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The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill 2025: Next Phase for the Indian Insurance Sector

Introduction

Following the Union Cabinet's approval on 12 December 2025, the *Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill 2025* ("2025 Bill") has now been passed by both Houses of Parliament and is pending the President's assent and notification in the Official Gazette, following which it will come into force. Once enacted, the 2025 Bill will amend various provisions of the Insurance Act 1938 ("Insurance Act"), the Insurance Regulatory and Development Authority Act 1999 ("IRDA Act") and the Life Insurance Corporation Act 1956.

The Bill constitutes the third major legislative overhaul of India's insurance framework in the past twenty-five years, following the reforms undertaken in 2015 and 2021. It marks the culmination of a legislative process initiated through draft bills released by the Central Government in 2022 ("Erstwhile 2022 Bill") and 2024 ("Erstwhile 2024 Bill") for public consultation, following the increase in foreign investment limits in the insurance sector. Those earlier drafts proposed various structural reforms, including permitting insurers to operate across multiple classes of insurance business, enabling captive insurers, expanding insurers' ability to undertake non-insurance and financial services activities, and introducing more discretion-based capital frameworks, which were not carried forward. The 2025 Bill, as approved by the Union Cabinet and passed by the Parliament, appears to be targeting expansion and providing greater clarity on the existing framework.

We have considered the key amendments proposed under the 2025 Bill along with our preliminary analysis of their potential impact on the present Indian insurance framework.

A. Insurance Act

1) Introduction of Key Definitions:

- a) **"insurance contract" and "insurance business"**^[1]: A foundational change under the 2025 Bill is the introduction of statutory definitions for "insurance contract" and "insurance business". The terms are proposed to be defined under §2 of the Insurance Act in the following terms:

- i) “Insurance contract”, which means “*the contract whereby the Insurer, on payment of premium, undertakes to assume risk and to pay to the insured person an agreed compensation for loss, damage, or liability arising from a contingent event on such terms and conditions and subject to such limitations as may be agreed*”. This definition broadly aligns with the concept of “insurance contract” set out under IRDAI’s “*Master Circular on Protection of Policyholders’ Interests*” 2024^[2] and is likely to supersede the same.
- ii) “Insurance business”, which means the business of effecting insurance contracts and includes any other form of contract as may be notified by the Central Government in consultation with the IRDAI from time to time. This definition appears to pave the way for the Central Government to allow Insurance Companies to additionally offer certain other forms of contract, the scope and ambit of which will be determined in due course.

b) **Class of insurance business**^[3]: Similar to the definition proposed under the *Erstwhile 2024 Bill*, this continues to be defined as the class of life, general, health insurance business, reinsurance business *or such other class as may be notified by the Central Government*.

c) **Insurance Intermediary**^[4]: While the term has been defined under the IRDA Act since 2002, the 2025 Bill proposes introducing the definition in the Insurance Act, and in doing so, expressly recognises managing general agents (“**MGAs**”) as a distinct category of insurance intermediary subject to regulations to be issued by the IRDAI. This statutory recognition provides a clearer legal basis for the introduction of the participation of MGAs in the Indian insurance ecosystem and also potentially in GIFT City going forward.

2) **Amendments to Existing Definitions**

- a) **“Health insurance business”**^[5]: The definition is expanded and restructured to expressly include both personal accident insurance and travel insurance within the scope of health insurance business. In particular, the inclusion of travel insurance now extends beyond medical and accident-related covers to also encompass “*losses suffered, in the course of travel*”, which appears to provide express recognition to non-health or accident-related related risks such as loss of baggage, passport, or similar contingencies.
- b) **“Indian Insurance Company”**^[6]: The revised definition simplifies the existing version by removing foreign ownership thresholds, limiting it instead to an entity incorporated as a public company under the Companies Act 2013, with the sole purpose of carrying life, general, health insurance, or reinsurance business.
- c) **“Insurer”**^[7]: The definition is potentially widened in view of the definition of “insurance business” to mean any person who carries on insurance business, replacing the earlier entity-specific definition.

3) **Prohibition on Transaction of Insurance Business (§2C)**^[8]: The amendments propose to clarify the regulatory boundary between insurance and non-insurance activities:

Article

- a) The key changes include: (i) expansion of permitted entities to include statutory bodies and multi-state co-operative societies; (ii) express prohibition on non-insurers using insurance-related terminology; and (iii) limited, regulated use of such terminology by insurance intermediaries.
- b) It is also relevant to note that the previous two versions of the Bills proposed to expand the scope of activities that could be undertaken by Indian Insurance Companies beyond core insurance business, including permitting insurers to carry on specified ancillary and other businesses. These proposals have not been expressly retained in the 2025 Bill.
- 4) **100% FDI in Insurance Companies (§3AA)^[9]**: The proposed section builds upon the foreign investment framework introduced under the 2021 amendment (which increased the foreign investment cap from 49% to 74%) and permits aggregate foreign investment, including by foreign portfolio investors, in an Indian insurance company up to 100% of its paid-up equity capital, subject to prescribed conditions.
- 5) **Minimum Capital and Net Owned Fund Requirements (§6)^[10]**: Consistent with the approach adopted in the *Erstwhile* 2024 Bill, the 2025 Bill retains the existing minimum paid-up equity capital requirements applicable to Indian Insurance Companies, while continuing to move away from the broader, discretion-based capital framework proposed under the *Erstwhile* 2022 Bill. In parallel, and as proposed under earlier iterations, the 2025 Bill continues to reduce the net owned funds requirement applicable to foreign reinsurance branches from ₹5,000 crore to ₹1,000 crore. The changes are likely to lower entry barriers for global reinsurers, which may in turn enhance domestic reinsurance capacity and improve premium retention within India.
- 6) **Share transfer thresholds (§6A)^[11]**: Consistent with the approach proposed under the *Erstwhile* 2024 Bill, the amendment increases the threshold for prior IRDAI approval of share transfers from 1% to 5% of paid-up equity capital. This change is likely to ease intra-group and market transactions while continuing to maintain regulatory oversight for material changes in shareholding.
- 7) **Actuarial Requirements and Investigations (§13)^[12]**: The amendment proposes to primarily extend the requirement to cause an actuarial investigation and report on the financial condition of the business to all Insurers and prescribes that such investigation be conducted annually (subject to regulatory relaxation of up to two years).
- 8) **Records, Data Processing and KYC Requirements:**
 - a) **Maintenance and Submission of Records (§14)^[13]**: The amendment proposes to expressly expand the scope of records to be maintained by Insurers by specifying additional information to be collected in terms of individuals and entities (such as date of birth, address and (where available) email address of the policyholder and Aadhaar number or Permanent Account Number). In addition, Insurers are also expressly permitted to maintain such records in electronic form and a statutory requirement for concurrent submission of policy and claims records to the IRDAI or entities authorised by it, in the

manner specified by regulations, is proposed.

b) **KYC, data processing and confidentiality (§14A – §14C)^[14]**: The cluster of provisions relating to KYC and policyholder information propose to:

- i) empower the IRDAI to regulate the collection, processing, and sharing of policyholder data;
- ii) impose obligations relating to accuracy, security, and confidentiality; and
- iii) prescribe a controlled mechanism for sharing information between insurers and regulated entities.

9) **Investments (§27)^[15]**: The consolidation of investment provisions into a revised §27, coupled with the omission of §27A – §27D proposes to simplify the existing statutory framework for investments. Notably, similar to the *Erstwhile* 2024 Bill, the consolidated section does not retain the prohibition on Insurers investing in shares and debentures of a private limited company out of its controlled funds/assets.

10) **Governance and Structural Controls:**

a) **Prohibition on common directors (§32A)^[16]**: The proposed amendment:

- i) restricts directors and officers of an Insurer from holding similar positions in another Insurer carrying on the same class of insurance business, *or in a banking or investment company*;
- ii) empowers the IRDAI to grant regulatory exemptions for facilitating amalgamations or transfers of business; and
- iii) exempts directors nominated by the Central Government from complying with the foregoing requirements.

The proposed amendments are likely to have practical implications for existing group structures, particularly where banks or financial institutions are promoters of insurers.

b) **Amalgamation and transfer of insurance business (§35)^[17]**: Building on the framework under the *Erstwhile* 2024 Bill, the amendment expands on the scope of regulatory oversight to expressly cover schemes involving the transfer or amalgamation of non-insurance business with insurance business. It further empowers the IRDAI to issue regulations prescribing the manner, procedure, and conditions applicable to such schemes of arrangement, amalgamation, or transfer of business. This amendment expands the range of restructuring transactions that may be undertaken by insurers, subject to ongoing regulatory oversight and compliance with conditions specified by the IRDAI.

11) **Distribution, Commission and Intermediaries**

- a) **Power of IRDAI to introduce commission limits (§40(2A))^[18]**: While the IRDAI already exercised oversight over commissions and remuneration payable to insurance agents and insurance intermediaries under the existing framework, the insertion of §40(2A) expressly anchors such powers in the Insurance Act. The provision enables the IRDAI, in the interest of policyholders, to prescribe limits on commission, remuneration or rewards, together with the manner of payment and disclosure requirements. In substance, the amendment codifies and strengthens the statutory basis for the existing controls over distribution and remuneration models.
- b) **Registration of intermediaries (§42D)^[19]**: Similar to the proposal under the previous version of the Bill, the amendment continues to remove the existing requirement on insurance intermediaries to renew their certificate of registration every three years. The removal of the statutory three-year registration cycle for intermediaries perhaps moves the regime closer to the “perpetual licence” model discussed in earlier bills.
- c) **Acting through unregistered intermediaries (§105BA)^[20]**: The proposed section prescribes penalties ranging from ₹1 lakh to ₹10 lakh for acting as an insurance intermediary without registration, ₹10 lakh to ₹1 crore for appointing or transacting insurance business through an unregistered intermediary. Crucially, personal liability is also introduced for directors, officers, and partners who are knowingly involved. By imposing substantial penalties (including personal liability on directors, officers, and partners), the provision elevates intermediary compliance from an operational concern to a board-level risk. Accordingly, distribution arrangements will require careful reassessment.

12) **Enforcement, Penalties and Regulatory Powers**: The Bill enhances the enforcement framework through:

- a) an express statutory clarification of the IRDAI’s disgorgement powers under §34^[21];
- b) higher maximum penalties under §102 (from ₹1 crore to ₹10 crore) while retaining existing per-day of default penalties; and
- c) codified factors for determining penalties under §105E^[22] such as the nature and gravity of the default, recurrence, gains or losses caused, impact on policyholders, mitigation actions, proportionality, etc;

While earlier bill variants also contemplated an increase in monetary penalties, the primarily distinction in the 2025 Bill is in the enhancement of the overall penalty cap, with the per-day penalty framework remaining unchanged from the *Erstwhile* 2024 Bill.

13) **Regulation-Making Powers and Institutional Architecture (§114A – §114C)**:

- a) The amendments to §114A propose to introduce mandatory public consultation and transparency requirements for regulations issued by the IRDAI and expands the list of matters on which regulations may be made, including intermediary registration and fees, suspension or cancellation of registration, exemptions for certain Insurers, inspection

fees, subsidiary instructions, and consultative committees.

- b) The introduction of §114B and §114C enables issuance of subsidiary instructions and establishment of consultative committees, adding a more structured layer to stakeholder engagement.

B. IRDA Act

14) The key amendments proposed under the IRDA Act is the insertion of §14A to §14E, which together establish a statutory framework for the collection, sharing, use and protection of policyholder and policy-related information by the IRDAI.

- a) Under §14A^[23], the IRDAI is expressly empowered to collect information relating to policies and claims from insurers and other regulated entities, and to furnish such information to insurers or other regulated entities, for the purposes of efficient discharge of its statutory functions and for regulation and development of the insurance sector.
- b) §14B^[24] complements this power by authorising the IRDAI to call for statements and information from insurers and regulated entities in such form and within such timelines as may be prescribed, with an overriding effect over confidentiality obligations under any other law, contract or arrangement.
- c) §14C^[25] and §14D^[26] together prescribe the procedural and confidentiality safeguards furnishing policyholder and policy related information to Insurer or other regulated entities, including verification of policyholder consent, non-disclosure of source entities, payment of fees, and restrictions on further disclosure.

15) Read together, these provisions create a centralised, regulator-led data-sharing architecture within the insurance ecosystem. These provisions also intersect with India's evolving data protection regime, including the Digital Personal Data Protection Act 2023, by embedding concepts of consent, purpose limitation, confidentiality and security directly into sectoral statutes.

Conclusion

The 2025 Bill represents a transition from reform ambition to regulatory consolidation. While several proposals from earlier drafts (such as captive insurers, multi-class registrations, and insurer-led financial product distribution) have been set aside, the 2025 Bill strengthens regulatory clarity, supervisory tools, data governance, and enforcement mechanisms. For all regulated entities, the Bill leans towards a direction of greater operational flexibility accompanied by heightened expectations of governance, compliance, and accountability.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances.

For further information on this topic please contact Tuli & Co

¹ §2(6D) of the 2025 Bill defines “insurance business”, and explanation to §2(6D) defines “insurance contract” in the following terms:

“(6D) “insurance business” means the business of effecting insurance contracts and includes any other form of contract as may be notified by the Central Government in consultation with the Authority from time to time.

Explanation.—In this clause, the expression “insurance contract” means the contract whereby the insurer, on payment of premium, undertakes to assume risk and to pay to the insured person an agreed compensation for loss, damage or liability arising from a contingent event on such terms and conditions and subject to such limitations as may be agreed;”

² ¶1 under Section I of the PPHI Master Circular is in the following terms:

“Section I - Information for Prospects/Policyholders/Customers

An insurance contract is a contract between the insurer and the policyholder which is effected through a policy document. Under an insurance contract, the insurer accepts insurance risk from the policyholder by agreeing to compensate the policyholder, as per the terms and conditions of the policy document, against happening of uncertain future insured event(s) affecting the policyholder. The insured events may include the risk of death, disability, sickness, damage to or loss of property, vehicle etc,”

³ §2(5A) of the 2025 Bill defines the term “class of insurance business” in the following terms:

“5A. class of insurance business means the class of-

- (a) life insurance business;*
- (b) general insurance business;*
- (c) health insurance business;*
- (d) re-insurance business;*
- (e) such other class of insurance business as may be notified by the Central Government in consultation with the Authority from time to time;”*

⁴ §2(10B) of the Bill defines the term “insurance intermediaries” in the following terms:

“10B “insurance intermediary” includes-

- (a) insurance brokers;*
- (b) re-insurance brokers;*
- (c) insurance consultants;*
- (d) corporate agents;*
- (e) third party administrator;*
- (f) surveyors and loss assessors;*
- (g) managing general agents;*
- (h) insurance repositories;*
- (i) such other entities, as may be notified by the Authority from time to time;”*

⁵ §2(6C) of the Bill defines the term “health insurance business” in the following terms:

“(6C) Health insurance business means the business of effecting the contracts of insurance that provide sickness benefits or pay for medical and health expenses and includes -

- (i) The personal accident insurance business of effecting the contracts of insurance that provide for payment of money in the event of death, disablement or hospitalisation arising out of an accident; and*

(ii) *The travel insurance business of effecting the contracts of insurance that provide for sickness benefits or pay for medical and health expenses or payment of money in the event of death, disablement or hospitalisation arising out of an accident or for losses suffered, in the course of travel;”*

6 §2(7A) of the Bill defines the term “Indian Insurance Company” in the following terms:

“(7A) “Indian insurance company” means any insurer which is a company formed and registered under the Companies Act, 2013, as a public company and whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business or health insurance business;”

7 §2(9) of the Bill defines the term “Insurer” in the following terms:

“(9) “insurer” means a person who carries on insurance business”

8 §2C of the Bill is in the following terms:

2C. Prohibition of transaction of insurance business by certain persons. — (1) Save as hereinafter provided, no person shall, after the commencement of the Insurance (Amendment) Act, 1950 (47 of 1950), begin to carry on any class of insurance business in ⁸[India] and no insurer carrying on any class of insurance business in ⁸[India] shall after the expiry of one year from such commencement, continue to carry on any such business unless he is—

(a) a public company, or

(b) a society registered under the Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force in any State relating to co-operative societies, or the Multi-State Co-operative Societies Act, 2002

(ba) a statutory body established by an Act of Parliament for time being in force to carry on insurance business; or

(c) a company or a body established or incorporated under a law of any country outside India and engaged in re-insurance business that establishes a branch in India for the purpose of re-insurance business exclusively and includes Lloyd’s established under the Lloyd’s Act, 1871 (United Kingdom) or any of its Members:”;

Provided that the Central Government may, by notification in the Official Gazette, exempt from the operation of this section to such extent for such period and subject to such conditions as it may specify, any person or insurer for the purpose of carrying on the business of granting superannuation allowances and annuities of the nature specified in sub-clause (c) of clause (11) of section 2 or for the purpose of carrying on any general insurance business :

Provided further that in the case of an insurer carrying on any general insurance business no such notification shall be issued having effect for more than three year at any one time.

Provided also that no insurer other than an Indian insurance company shall begin to carry on any class of insurance business in India under this Act on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).

Provided also that no company or a body established or incorporated under a law of any country outside India shall carry on any class of insurance business, other than re-insurance:”;

Provided also that an insurer carrying on insurance business, may carry on any business of insurance in any Special Economic Zone as defined in clause (za) of section 2 of the Special Economic Zones Act, 2005 (28 of 2005).

(2) Every notification issued under sub-section (1) shall be laid before Parliament as soon as maybe after it is issued.]

(3) Notwithstanding anything contained in sub-section (1), an insurance co-operative society may carry on any class of insurance business in India under this Act on or after the commencement of the Insurance (Amendment) Act, 2002 (42 of 2002).

(4) No person other than an insurer shall use as part of its name or in connection with its business any of the words “insurance”, “insurer”, “assurance”, “re-insurance”, “insurance company” or any of their derivatives and no person shall carry on the insurance business in India unless it uses as part of its name at least one of such words, as may be specified by the regulations.

(5) An insurance intermediary may only use the words “insurance”, “assurance”, or “insurance company” to indicate the nature of its organisation and services as an insurance intermediary, in accordance with the regulations.

(6) An association of insurers or insurance intermediaries formed for the protection of their mutual interests and registered under the Companies Act, 2013 or any other applicable law may only use the words "insurance", "assurance", or "insurance company" to indicate the nature of its organisation, purposes and services, in accordance with the regulations."

9 §3AA of the Bill is in the following terms:

"3AA. On and from the date of commencement of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025, the aggregate holdings of equity shares by foreign investors including portfolio investors in an Indian insurance company may extend upto one hundred per cent. of the paid-up equity capital and the foreign investment by such investors shall be subject to such conditions and such manner as may be prescribed.

Explanation.—For the removal of doubts, it is hereby clarified that the foreign direct investment in an Indian insurance company may extend upto one hundred per cent. to accelerate the growth in the insurance sector."

10 §6 of the Bill is in the following terms:

6. Requirement as to capital.—

(1) No insurer not being an insurer as defined in clause (c) of sub-section (1) of section 2C, carrying on the business of life insurance, general insurance, health insurance or re-insurance in India or after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall be registered unless he has, —

(i) a paid-up equity capital of rupees one hundred crore, in case of a person carrying on the business of life insurance or general insurance; or

(ii) a paid-up equity capital of rupees one hundred crore, in case of a person carrying on exclusively the business of health insurance; or

(iii) a paid-up equity capital of rupees two hundred crore, in case of a person carrying on exclusively the business as a re-insurer:

Provided that the insurer, may enhance the paid-up equity capital, as provided in this section in accordance with the provisions of the Companies Act, 2013 (18 of 2013), the Securities and Exchange Board of India Act, 1992 (15 of 1992) and the rules, regulations or directions issued thereunder or any other law for the time being inforce:

Provided further that in determining the paid-up equity capital, any preliminary expenses incurred in the formation and registration of any insurer as may be specified by the regulations made under this Act, shall be excluded.

(2) No insurer referred to in clause (c) of sub-section (1) of section 2C, shall be registered unless it has net owned fund of not less than one thousand crore rupees.”

(3) No insurer, being a foreign company engaged in re-insurance business through a branch established in an International Financial Services Centre referred to in sub-section (1) of section 18 of the Special Economic Zones Act, 2005, shall be registered unless it has net owned funds of not less than rupees one thousand crore.”

11 §6A of the Bill is in the following terms:

6A. Requirement as to capital structure and voting rights and maintenance of registers of beneficial owners of shares.—

(...) (4) A public company as aforesaid which carries on insurance business—

(a) shall, in addition to the register of members maintained under the Companies Act, 2013 (18 of 2013), maintain a register of shares in which the name, occupation and address of the beneficial owner of each share shall be entered including any change of beneficial owner declared to it within fourteen days from the receipt of such declaration;

(b) shall not register any transfer of its shares—

(i) unless, in addition to compliance being made with the provisions of section 56 of the Companies Act, 2013 (18 of 2013), the transferee furnishes a declaration in the prescribed form as to whether he proposes to hold the shares for his own benefit or as a nominee, whether jointly or severally, on behalf of others and in the latter case giving the name, occupation and address of the beneficial owner or owners, and the extent of the beneficial interest of each;

(ii) where, after the transfer, the total paid-up holding of the transferee in the shares of the company is likely to exceed five per cent. of its paid-up capital unless the previous approval of the Authority has been obtained to the transfer;

(iii) where, the nominal value of the shares intended to be transferred by any individual, firm, group, constituents of a group, or body corporate under the same management, jointly or severally exceeds five per cent. of the paid-up equity capital of the insurer, unless the previous approval of the Authority has been obtained for the transfer.

Explanation.—For the purposes of this sub-clause, the expressions “group” and “same management” shall have the meanings respectively assigned to them in the Competition Act, 2002 (12 of 2003).

(...)"

¹² The revised version of §13 (with the changes proposed under the Bill incorporated) is in the following terms:

“13. Actuary Report-

(1) *In every financial year, every insurer shall cause an investigation to be made by an Actuary into the financial condition of the business carried on by it including a valuation of its liabilities in respect thereto and shall cause a report of such Actuary to be made for such purpose and in such manner as may be specified by the regulations.*

(1A) *The Authority may, having regard to the circumstances of any particular insurer, allow the insurer to have the investigation made at a date not later than two years from the date at which the previous investigation was made.*

(2) *The provisions of sub-section (1) regarding the making of a report shall apply to an investigation into the financial condition of the insurer is made with a view to the distribution of profits or an investigation made with a view to the distribution of profits or an investigation made for any such purpose as the Authority may determine;” (...)*

¹³ §14 (with the changes proposed under the Bill incorporated) is in the following terms:

“14. Record of policies and claims – (1) Every insurer, in respect of all business transacted by him, shall maintain—

(a) *a complete record of policies which shall contain all details of the policy application, policy contract and other relevant and connected information including-*

(i) *in respect of every policy issued by the insurer to an individual, the name, date of birth, address and (where available) email address of the policyholder, Aadhaar number or Permanent Account Number or such other identification number issued by any Central Authority for the purpose of unique identification of the individual, the date when the policy was effected and a record of any transfer, assignment or nomination of which the insurer has notice and any other information which the Authority shall specify from time to time;*

(ii) *in respect of every policy issued by the insurer to any entity, the name, date of incorporation, address and email address, registration number or Permanent Account Number or such other identification number issued by any Central Authority for the purpose of unique identification of such entity, the date when the policy was effected and a record of any transfer, assignment or nomination of which the insurer has notice and any other information which the Authority shall specify from time to time;*

(...)

(3) *Every insurer shall on a concurrent basis, submit to the Authority or any entity regulated and authorised by the Authority, the record of policies as stated in clauses (a), (b) and (c) of sub-section (1) in the manner and the details as may be specified by the regulations.”*

¹⁴ §14A - §14C of the Bill are in the following terms:

“14A. (1) The Authority may direct the insurers or other regulated entities of the Authority to process the Know Your Customer (KYC) information of the policyholders and the information and documents processed during the solicitation or subsequently, shall be in such form and manner, as may be specified by the regulations for the purposes of this Act and any other law for the time being in force.

(2) The processing of the Know Your Customer (KYC) information of the policyholder and the information and documents processed during the solicitation or subsequently by the insurers or other regulated entities of the Authority shall be deemed to be valid for the performance of their functions under this Act or any other law for the time being in force.

(3) The insurers or the other regulated entities of the Authority shall use the Know Your Customer (KYC) information of the policyholder and the information and documents processed during the solicitation or subsequently received in this section solely for the efficient discharge of its duties under this Act."

14B. An insurer or other regulated entities of the Authority in possession or control of information of the policyholders, shall take such steps, as may be specified by the regulations, to ensure that the information of the policyholders maintained by such insurers or other regulated entities is accurate, complete and updated in all respects, secure and duly protected against any loss or unauthorised access or use, or unauthorised disclosure thereof."

14C. (1) Subject to any other law for the time being in force, insurers and other regulated entities of the Authority shall ensure that the Know Your Customer (KYC) information of the policyholders and the information and documents processed during the solicitation or subsequently during all times are maintained with utmost confidentiality and would be comprehensively protected.

(2) Subject to sub-section (1), the said information shall not be parted or shared with any third party, except,—

- (a) where disclosure is compulsory in law;
- (b) where there is duty to the public to disclose; or
- (c) where the disclosure is made with the express consent of the customer."

§13 of the Bill is in the following terms:

"27. *Investment of assets.* —

(1) Every insurer shall, in order to meet its liabilities, invest and at all times keep invested assets of value not less than that of the liabilities in the following manner, namely-

- (a) In case of an insurer carrying on life insurance business-
 - (i) twenty-five per cent. of the said assets in Government securities;
 - (ii) a further sum equal to not less than twenty-five per cent of the said sum in Government securities or other approved securities; and
 - (iii) the balance, in any of such approved investments, with such limitations, conditions and restrictions as may be specified by the regulations;
- (b) in the case of an insurer carrying on insurance business, other than life insurance business—
 - (i) any twenty per cent. of the said assets in Government securities
 - (ii) a further sum equal to not less than ten per cent. of the said sum in Government securities or other approved securities; and
 - (iii) the balance, in any of such approved investments, with such limitations, conditions and restrictions as may be specified by the regulations:

Provided that an insurer may, subject to such conditions as may be specified by the regulations, invest or keep invested any part of its controlled funds or assets otherwise than in approved investments, if such investments do not exceed fifteen per cent. of the assets referred to in this sub-section.

(2) The investment of the whole or any part of the assets of the insurer shall be subject to—

- (a) the condition that the assets referred to in sub-section (1) shall be held free of any encumbrance, charge, hypothecation or lien; and
- (b) such limitations and conditions as may be specified by the regulations:

Provided that nothing contained in this sub-section shall apply to a repo or a reverse repo transaction or a Government securities lending transaction undertaken in terms of the Reserve Bank of India Act, 1934 or directions issued thereunder

(3) Subject to such terms and conditions as may be specified by the regulations, an insurer may invest not more than five per cent. of the assets referred to in sub-section (1), by value, in a company or other body corporate which is owned or controlled by the promoters.

(4) Nothing contained in this section shall be deemed to affect in any way, the manner in which

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§32A of the Bill is in the following terms-

"32A. Prohibition of common officers and requirement as to whole-time officers. — (1) A Director or officer of an insurer shall not be a Director or officer of any other insurer carrying on the same class of insurance business or of a Banking company or of an investment company.

(2) The Authority may, for such period, to such extent and subject to such conditions as may be specified by the regulations, exempt from the operation of this section, two or more such entities, for the purpose of facilitating their amalgamation or the transfer of business of one insurer to another.

(3) The provisions of sub-section (1) shall not apply to a Director nominated by the Central Government."

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§35 of the Bill is in the following terms-

"35. Amalgamation and transfer of insurance business.— (1) Notwithstanding anything contained in any other law for the time being in force, no insurance business of an insurer or non-insurance business of any company, shall be transferred to or amalgamated with the insurance business of any other insurer except in accordance with a scheme prepared under this section and approved by the Authority, subject to the transferee insurer complying with the provisions of this Act at all times and any other conditions as may be specified by the regulations.

(2) Any scheme prepared under this section shall set out the agreement under which the transfer or amalgamation is proposed to be effected, and shall contain such further provisions as may be necessary for giving effect to the scheme. (...)

(4) Without prejudice to anything contained in sections 35, 36, 37, or 37A, the Authority may specify by regulations, the manner, procedure and other conditions for a scheme of arrangement or amalgamation or transfer of business for the purposes of this Act.

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§40(2A) of the Bill is in the following terms-

"40. Prohibition of payment by way of commission or otherwise for procuring business-

(...)

any money relating to the provident fund of any employee or to any security taken from any employee or other moneys of a like nature are required to be held by or under any Central Act or State Act for the time being in force.

(5) The assets being invested by an insurer incorporated or domiciled outside India, except to the extent of any part thereof which consists of foreign assets held outside India, shall be held in India and in the trust for the discharge of the liabilities and shall be vested in trustees resident in India and approved by the Authority, and the instrument of such trust shall be executed by the insurer, with the approval of the Authority, in such manner as may be specified by the regulations.

(6) The Authority may, either generally or in any particular case, direct that any investment shall, subject to such conditions as may be imposed, be taken into account, in such manner as may be specified by the regulation, in computing the assets referred to in sub-section (1), and where any direction has been issued under this sub-section, the copies thereof shall be laid before each House of Parliament as soon as may be after it is issued.

(7) If, at any time, the Authority considers any one or more of the investments of an insurer to be unsuitable or undesirable, the Authority may, after giving the insurer an opportunity of being heard, direct it to realise the investment or investments, and the insurer shall comply with the direction within such time as may be specified by the regulations.

(8) Without prejudice to anything contained in this section, the Authority may, in the interest of the policyholders, specify by the regulations, the time, manner and other conditions of investment of assets to be held by an insurer for the purposes of this Act.

(9) The Authority may give specific directions for the time, manner and other conditions subject to which the funds of policyholders shall be invested in the infrastructure and social sector, as may be specified by the regulations.

(10) The Authority may, after taking into account the nature of business and to protect the interest of the policyholders, issue to an insurer the directions relating to the time, manner and other conditions of investment of assets to be held by it

Provided that no direction under this sub-section shall be issued unless the insurer concerned has been given an opportunity of being heard."

(2A) Without prejudice to anything contained in this section, the Authority may in the interest of the policyholders, specify by the regulations, the limits of any commission, remuneration or reward in any form payable to an insurance agent or an insurance intermediary, the manner of such payment, the manner of disclosures required and such other matters related to insurance agents or insurance intermediaries as may be necessary, for the purposes of this Act."

¹⁹ §42D of the Bill is as follows:

"§42D Issue of registration to intermediary or insurance intermediary. —

(1) The Authority or an officer authorised by it in this behalf shall, in the manner determined by the regulations made by the Authority and on payment of the fees determined by the regulations made by the Authority, issue to any person making an application in the manner determined by the regulations, and not suffering from any of the disqualifications herein mentioned, a 2[registration] to act as an intermediary or a person shall not begin to carry on or act as an insurance intermediary, unless he or it obtains a certificate of registration for the same from the Authority under this Act:

(...)

(3) Every application for registration as an insurance intermediary shall be in such form and manner and be accompanied by such documents and fee as may be specified by the regulations.

(4) No application for the renewal of a registration under this section shall be entertained, if the application does not reach the issuing authority before the registration ceases to remain in force:

Provided that the Authority may, if satisfied that undue hardship would be caused otherwise, accept any application on payment of late fee of seven hundred and fifty rupees.

(4A) A registration made under this section shall remain in force subject to payment of such annual fee as may be specified by the regulations, until such registration is suspended or cancelled by the Authority, in accordance with such procedure as may be specified by it and the conditions referred to in sub-section (6).

(...)

(6) The Authority may suspend or cancel the registration of an insurance intermediary, if such insurance intermediary—

(i) contravenes any provision of this Act or the Insurance Regulatory and Development Authority Act, 1999 or the rules or regulations made thereunder or makes a default in complying with any direction issued or order made;

(ii) makes a default in complying with, or acts in contravention of, any requirement of the Companies Act, 2013 or the General Insurance Business (Nationalisation) Act, 1972 or the Life Insurance Corporation Act, 1956 or the Foreign Exchange Management Act, 1999 or the Prevention of Money Laundering Act, 2002;

(iii) is convicted for an offence under any law for the time being in force;

(iv) having its holding company or a joint venture partner having its principal place of business in a country outside India that has been debarred by law or practice of such country to carry on insurance intermediary business;

(v) fails to pay the annual fee required under sub-section (4A);

(vi) being a co-operative society set up under the respective State laws or, as the case may be, the Multi-State Co-operative Societies Act, 2002, contravenes the provisions of law as may be applicable to the insurance intermediary;

(vii) no longer meets the requirements or is disqualified as per sub-section (5); or

(viii) makes any other default or contravention, as may be specified by the regulations.

(7) The manner of suspension or cancellation of registration of an insurance intermediary shall be such as may be specified by the regulations. (...)"

²⁰ §105BA of the Bill is as follows:

"105BA. (1) If any person who acts as an insurance intermediary without being registered under section 42D to act as such, he shall be liable to a penalty which shall not be less than one lakh rupees, but may extend to ten lakh rupees and any person who appoints as an insurance intermediary or any person not registered to act as such or transacts any insurance business in India through any such person, shall be liable to a penalty which shall not be less than ten lakh

rupees, but may extend to one crore rupees.

(2) Where the person contravening the provisions of sub-section (1) is a company or firm, then, without prejudice to any other proceedings which may be taken against the company or firm, every director, manager, secretary or other officer of the company and every partner of the firm, who is knowingly a party to such contravention shall be liable to a penalty which shall not be less than one lakh rupees, but may extend to ten lakh rupees."

²¹ §34 of the Bill is in the following terms:

"Power of the Authority to issue directions. —(1) Where the ¹[Authority] is satisfied that it is necessary or expedient,—

(a) in the public interest; or

(b) to prevent the affairs of an insurer or insurance intermediary being conducted in a manner detrimental to the interests of the policy-holders or in a manner prejudicial to the interests of the insurer or insurance intermediary; or

(c) to secure the proper management of any insurer or insurance intermediary, it may issue such directions as it deems fit, to insurer or insurance intermediary generally or in particular, including directions of disgorgement and such insurer or insurance intermediary shall comply with such directions:

Provided that no such direction shall be issued to any insurer or insurance intermediary in particular unless such insurer or insurance intermediary has been given an opportunity of being heard.

Explanation.—For the removal of doubts, it is hereby clarified that the power to issue directions under this section shall include and always be deemed to have included the power to direct any person, who made profit or averted loss by indulging in any transaction or activity in contravention of the provisions of this Act and the Insurance Regulatory and Development Authority Act, 1999 and rules or regulations made thereunder, to disgorge an amount equivalent to the wrongful gain made or loss averted by such contravention.

(2) The Authority may, on representation made to him or on his own motion, modify or cancel any direction issued under sub-section (1), and in so modifying or cancelling any direction, may impose such conditions as he thinks fit, subject to which the modification or cancellation shall have effect.

²² §105E of the Bill is in the following terms:

"105E. (1) While determining the penalty to be imposed under the provisions of this Act or the Insurance Regulatory and Development Authority Act, 1999 or rules or regulations made thereunder, the Authority shall have regard to the following factors, namely:—

(a) the nature, gravity and duration of the default;

(b) the repetitive nature of the default;

(c) the disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default;

(d) the loss caused to the policyholders as a result of the default;

(e) the action taken by the person to mitigate the effects and consequences of the default, and the timeliness and effectiveness of such action;

(f) the number of policyholders impacted by such default;

(g) whether the penalty to be imposed is proportionate, having regard to the need to secure observance of and deter breach of the provisions of this Act, the Insurance Regulatory and Development Authority Act, 1999 and rules and regulations thereunder; and

(h) such other factors as may be deemed appropriate by the Authority:

(2) A brief of such penal action shall be disclosed in the form of press release on the website of the Authority within a period of thirty days.

²³ §14A of the IRDA Act is in the following terms:

"14A. The Authority may, for the purpose of efficient discharge of its functions and to regulate and develop the insurance business—

(a) collect in such manner as it may think fit, information relating to policies and claims from any insurer or other regulated entities; and

(b) furnish such information to any insurer or other regulated entities in accordance with the provisions of section 14C."

²⁴ §14B of the IRDA Act is in the following terms:

"14B. (1) For the purpose of enabling the Authority to discharge its functions under this Act and the Insurance Act, 1938, it may at any time direct any insurer or other regulated entities to submit statements relating to policies and policyholder related information in such form and within such time as may be specified by the regulations.

(2) Notwithstanding anything to the contrary contained in any law for the time being in force or in any instrument regulating the constitution thereof or in any agreement executed by it, relating to the secrecy of its dealings with its constituents, an insurer or other regulated entities shall comply with any direction issued under sub-section (1)."

²⁵ §14C of the IRDA Act is in the following terms:

"14C. (1) The insurer may, in connection with any insurance policy issued or proposed to be issued by it, to any person, make an application to the Authority in such form as the Authority may specify by the regulations.

(2) The Authority shall process the application made under sub-section (1) within such period as may be specified by the regulations only after the insurer confirms to the Authority that the person has consented to provide access of his policy related information in accordance with the existing law and regulations framed in this regard including the preservation of evidence of such consent.

(3) On receipt of an application under sub-section (1), the Authority shall, as soon as may be, furnish the applicant with such policy related information as specified in the application, as may be in its possession:

Provided that such information so furnished shall not disclose the names of the insurer or other regulated entities that has submitted such information to the Authority.

(4) The Authority may in respect of each application levy such fees, as it may deem fit for furnishing such information."

²⁶ §14D of the IRDA Act is in the following terms:

"14D. (1) Any information contained in any statement submitted by an insurer or other regulated entities under section 14B or furnished by the Authority to any insurer or other regulated entities under section 14C, shall be treated as confidential and shall not, except for the specified intended purposes, be published or otherwise disclosed.

(2) Nothing in this section shall apply to—

(a) the disclosure by any insurer or other regulated entities, with the previous permission of the Authority, of any information furnished to the Authority under section 14B or 14C;

(b) the publication by the Authority, if it considers necessary in the public interest so to do, of any information collected by it under section 14B or 14C, in such consolidated form as it may think fit without disclosing the name of any insurer or other regulated entities or the policyholder;

(c) the disclosure or publication by the Authority or the insurer or other regulated entities of any policy related information to any other insurance company, intermediary or regulated entity as permitted by the Authority under the regulations to be issued from time to time.

(3) Notwithstanding anything contained in any law for the time being in force, no court, tribunal or other authority shall compel the Authority or any insurer or other regulated entities to produce or to give inspection of any statement submitted by that insurer or other regulated entities under section 14B or 14C or to disclose any policy related information furnished by the Authority to that insurer or other regulated entities under section 14C."