1. Executive Summary

In light of the changes introduced through the Sabka Bima, Sabki Raksha (Amendment of Insurance Laws) Act, 2025 ("SBSR Act") and consequential amendments to Indian Insurance Companies (Foreign Investment) Amendment Rules, 2025, the Insurance Regulatory and Development Authority of India (IRDAI) proposes amendments to the following insurance intermediaries' Regulations:-

a. IRDAI (Registration of Corporate Agents) Regulations, 2015
b. IRDAI (Insurance Brokers) Regulations, 2018
c. IRDAI (Registration of Insurance Marketing Firm) Regulations, 2015
d. IRDAI (Insurance Web Aggregators) Regulations, 2017
e. IRDAI (Insurance Services by Common Public Service Centers) Regulations, 2019

The proposed amendments seek to align the existing regulatory framework governing Corporate Agents, Insurance Brokers, Insurance Marketing Firms, Web Aggregators and CPSC with the Sabka Bima, Sabki Raksha (Amendment of Insurance Laws) Act, 2025 and to strengthen the business conduct requirements applicable to insurance intermediaries while ensuring continued protection of policyholder interests.

The proposed Regulations, inter alia, provide for:

- Substitution of the term 'Intermediary' with 'Insurance Intermediary',
- Removal of renewal provisions,
- Payment of Annual Fee,
- Transition provisions for existing insurance intermediaries,
- Nomenclature of insurance intermediaries and their associations
- Penalty provisions in line with amended Section 102 of the Insurance Act, 1938,
- Suspension/Cancellation of registration on account of non-payment of annual fees
- Disclosure norms for insurance intermediaries

- Revised format of the Certificate of Registration,
- Changes to Schedule AA relating to undertakings from insurance intermediaries having majority foreign shareholding, and
- Other necessary changes including removal of registration requirement including fee payment for Specified Persons of Corporate Agents, improving transparency and strengthening of business conduct requirements.

The amendments are intended to support:

- Ease of doing business,
- Simplification of regulatory processes for insurance intermediaries,
- Reduction of compliance costs,
- Certainty and continuity of business operations,
- Increasing Accountability for the sales persons of the insurance intermediaries,
- Enhanced oversight of sales practices to mitigate instances of mis-selling by salespersons.
- Bring transparency in the conduct of insurance intermediaries,
- Proportionality in regulatory fee by linking it to the scale and size of operations of insurance intermediaries.

The Authority invites comments from Insurers, Insurance Intermediaries, industry associations, legal experts, policyholders and all other stakeholders on the proposed amendments.

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

The registration and regulation of insurance intermediaries engaged in solicitation and procuring of insurance business in India are broadly governed by the Insurance Act, 1938 and respective regulations of insurance intermediaries. The existing framework provides comprehensive requirements relating to registration, eligibility conditions, fit and proper requirements and Code of Conduct etc.

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; and
- To bring transparency in regulation making and to improve regulatory oversight over the sector.

The proposed amendments to the insurance intermediaries' regulations seek to operationalise the legislative changes keeping in view the above-mentioned objectives.

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3. Key Features of Proposed Amendments: Key features are as under:

3.1 Amendments Consequent to the SBSR Act, 2025: Amendments are proposed across multiple provisions of the insurance intermediaries' Regulations to give effect to the changes introduced by the SBSR Act. These include:

(a) Change in Terminology:

The SBSR Act has substituted the term 'Intermediary' with 'Insurance Intermediary' throughout the Insurance Act, 1938. Consequential amendments are proposed to the Regulations to replace all references to 'Intermediary' with 'Insurance Intermediary'.

(b) Removal of Renewal of Registration Provisions:

Removal of renewal of registration provisions to align them under the amended Insurance Act.

(c) Annual Fee Structure and Payment Provisions:

The proposed amendments revise the fee structure applicable to insurance intermediaries, by introduction of Annual Fees, to align them with the provisions of the amended Insurance Act.

The Proposed Annual Fees enhances fairness and equity by ensuring that insurance intermediaries pay fees in proportion to their market footprint and systemic relevance, while also providing protection to smaller players through a lower base fee structure. As a result, Annual Fees remain lower during the initial stages of business development, thereby encouraging wider market participation and fostering a more inclusive insurance distribution ecosystem.

(d) Transition Provisions for Existing Insurance Intermediaries:

To ensure continuity and minimise disruption, transition provisions are proposed for insurance intermediaries registered under the existing framework. These provisions provide for a smooth migration to the revised regulatory regime within a defined timeline.

(e) Nomenclature of Insurance Intermediaries and their Associations:

The SBSR Act has introduced stipulations with regard to the name of the insurance intermediaries i.e. the name of the insurance intermediary may contain 'insurance' or 'assurance' word in it. Similarly, the name of associations of such insurance intermediaries may contain 'insurance' or 'assurance' word in it.

(f) Penalty Provisions in Line with Amended Section 102:

The penalty provisions under the insurance intermediaries' Regulations are proposed to be revised in alignment with the amended Section 102 of the

Insurance Act, 1938, as amended by the SBSR Act, to ensure consistency between the statutory and regulatory penalty frameworks.

(g) Suspension/Cancellation for Non-Payment of Annual Fees:

Amendments are proposed to introduce provisions enabling suspension or cancellation of registration of insurance intermediaries in cases of non-payment of prescribed annual fees.

(h) Revised Format of Certificate of Registration:

The format of the Certificate of Registration issued to insurance intermediaries is revised to reflect the changes in regulatory framework consequent to the SBSR Act.

3.2 Amendments Consequent to Foreign Investment Rules: The proposed amendments include:

Revised Schedule AA for insurance intermediaries with majority of foreign shareholding. in line with changes to the foreign investment framework governing insurance intermediaries. The amendments seek to strengthen transparency, corporate governance, and regulatory oversight through enhanced disclosure and compliance requirements relating to financial reporting and related party transactions, while continuing to safeguard policyholder interests.

3.3 Other Necessary Changes: The proposed amendments also include the following:

(a) Removal of Registration for Specified Persons of Corporate Agents:

The existing framework requires registration of Specified Person(s) engaged by Corporate Agents on payment of fee of Rs.500 . It is proposed to remove these requirements in order to reduce compliance burden, and promote ease of doing business, while ensuring that appropriate conduct requirements continue to apply through existing supervisory mechanisms.

(b) Strengthening of Business Conduct Requirements:

The proposed amendments seek to strengthen business conduct requirements applicable to insurance intermediaries including:

- One Specified Person (SP) per branch: Corporate Agents will be required to designate at least one Specified Person per branch for insurance solicitation activities at each point of presence. This aligns the Corporate Agents regulations with other insurance intermediary regulations.
- Tagging of policies to SPs, BQPs, ISPs, AVs & POSPs and other authorised sales persons: All policies procured through or by insurance intermediary will be required to be tagged to the relevant Specified Person (SP) or Broker Qualified Person (BQP) or Insurance Sales Person (ISP) or Authorised Verifier (AV) or Point of Sales Persons (POSPs) or other authorised sales persons responsible for the solicitation, thereby enhancing accountability, traceability, and policyholder protection.

These measures are expected to improve supervisory oversight, reduce mis-selling risks, and enhance the quality of insurance intermediation services provided to policyholders.

(c) Disclosure Requirements:

Introduces enhanced transparency and disclosure requirements for insurance intermediaries earning commission above the prescribed threshold by mandating annual reporting of commission income, related party transactions, profit earned, and dividend repatriation to the Authority. The provision also promotes public accountability by requiring such disclosures to be published on the insurance intermediaries' website.

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

- Removal of renewal of registration procedures for Intermediaries.

- Removal of the mandatory registration requirement for Specified Persons of Corporate Agents.
- Rationalisation of fee structure and payment provisions.
- Introduction of clear transition provisions to ensure smooth migration to the revised regulatory framework, and

These measures are expected to reduce operational and compliance burden, facilitate business continuity, support regulatory simplification, and enhance efficiency within the insurance distribution ecosystem.

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

- Mandatory designation of at least one Specified Person per branch of a Corporate Agent to ensure adequate oversight of solicitation activities at each point of presence.
- Mandatory tagging of all policies to the relevant SP/ BQP/ISP/AV/POSP responsible for solicitation, ensuring accountability and enabling effective supervision and redressal.
- Revised and strengthened penalty provisions aligned with amended Section 102 of the Insurance Act, 1938, to deter non-compliance and protect policyholder interests.
- Provisions enabling suspension or cancellation of registration for non-payment of annual fees, ensuring that only compliant intermediaries remain active in the market.

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6. 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 on or before 10/07/2026 on the following email ids:-

a. For IRDAI (Registration of Corporate Agents) Regulations, 2015- ca-reg@irdai.gov.in
b. For IRDAI (Registration of Insurance Brokers) Regulations, 2018- brokers-reg@irdai.gov.in
c. For IRDAI (Registration of Insurance Marketing Firm) Regulations, 2015, IRDAI (Insurance Web Aggregators) Regulations, 2017 and IRDAI (Insurance Services by Common Public Service Centers) Regulations, 2019- imf-othersreg@irdai.gov.in

<u>This Consultation Paper is issued for public and industry comments.</u>