promoters and Foreign Promoters,
- Foreign investment safeguards,
- Special purpose vehicles (SPVs),
- Approval for Transfer of shares,
- Amalgamation of insurance companies with non-insurance companies,
- Processing fees for applications,
- Name of insurance companies,
- Forms and application procedures, and
- Other consequential and clarificatory amendments.

The amendments are also intended to support:

- Ease of doing business,
- Simplification of regulatory processes,
- Reduction of compliance costs,
- Enhancement of operational clarity,
- Facilitation of capital infusion.

The Authority invites comments from insurers, promoters, investors, professional bodies, legal experts, policyholders, and all other stakeholders on the proposed amendments.

2. Existing Regulatory Framework and Legislative Changes under the SBSR Act, 2025

The registration, capital structure, transfer of shares, amalgamation and governance of insurers in India are broadly governed by the Insurance Act, 1938 and the IRDAI (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) Regulations, 2024. The existing framework provides comprehensive requirements relating to Registration of insurers, Promoter eligibility, Capital structure, Transfer of shares, Issuance of capital instruments, Amalgamation of insurers, and Fit and proper requirements.

The SBSR Act, 2025 introduced significant reforms to accelerate the growth and development of the insurance sector. The statement of objects and reasons as per The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 (SBSR Bill) provides that in order to accelerate the growth and development of the insurance sector for enabling it to cater to the growing needs of the economy, it is essential to introduce a series of forward-looking reforms in the insurance laws. The key objectives of the legislative reforms include:

- To further accelerate the growth and development of the insurance sector;
- To ensure better protection of policyholders;
- To improve ease of doing business for insurance companies, intermediaries and other stakeholders;
- To bring transparency in regulation making and to improve regulatory oversight over the sector.

The proposed amendments to the Registration Regulations seek to operationalise the legislative changes keeping in view the above mentioned objectives.

3. Objectives of the Proposed Amendments: The proposed amendments aim to:

- a. Align the Registration Regulations 2024 with the amended provisions of the Insurance Act, 1938;
- b. Strengthen promoter eligibility for both Indian and Promoter Promoters.
- c. Facilitate capital infusion and restructuring transactions;
- d. Rationalise processing fees and compliance requirements;

- e. Enhance clarity and consistency in interpretation of regulatory provisions;
 - f. Promote ease of doing business; and
 - g. Facilitate amalgamation involving non-insurance entities.
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4. Proposed Amendments to Registration Regulations: Key Amendments are as under:

4.1 Definitions and Eligibility Criteria: Amendments are proposed in definitions relating to 'Foreign Promoter', 'Indian Promoter' and 'Special Purpose Vehicle'. The proposed amendments seek to ensure consistency, remove interpretational ambiguities, strengthen regulatory oversight and put in place safeguard mechanisms in view of increase in limit of FDI.

4.2 Registration and Application Framework: The proposed amendments include:

- (a) Insertion of Forms IRDAI/R1 and IRDAI/R2 into the Regulations,
- (b) Inclusion of Schedule references for Form IRDAI/R3,
- (c) Introduction of processing fees for No Objection Certificate (NOC) applications; and
- (d) Restructuring of provisions relating to insurer names.

These amendments seek to formalise application procedures, improve regulatory clarity and ensure consistency with statutory requirements.

4.3 Special Purpose Vehicles (SPVs): The existing framework permits SPVs to act as promoter. The proposed amendment requires applicants to demonstrate the necessity of SPV structures while extending SPV recognition to eligible foreign incorporated entities from Financial Action Task Force (FATF) compliant jurisdictions.

4.4 Transfer of Shares and Shareholding Approvals: The proposed amendments include:

- (a) Clarification regarding applicability of approval in case of renunciation in rights issues,
- (b) Alignment with revised Section 6A thresholds.
- (c) Clarification that approval thresholds apply for every multiple of 5%, and
- (d) Rationalisation of processing fees.

These amendments seek to align the Regulations with amended statutory provisions, reduce ambiguities and simplify compliance obligations.

4.5 Amalgamation Framework: The SBSR Act enables amalgamation of insurers with non-insurance companies. Accordingly, a regulatory framework is proposed covering eligible non-

insurance entities, conditions for amalgamation, manner of payment of consideration, post-amalgamation safeguards, and measures for protection of policyholder interests.

4.6 Rationalisation of Fees Payable by Insurers: The Authority has been emphasising on rationalising the expenses of management by the insurers to increase affordability of insurance premium at the end of policyholders and also to ensure growth and development of insurance companies as well. To facilitate the same, it is proposed to rationalise various fees payable by insurers, as under:

- **Processing fee for Amalgamation Applications:** Current regulations requires payment of fee by each of the insurer at the rate of 1/10th of Gross Premium, subject to minimum of Rs.50 lakh and maximum of Rs.5 crores, payable separately by each insurer. It is proposed to reduce the said fees to a fixed amount of Rs.10 lakh, payable by each of the transacting parties.
- **Processing fee for Transfer of Shares Application:** In case of transfer of more than 50% equity, the existing regulations stipulates application fee at Rs.50 lakh. The same is proposed to be reduced to Rs.10 lakh.

The proposed reduction in fees is intended to support ease of doing business, reduce compliance costs, encourage growth and investment, and align with the objectives of the SBSR Act.

4.7 Name of Insurance Companies: The SBSR Act has introduced stipulations with regard to the name of the insurer i.e. the name of the insurer shall contain 'insurance', 'assurance' or 'reinsurance' word in it. In view of the same, it is proposed to introduce a new Regulation 56A relating to name of insurers. It also provides the transitional timeline for existing insurers and prior approval requirement for change in name of insurers.

5. Ease of Doing Business Measures: The proposed amendments incorporate several measures aimed at improving ease of doing business, including:

- Reduction in processing fees for amalgamation applications and processing fees for transfer of shares applications.
- Removal of valuation certification requirements at the registration stage.
- Providing clarity with regard to approval requirements for issuance of shares at premium, and
- Formalisation of registration application procedures.

These measures are expected to reduce operational burden, facilitate investment, support restructuring transactions and enhance efficiency within the insurance sector.

6. Protection of Policyholder Interests and Regulatory Safeguards: While facilitating ease of doing business and enhanced investment, the proposed amendments continue to prioritise protection of policyholder interests. The proposed safeguards include:

- Restricting permissible foreign promoters to (i) incorporated entities (ii) from FATF compliant jurisdictions.
 - Introducing safeguards for amalgamation transactions involving non-insurance companies including restriction on utilisation of policyholder's fund for the payment of consideration.
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7. Stakeholder Feedback: The Authority invites comments from stakeholders on the proposed amendments. Exposure draft of the Regulation is as per Annexure 1. Stakeholders may submit their comments on the Exposure Draft in the format specified in Annexure 2. Feedback may be submitted to Mr. Nirmal Jain at nirmal.jain@irdai.gov.in with a copy to Mr. Mahesh Agarwal at maheshagarwal@irdai.gov.in on or before 6th July, 2026.

This Consultation Paper is issued for public and industry comments.