Consultation paper on proposed amendments to IRDAI (Actuarial, Finance and Investment Functions of Insurer), Regulations, 2024

Date: 19th June, 2026

1. Executive Summary

The insurance sector in India has undergone significant reforms pursuant to the enactment of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 ("SBSR Act"). The Insurance Regulatory and Development Authority of India (IRDAI) proposes IRDAI **(**Actuarial, Finance and Investment Functions of Insurer), (Second Amendment) Regulations, 2026, in light of the changes introduced through the SBSR Act.

The amendments seek to deepen insurance penetration, improve ease of doing business, enhance availability of long-term capital, and strengthen the prudential regulatory framework for insurers. Major reforms under the SBSR Act relate to investments by insurance companies and extending actuarial investigation into financial condition to all the insurers.

The proposed changes relate to regulatory framework regarding appointment of actuaries, manner of preparation of 'Actuary Report', valuation balance sheet, Repo transactions, Investment in a company /body corporate owned or controlled by promoter, Government Securities Lending and Investment in private limited companies.

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:** IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations,2024

3. Objectives of the Proposed Amendments:

The proposed amendments seek to align the existing regulatory framework with the revised provisions of the Insurance Act, 1938 (the Act) and facilitate a transparent,

growth-oriented, and globally aligned insurance ecosystem while ensuring continued protection of policyholder interests.

4. Key amendments proposed are as under:

4.1 Schedule-I of the Regulations:

The newly inserted Section 12A of the Act requires that the eligibility criteria and experience for the appointment of an Actuary by an Insurer, and the powers and functions of the Actuary, shall be specified by the Regulations. In addition, the Act also requires for appointment of Actuaries by Insurers for specific purposes, subject to approval of the Authority (refer to Sections 3B, 22 and 64K of the Act).

The scope of Section 13 of the Act, which requires an Insurer to conduct an investigation into its financial condition, including the valuation of liabilities and the submission of a report thereon by an Actuary, has now been extended to all Insurers.

Scope of Section 49 of the Act, which requires that the Bonus and Dividend declaration, service of debentures shall be based on the surplus arising in the Valuation Balance Sheet (as specified by the Regulations) has been extended to all insurers.

The major changes introduced to the actuarial functions of insurers on account of the amendments are as under:

- **Appointment of Actuary:** Eligibility Criteria, procedure for appointment, Powers and Functions for Certifying Actuary of Foreign Reinsurance Braches (FRBs) and Actuary appointed for other specific purposes as per the Act.
- **Actuary Report:** All Insurers (including FRBs) carrying on general, health and reinsurance class of business shall submit (a) Financial Condition Report (FCR) detailing the business carried out and (b) Incurred but Not Reported (IBNR) Claim Reserve Report detailing the methodology and results of valuation of liabilities.
- **Valuation Balance Sheet:** For all Insurers (including FRBs) carrying on general, health and reinsurance class of business, procedure for determination and distribution of surplus and format of new Valuation Balance Sheet.

4.2 Schedule-III of the Regulations:

Earlier Sections 27A, 27B, 27C and 27D of the Insurance Act prescribing investment requirements, exposure norms and approved investment categories have been replaced with Section 27. Major changes introduced pertaining to the investment function of insurers pursuant to amendments to the Act are as under:

- **Repo transactions:** To facilitate liquidity management, the repo transactions for life insurers is proposed to be allowed.
- **Government Securities Lending:** To enable Insurers to generate additional income in the form of Lending Fees with their surplus Govt. Securities, Government Securities lending is proposed to be allowed.
- **Investment in a company /body corporate owned or controlled by promoter:** Insurer may invest not more than 5% of the investment assets in a company or body corporate which is owned or controlled by the promoter. Further, an insurer shall not have investments of more than 5% in aggregate of its investment assets in all companies belonging to the promoters' group.
- **Investment in private limited companies:** Insurers may invest not more than 5% of Shareholders' Fund available beyond solvency margin in private limited companies with a minimum net worth of Rs.25 Cr and reported net profit.

5. **Invitation for Comments**

- IRDAI invites comments and suggestions from insurers, promoters, investors, professional bodies, policyholders and other stakeholders on the proposed amendments and the accompanying exposure draft of IRDAI **(**Actuarial, Finance and Investment Functions of Insurer), (Second Amendment) Regulations, 2026. 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.
- Comments may be submitted to actuarial-policy@irdai.gov.in with a copy marked to investments@irdai.gov.in on or before 10th July, 2026.

This Consultation Paper is issued for public and industry comments.