

Exposure Draft on the Insurance Regulatory and Development Authority of India (Manner and Procedure for Imposing Penalties) Regulations, 2026.

Date: 19.06.2026

1. Executive Summary

The Insurance Regulatory and Development Authority of India (IRDAI) proposes to issue the IRDAI (Manner and Procedure for Imposing Penalties) Regulations, 2026 (“herein after referred to as ‘The proposed Regulations’”) pursuant to the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 (“herein after referred to as SBSR Act”).

The Insurance Act, 1938 and the IRDA Act, 1999 contain various provisions empowering the Authority to impose penalties for contraventions and default of statutory and regulatory requirements. The existing framework has been guided by principles of natural justice and established regulatory practice.

The SBSR Act, 2025 seeks to promote transparency, uniformity, proportionality and procedural fairness in imposing penalties. It seeks to codify through regulation the manner and procedure for imposition of penalties under the Insurance Act, 1938, the IRDA Act, 1999 and the rules, regulations made thereunder.

2. Key Features of the Proposed Regulations:

2.1 Initiation of Penalty Proceedings

The proposed Regulations provide a structured framework for initiation of penalty proceedings.

Proceedings may be initiated on the basis of:

- Inspection findings;
- Investigation reports;
- Audit observations;
- Regulatory oversight;
- Complaints; or
- Recommendations arising from the Adjudicating Officer

The proposed Regulations requires recording of reasons for initiation of proceedings, thereby enhancing transparency and accountability.

2.2 Show Cause Notice Framework

The proposed Regulations creates a framework for issuance of show cause notices which, inter alia, shall specify:

- Facts and circumstances of the alleged contravention;
- Relevant statutory or regulatory provisions alleged to have been contravened;

- Documents and evidence relied upon;
- Applicable penalty provisions;
- Time for submission of reply; and
- Opportunity for personal hearing.

These provisions seek to ensure adequate disclosure and effective opportunity to respond.

2.3 Framework for Service of Notice

The proposed Regulations specify recognised modes for service of notices, including - Physical delivery, Electronic communication, Courier or postal services and other modes determined by the Authority.

2.4 Submission of Reply and Personal Hearing:

The proposed Regulations provide adequate opportunity to the noticee to submit replies and supporting documents. The framework also provides for grant of personal hearing where requested or where considered necessary in the interest of justice.

The proposed Regulations facilitate both physical and virtual hearings, thereby improving accessibility.

2.5 Order Imposing Penalty:

The proposed Regulations provide that orders imposing penalties shall be reasoned and shall record the findings of the Authority along with the relevant contraventions or defaults established and the penalties imposed.

2.6 Principles for determination of Penalty:

The proposed Regulations provide that penalties shall be proportionate to the nature and gravity of the contravention or default.

3. **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 Ms. Anjaly Jolly at anjaly.jolly@irdai.gov.in and Mr. Aaryaveer Chauhan at aaryaveer.chauhan@irdai.gov.in on or before 9th July, 2026.

This Consultation Paper is issued for public and industry comments.