GENERAL STATEMENT OF RESPONSE TO THE PUBLIC COMMENTS RECEIVED ON THE IRDAI (MANNER AND PROCEDURE FOR IMPOSING PENALTIES) REGULATIONS, 2026

Public comments have been received from various stakeholders, including insurers, intermediaries, individuals and professional firms on the IRDAI (Manner and Procedure for Imposing Penalties) Regulations, 2026

Provided below is the gist of public comments along with the response of Insurance Regulatory and Development Authority of India (IRDAI).

S.no.	Public comment	IRDAI response
1	To have an enabling provision for 'any issue observed suo moto through social, print, or electronic media or through market conduct' for initiating penalty proceedings	Scope regarding suo moto initiation is already included in Regulation 4 (1) (a) "regulatory oversight".
2	To replace the word 'complaint' with "substantiated complaint" in regulation 4 so as to ensure that only substantiated complaints will result in initiation of proceedings.	All complaints will not result in initiation of penalty proceeding. The complaints where the default or contravention is noticed would lead to initiation of penalty proceedings. Also, regulation 4(2) requires recording of reason in writing for initiation of penalty proceedings. The above provisions duly provide for that only such complaints where substantial grounds exist would lead to initiation of penalty proceedings.
3	Clarify that penalty proceedings should ordinarily be initiated only for material or significant contraventions after considering corrective actions already undertaken by the insurer.	The initiation of proceedings shall be on the basis of "*contravention or default noticed"* which ensures that it is on some material or significant contraventions only.
4	To have an enabling provision for settlement of regulatory proceedings through a non-contest mechanism, through payment of a prescribed settlement or implementation of corrective measures without any admission of guilt or wrongdoing or liability.	The Insurance Act and the IRDA Act does not provide for framework for settlement/consent/compounding of contraventions hence the same cannot be provided in the Regulation at the present stage.
5	Increase the minimum response period for SCNs from 21 days to 30 days for complex matters.	Extension, if any required to reply may be sought from the Authority which will be decided considering the facts and circumstances of the matter.

6	The brief of the SCN to be published in newspaper rather than the entire SCN.	The provision is modified accordingly
7	Ex-parte order shall be passed only if the noticee fails to show cause.	The provision is modified for clarity that ex-parte order shall be passed' if the noticee fails to *reply to* show cause *notice'*.
8	To make personal hearing a matter of right	The noticee may make a request to the Authority for personal hearing and hence this option is already available as per Regulation 7(3)(a)
9	To clarify that the reference to "direction" under Regulation 8(5) means a direction issued under Section 34 of the Insurance Act, 1938. The term may be repositioned to follow "warning".	Directions referred under this regulation is in the context of penalty proceedings where apart from imposing penalties certain corrective/preventive direction is required to be given to the notice.
10	Timeline for disposal of the proceeding to be mentioned in the regulations.	The suggestion to provide timeline for disposal of a quasi-judicial proceeding may not be hardcoded in the regulations. Instead, the same can be specified by way of SOP/ Internal frameworks.
11	Voluntary disclosure of regulatory breaches and timely corrective action may be considered as a mitigating factor and an advisory may be issued against that instead of penalty.	Provision for mitigating factors is provided in Regulation 8(4)(v).
12	Provision for appeal to be mentioned in the regulations	Section 110 of the Insurance Act 1938 already provides for an appellate mechanism with SAT. For clarity this is now provided in the regulations.
13	To specify a minimum penalty threshold of ₹1 lakh per incident, subject to an overall cap of ₹1 crore.	Penalties are imposed as per the provisions of Insurance Act and the cap on the penalty cannot provided by way of regulation when the Statute provides for higher penalty.
14	Enabling provision for communication of rectification made in the Order	Appropriate communication of corrections may be provided

The above comments/ suggestions received were considered during public consultations. Several general suggestions were also received which were not relevant for the Regulations.

Necessary modifications / changes have been carried out in the draft Insurance Regulatory and Development Authority of India (Manner and Procedure for imposing penalties) Regulations, 2026.