

Bill No. 195 of 2025

**THE SABKA BIMA SABKI RAKSHA (AMENDMENT OF
INSURANCE LAWS) BILL, 2025**

A

BILL

*further to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956
and the Insurance Regulatory and Development Authority Act, 1999.*

BE it enacted by Parliament in the Seventy-sixth Year of the Republic of India
as follows:—

CHAPTER I

PRELIMINARY

5 **1.** (1) This Act may be called the *Sabka Bima Sabki Raksha* (Amendment of
Insurance Laws) Act, 2025.

Short title and
commencement.

(2) It shall come into force on such date as the Central Government may, by
notification in the Official Gazette, appoint.

CHAPTER II

AMENDMENTS TO THE INSURANCE ACT, 1938

Construction of references of certain expressions by certain other expressions.

2. Throughout the Insurance Act, 1938 (hereafter in this Chapter referred to as the principal Act),— 4 of 1938.

(a) for the words “business of insurance”, wherever they occur, the words “insurance business” shall be substituted; 5

(b) with respect to the term “insurer”, wherever it occurs, for the consequential terms, in respect of the same like “he, him or his”, the words “it or its” shall be substituted;

(c) for the words “intermediary or insurance intermediary”, wherever they occur, the words “insurance intermediary” shall be substituted. 10

Amendment of section 2.

3. In section 2 of the principal Act,—

(i) in clause (3),—

(a) in sub-clause (ii), for the words “or city improvement trust in any presidency town;”, the word “; and” shall be substituted; 15

(b) sub-clause (iv) shall be omitted;

(ii) in clause (4A), for the words, brackets and figures “sub-section (I) of section 5 of the Banking Companies Act, 1949”, the words and figures “section 5 of the Banking Regulation Act, 1949” shall be substituted; 10 of 1949.

(iii) in clause (5),— 20

(a) the words and figures “or a provident society as defined in Part III” shall be omitted;

(b) for the words “or provident society”, the words “or any person authorised by it” shall be substituted;

(iv) after clause (5), the following clause shall be inserted, namely:— 25

“(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; or 30

(e) such other class of insurance business as may be notified by the Central Government in consultation with the Authority from time to time;’;

(v) for clause (6C), the following clauses shall be substituted, namely:— 35

“(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 40

(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;

(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;’;

(vi) for clause (7A), the following clause shall be substituted, namely:—

‘(7A) “Indian insurance company” means an 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 ;’;

(vii) for clause (8A), the following clause shall be substituted, namely:—

‘(8A) “insurance co-operative society” means an insurer being a co-operative society formed and registered on or after the commencement of the Insurance (Amendment) Act, 2002, as a co-operative society under—

(a) the provisions of the Co-operative Societies Act, 1912;

(b) any other law for the time being in force in any State relating to co-operative societies; or

(c) the provisions of the Multi-State Co-operative Societies Act, 2002,

and whose sole purpose is to carry on life insurance business or general insurance business or health insurance business in India ;’;

(viii) for clause (9), the following clause shall be substituted, namely:—

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

(ix) for clause (10B), the following clause shall be substituted, namely:—

‘(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; and

(i) such other entities, as may be notified by the Authority from time to time;’;

(x) in clause (13BA), for the word, figures and letters “section 10FB”, the word and figures “section 408” shall be substituted;

(xi) in clause (13BB), for the words, brackets, figures and letters “sub-section (I) of section 10FR”, the word and figures “section 410” shall be substituted;

(xii) after clause (13BB), the following clause shall be inserted, namely:—

‘(13BC) “premium” means the amount paid or payable as consideration to the insurer by the policy holder for a contract of insurance;’;

(xiii) after clause (14), the following clause shall be inserted, namely:—

‘(14A) “principal officer” means an officer of an insurer, authorised as such for the purposes of this Act;’;

(xiv) in clause (16), for the word, brackets and figures “clause (72)”, the word, brackets and figures “clause (71)” shall be substituted.

4. In section 2C of the principal Act,—

(a) in sub-section (I),—

(i) in clause (b), after the words “relating to co-operative societies”, the words and figures “or the Multi-State Co-operative Societies Act, 2002” shall be inserted;

(ii) after clause (b), the following clause shall be inserted, namely:—

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

(iii) for clause (c), the following clause shall be substituted, namely:—

“(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:”;

(iv) after the third proviso, the following proviso shall be inserted, namely:—

“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:”;

(v) in the fourth proviso, for the words, brackets and letter “an insurer, being an Indian Insurance Company, insurance co-operative society or, a body corporate referred to in clause (c) of this sub-section carrying on the business of insurance”, the words “that an insurer carrying on insurance business” shall be substituted.

(b) after sub-section (3), the following sub-sections shall be inserted, namely:—

5 “(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.

10 (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.

18 of 2013. 15 (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.”.

5. In section 2CA of the principal Act,—

Amendment of section 2CA.

20 (i) in the marginal heading, after the words “Special Economic Zones”, the words “and International Financial Services Centres set up in Special Economic Zones” shall be inserted;

(ii) for clauses (a) and (b), the following clauses shall be substituted, namely:—

25 “(a) shall not apply to an insurer or insurance intermediary in any Special Economic Zone including International Financial Services Centres, set up under the provisions of the Special Economic Zones Act, 2005;

28 of 2005.

30 (b) shall apply to the insurer or insurance intermediary in any Special Economic Zone including International Financial Services Centres, set up under the provisions of the Special Economic Zones Act, 2005, with such exceptions, modifications and adaptations as may be specified in the notification.”.

28 of 2005.

6. In section 3 of the principal Act,—

Amendment of section 3.

35 (i) for sub-sections (2) and (2A), the following sub-sections shall be substituted, namely:—

“(2) Every application for registration shall be in such form, manner and be accompanied by such documents and by such fee as may be specified by the regulations.

40 (2A) On receipt of an application for registration under sub-section (2), the Authority may, if satisfied after such inquiry as it may deem necessary, that,—

(a) the financial condition and the general character of management of the applicant are sound;

45 (b) the projected volume of business, the capital structure and earning prospects of the applicant shall be adequate;

(c) the interest of the general public shall be served, if the certificate of registration is granted to the applicant; and

(d) the applicant has complied with the provisions of this Act, as may be applicable and all other conditions as may be specified by the Authority,

register the applicant as an insurer and grant it a certificate of registration.”; 5

(ii) in sub-section (3), for the words, brackets, letter and figures “sub-clause (d) of clause (9) of section 2”, the words, brackets, letters and figures “clause (c) of sub-section (1) of section 2C” shall be substituted;

(iii) in sub-section (5C), the words, brackets, figures and letter “or has had an application under sub-section (4) of section 3A accepted,” shall be omitted; 10

(iv) in sub-section (5D), for the word “Court”, wherever it occurs, the words “National Company Law Tribunal” shall be substituted.

Insertion of new section 3AA.

7. After section 3A of the principal Act, the following section shall be inserted, namely:— 15

Foreign investment in equity.

“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. 20

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.”.

Amendment of section 6.

8. In section 6 of the principal Act,— 25

(i) in sub-section (1), for the words, brackets, letter and figures “sub-clause (d) of clause (9) of section 2”, the words, brackets, letters and figures “clause (c) of sub-section (1) of section 2C” shall be substituted;

(ii) for sub-section (2), the following sub-section shall be substituted, namely:— 30

“(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.”.

Amendment of section 6A.

9. In section 6A of the principal Act,—

(a) in sub-section (1), for the words “life insurance business or general insurance business or health insurance business or re-insurance business”, the words “insurance business” shall be substituted; 35

(b) in sub-section (4),—

(i) for the words “life insurance business, general and health insurance business and re-insurance business”, the words “insurance business” shall be substituted; 40

(ii) in clause (b), in sub-clause (iii), for the words “one per cent.”, the words “five per cent.” shall be substituted;

(c) in sub-section (11), in clause (i), for the words, brackets and figures “sub-sections (1), (3), (5) and (6)”, the words, brackets and figures “sub-sections (1) and (5)” shall be substituted. 45

	10. In section 6B of the principal Act, in sub-section (1), for the words “life or general or health insurance or re-insurance business”, the words “insurance business” shall be substituted.	Amendment of section 6B.
	11. In section 10 of the principal Act, in sub-section 2,—	Amendment of section 10.
5	(a) the words, brackets and figure “sub-section (1) of” shall be omitted;	
	(b) for the word “Controller”, the word “Authority” shall be substituted;	
	(c) in the first proviso, the words, brackets and letter, “clause (a) of” shall be omitted.	
10	12. In section 11 of the principal Act, in sub-section (1), after the words “a revenue account”, the words “and other financial statements” shall be inserted.	Amendment of section 11.
	13. After section 12 of the principal Act, the following section shall be inserted, namely:—	Insertion of new section 12A.
15	“12A. The eligibility criteria and experience for appointment of an Actuary by an insurer and the powers and functions of the Actuary shall be such as may be specified by the regulations.”.	Appointment of Actuary by insurer.
	14. In section 13 of the principal Act,—	Amendment of section 13.
	(i) for the marginal heading, the following marginal heading shall be substituted, namely:—	
	“Actuary report.”;	
20	(ii) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—	
25	“(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.	
30	(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 made with a view to the distribution of profits or an investigation made for any such purpose as the Authority may determine.”;	
35	(iii) in sub-sections (3) and (4), for the word “abstract”, the word “report” shall be substituted;	
	(iv) sub-section (6) shall be omitted.	
	15. For section 14 of the principal Act, the following sections shall be substituted, namely:—	Substitution of new sections for section 14.
40	“14. (1) Every insurer, in respect of all business transacted by him, shall maintain—	Record of policies and claims.
	(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; 5

(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; 10 15

(b) a record of claims, every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged, or, in the case of a claim which is rejected, the date of rejection and the grounds thereof; and 20

(c) a record of policies and claims in accordance with clauses (a) and (b) may be maintained in such form, including electronic mode, as may be specified by the regulations. 25

(2) Every insurer shall, in respect of all business transacted by him, endeavour to issue policies above a specified threshold in terms of sum assured and premium in electronic form, in such manner and form as may be specified by the regulations.

(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. 30

Processing of
information of
policyholders
by insurers or
other regulated
entities of
Authority.

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. 35

(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. 40

(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. 45

5	<p>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.</p>	Accuracy and security of information of policyholders.
10	<p>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.</p> <p>(2) Subject to sub-section (1), the said information shall not be parted or shared with any third party, except,—</p> <p>(a) where disclosure is compulsory in law;</p> <p>(b) where there is duty to the public to disclose; or</p> <p>(c) where the disclosure is made with the express consent of the customer.”.</p>	Confidentiality of information of policyholders.
20	<p>16. For section 15 of the principal Act, the following section shall be substituted, namely:—</p> <p>“15. The audited accounts and statements referred to in section 11 or sub-section (5) of section 13 and the statement referred to in section 13 shall be furnished to the Authority in such form and manner as may be specified by the regulations within a period of six months from the end of the period to which they refer.”.</p>	Substitution of new section for section 15. Submission of returns.
	<p>17. In section 21 of the principal Act, in sub-section (1), in clause (d), the words, figures and letters “or section 28A or section 28B” shall be omitted.</p>	Amendment of section 21.
	<p>18. In section 22 of the principal Act, in sub-section (2), the words, brackets and figures “of sub-sections (1) and (2) of” shall be omitted.</p>	Amendment of section 22.
30	<p>19. In section 26 of the principal Act, the words, brackets and letter “referred to, and, where the alteration affects the assured rates, advantages, terms and conditions offered in connection with life insurance policies the actuarial certificate referred to in clause (f) of the said sub-section shall accompany the particulars of the alteration” occurring at the end, shall be omitted.</p>	Amendment of section 26.
35	<p>20. For section 27 of the principal Act, the following section shall be substituted, namely:—</p> <p>‘27. (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:—</p> <p>(a) in case of an insurer carrying on life insurance business—</p> <p>(i) twenty-five per cent. of the said assets in Government securities;</p> <p>(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</p>	Substitution of new section for section 27. Investment of assets.

(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) 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 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.

Explanation.—For the purposes of this section, the expressions—

(i) “assets” means all the assets of insurer at their carrying value but does not include any assets specifically held against any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion thereof, as the case may be, is regulated by the law of any country outside India or miscellaneous expenditure or in respect of which the Authority is satisfied that it would not be in the interest of the insurer to apply the provisions of this section;

(ii) “controlled”, in relation to a company or other body corporate, means the right to appoint majority of its directors or to control its management or policy decisions exercisable by the promoters acting individually or in concert, directly or indirectly, including by virtue of shareholding or management rights or shareholders agreements or voting agreements;

(iii) “controlled funds” mean,—

(a) in the case of any insurer carrying on life insurance business—

(i) all its funds, if it carries on no other class of insurance business;

(ii) all the funds in India appertaining to life insurance business if it carries on some other class of insurance business also:

Provided that the fund referred to in sub-clause (a) shall not include any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion, as the case may be, is regulated by the law in force of any country outside India or it would not be in the interest of the insurer to apply the provisions of this section;

(b) in the case of any other insurer carrying on life insurance business—

(i) all its funds in India, if it carries on no other class of insurance business;

(ii) all the funds in India appertaining to life insurance business, if it carries on some other class of insurance business also, but does not include any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion thereof, as the case may be, is regulated by the law in force of any country outside India or in respect of which the Authority is satisfied that it would not be in the interest of the insurer to apply the provisions of this section;

(iv) “liabilities” means the net liabilities of the insurer to the holders of policies;

(v) “owned”, in relation to a company, means the holding of more than fifty per cent. of its paid-up share capital by the promoters, and includes a subsidiary company of such a company; and

(vi) “promoter” means a person—

(a) who has been named as such in a prospectus inviting offers from the public for the subscription or purchase of any securities of an insurer, or is identified as such by the insurer in its annual returns filed with the person having the duty of registering companies;

(b) who has control over the affairs of the insurer, directly or indirectly whether as a shareholder, director or otherwise; or

(c) in accordance with whose advice, directions or instructions, the board of directors of the insurer is accustomed to act but shall not apply to a person who is acting merely in a professional capacity.’.

Omission of sections 27A, 27B, 27C and 27D.

21. Sections 27A, 27B, 27C and 27D of the principal Act shall be omitted.

Amendment of section 30.

22. In section 30 of the principal Act, the figures and letters “27A, 27B, 27C, 27D”, occurring at both the places, shall be omitted.

Amendment of section 31.

23. In section 31 of the principal Act, in sub-section (1), for the word, brackets and figure “sub-section (7)”, the word, brackets and figure “sub-section (5)” shall be substituted.

Amendment of section 31A.

24. In section 31A of the principal Act, in sub-section (1), for the portion beginning with “no insurer shall after expiry of one year” and ending with “in respect of the general insurance business of the insurer:”, the following shall be substituted, namely:—

“no insurer shall, after expiry of one year from the date of commencement of the *Sabka Bima Sabki Raksha* (Amendment of Insurance Laws) Act, 2025, be directed or managed by a company or a firm or employ as manager or officer or in any capacity, any person whose remuneration or any part thereof is in the form of commission or bonus or a share in the valuation surplus:”.

Substitution of new section for section 32A.

25. For section 32A of the principal Act, the following section shall be substituted, namely:—

Prohibition of common officers and requirement as to whole-time officers.

“32A. (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.”.

26. In section 32B of the principal Act, for the words “life insurance business and general insurance business”, the words “insurance business” shall be substituted.

Amendment of section 32B.

27. In section 32C of the principal Act, for the words “life insurance or general insurance”, the word “insurance” shall be substituted.

Amendment of section 32C.

28. In section 33 of the principal Act, in sub-section (6), in clause (a), after the word “insurer”, the words “or insurance intermediary” shall be inserted.

Amendment of section 33.

29. In section 33A of the principal Act,—

Amendment of section 33A.

(i) for the words “at it or he”, the words “as it” shall be substituted;

(ii) after the word “insurers”, the words “or insurance intermediaries” shall be inserted.

30. In section 34 of the principal Act, for sub-section (1), the following sub-section shall be substituted, namely:—

Amendment of section 34.

“(1) Where the Authority is satisfied that it is necessary or expedient,—

(a) in the public interest;

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

(c) to secure the proper management of an 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 directions 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.”.

41 of 1999.

31. In section 34A of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—

Amendment of section 34A.

“(2) Nothing contained in sections 196, 197 and 203 of the Companies Act, 2013 shall apply to any matter in respect of which the approval of the Authority is to be obtained under sub-section (1).”.

18 of 2013.

32. In section 34H of the principal Act, in sub-section (1),—

Amendment of section 34H.

(i) in clause (a), for the word, brackets and figure “sub-section (2)”, the word, brackets and figure “sub-section (3)” shall be substituted;

(ii) in clause (b), for the word, brackets, figure and letter “sub-section (1A)”, the word, brackets and figure “sub-section (2)” shall be substituted;

(iii) for clause (c), the following clause shall be substituted, namely:—

“(c) a contravention of any provision of this Act or the Insurance Regulatory and Development Authority Act, 1999 has been committed or is likely to be committed by an insurer or insurance intermediary; or”;

41 of 1999.

(iv) in clauses (f) and (g), after the word “insurer”, occurring at both the places, the words “or insurance intermediary” shall be inserted.

5

Amendment of
section 35.

33. In section 35 of the principal Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

“(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.”;

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15

(b) in sub-section (3),—

(i) in clause (b), for the words “insurance business of each of the insurers”, the words “business of each of the entities” shall be substituted;

(ii) in clause (c), the word “life” shall be omitted;

(iii) in clause (e), after the words “was founded”, the words “or any other document as may be required by the Authority” shall be inserted;

20

(iv) in the proviso,—

(A) for the word “insurer”, the word “party” shall be substituted;

(B) for the words and figures “or sections 7 and 8 of the Indian Life Assurance Companies Act, 1912”, the words “or any other applicable law” shall be substituted;

25

6 of 1912.

(c) after sub-section (3), the following sub-section shall be inserted, namely:—

“(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.”.

30

Amendment of
section 37.

34. In section 37 of the principal Act,—

(a) for the words “two or more insurers”, the words “two or more entities” shall be substituted;

35

(b) in clause (c), in sub-clause (i), for the portion beginning with “insurance business of each of the insurer concerned” and ending with “Part-I of that Schedule”, the words “business of each of the entities concerned in such amalgamation or transfer, prepared in accordance with the regulations” shall be substituted.

40

Amendment of
section 37A.

35. In section 37A of the principal Act, in sub-section (2), in the second proviso, for the word “Controller”, the word “Authority” shall be substituted.

Amendment of
section 40.

36. In section 40 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

45

“(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.”.

50

37. In section 40B of the principal Act, in the marginal heading, the word “life” shall be omitted.

Amendment of section 40B.

38. In section 40C of the principal Act, for the marginal heading, the following marginal heading shall be substituted, namely:—

Amendment of section 40C.

5 “Furnishing details of expenses of management by the insurer.”.

39. In section 41 of the principal Act, in sub-section (1), in the proviso, for the words “a policy of life insurance taken out by himself on his own life”, the words “a policy of any class of insurance business taken out by himself in relation to risks associated with his own life, health or property” shall be substituted.

Amendment of section 41.

10 **40.** In section 42D of the principal Act,—

Amendment of section 42D.

(i) in sub-section (2), after the words “insurance intermediary.”, the words “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.” shall be inserted;

15 (ii) for sub-sections (3) and (4), the following sub-sections shall be substituted, namely:—

“(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.

20 (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:

25 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).”;

30 (iii) for sub-sections (6), (7) and (8), the following sub-sections shall be substituted, namely:—

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

35 (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;

40 (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;

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

4 of 1999.

18 of 2013.
5 of 1972.
3 of 1956.
42 of 1999.
15 of 2002.

(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.

(8) The Authority may issue a duplicate certificate of registration to replace a registration certificate which was lost, destroyed or mutilated, or in any other case where the Authority is of opinion that the issue of duplicate certificate is necessary, it may issue the same on payment of such fee as may be specified by the regulations.”;

(iv) sub-section (9) shall be omitted.

Amendment of
section 47.

41. In section 47 of the principal Act, in sub-section (I),—

(i) for the words “life insurance maturing”, the words “insurance due” shall be substituted;

(ii) for the words “title to the amount secured thereby or for any other adequate reason”, the words “entitlement to receive the due payment” shall be substituted.

Amendment of
section 48B.

42. In section 48B of the principal Act, in sub-section (I), for the words, brackets, letter and figures “sub-clause (b) of clause (9) of section 2”, the words, brackets, letters and figures “clause (ba) of sub-section (I) of section 2C” shall be substituted.

Amendment of
section 49.

43. In section 49 of the principal Act, in sub-section (I),—

(i) for the words and figures “business of life insurance or any other class or sub-class of insurance business to which section 13 applies”, the words “insurance business” shall be substituted;

(ii) for the words “the fund of such other class”, the words “the fund of the other class” shall be substituted;

(iii) for the words and figures “abstract referred to in section 15”, the words and figures “report referred to in section 15” shall be substituted.

Amendment of
section 51.

44. In section 51 of the principal Act, for the words “not exceeding one rupee”, the words “of one rupee per page, subject to a maximum fee of two hundred and fifty rupees” shall be substituted.

Amendment of
section 52A.

45. In section 52A of the principal Act,—

(i) for the marginal heading, the following marginal heading shall be substituted, namely:—

“When Board of Directors and the like, superseded and Administrator for management of insurance business may be appointed.”;

(ii) for sub-section (I), the following sub-section shall be substituted, namely:—

5 “(I) If at any time the Authority has reason to believe that an insurer carrying on insurance business is acting in a manner likely to be prejudicial to the interest of its policyholders, it may, for reasons to be recorded in writing and after giving the insurer an opportunity of being heard, by order in writing, supersede the Board of directors or such other management or governing or executive committee of such insurer, and
10 appoint an Administrator to manage the affairs of the insurer, under the direction and control of the Authority for such period not exceeding one year.

(IA) The Authority may, for reasons to be recorded in writing, extend the period referred to in sub-section (I) from time to time.”.

15 **46.** In section 55 of the principal Act, in sub-section (3), for the word and figures “section 643”, the word and figures “section 468” shall be substituted.

Amendment of section 55.

47. In section 61A of the principal Act, after sub-section (6), the following sub-section shall be inserted, namely:—

Amendment of section 61A.

20 “(7) Where the appeal filed before the National Company Law Appellate Tribunal under sub-section (I) is not disposed of within the said period of six months, the Appellate Tribunal shall record its reasons in writing therefor.”.

48. In section 64 of the principal Act, for the words “on or before the last day of January in every calendar year”, the words “within such time as may be determined by the Authority” shall be substituted.

Amendment of section 64.

49. In section 64F of the principal Act,—

Amendment of section 64F.

25 (i) in sub-section (I),—

(a) in clause (a), for the word “four”, the word “seven” shall be substituted;

(b) in clause (b), for the words “an eminent person”, the words “two eminent persons” shall be substituted;

30 (c) after clause (c), the following clause shall be inserted, namely:—

“(ca) two persons nominated by the Central Government;”;

(ii) in sub-section (2),—

35 (a) in clause (a), for the word “four”, the word “seven” shall be substituted;

(b) for clauses (b) and (c), the following clauses shall be substituted, namely:—

“(b) two eminent persons not connected with insurance business, nominated by the Authority;

40 (c) three representatives from among insurance agents, insurance intermediaries and policyholders as may be nominated by the Authority;

45 (d) one representative each from self-help groups and insurance co-operative societies as may be nominated by the Authority; and

(e) two persons nominated by the Central Government.”.

Amendment of
section 64G.

50. In section 64G of the principal Act, in sub-section (1), for the word “Chairman”, the word “Chairperson” shall be substituted.

Amendment of
section 64H.

51. In section 64H of the principal Act, in sub-section (2), for the words “General Council”, the words “General Insurance Council” shall be substituted.

Amendment of
section 64K.

52. In section 64K of the principal Act,— 5

(i) in sub-section (1), the words, brackets and figure “the proviso to sub-section (2) of” shall be omitted;

(ii) in sub-section (4), the words, brackets and figures “sub-sections (1) and (2) of” shall be omitted; and the words, brackets and figures “or, as the case may be, of sub-section (2) of section 16” shall be omitted. 10

Amendment of
section 64L.

53. In section 64L of the principal Act,—

(i) in sub-section (1),—

(a) in clause (a), after the words “general insurance business”, the words “, health insurance business and re-insurance business” shall be inserted; 15

(b) in clause (c), after the words “general insurance policies”, the words “, health insurance policies and re-insurance policies” shall be inserted;

(ii) for sub-section (2), the following sub-section shall be substituted, namely:— 20

“(2) For the purpose of enabling it to effectively discharge its functions, the Executive Committee of the General Insurance Council may collect such fees as may be laid down in the bye-laws made by the General Insurance Council from the insurers carrying on general insurance business or health insurance business or re-insurance business.”. 25

Amendment of
section 64M.

54. In section 64M of the principal Act, in sub-section (1), the words, brackets and figure “the proviso to sub-section (1) of” shall be omitted.

Amendment of
section 64R.

55. In section 64R of the principal Act, in sub-section (1), in clause (b), for the words “any prescribed fee”, the words “fee, as laid down in the bye-laws made by the Life Insurance Council and General Insurance Council” shall be substituted. 30

Omission of
section 64ULA.

56. Section 64ULA of the principal Act shall be omitted.

Amendment of
section 64VB.

57. In section 64VB of the principal Act, in sub-section (2), in the *Explanation*,—

(i) after the word “post”, the words “or by any online mode” shall be inserted; 35

(ii) after the word “posted”, the words “or the money is received in insurer’s bank account” shall be inserted.

Amendment of
section 101A.

58. In section 101A of the principal Act, in sub-section (1), after the words “Indian re-insurers”, the words “a minimum of” shall be inserted. 40

Substitution of
new section for
section 102.

59. For section 102 of the principal Act, the following section shall be substituted, namely:—

Penalty for
default in
complying with,
or act in
contravention of,
this Act or
Insurance
Regulatory and
Development
Authority Act,
1999.

“102. If any insurer or insurance intermediary, who is required under this Act or the Insurance Regulatory and Development Authority Act, 1999, or rules or regulations made thereunder fails to,— 41 of 1999.
45

(a) furnish any document, statement, account, return or report to the Authority; or

(b) comply with the directions of the Authority; or

(c) maintain solvency margin; or

(d) comply with the directions on the insurance treaties,

he or it shall be liable to a penalty which shall be up to one lakh rupees for each day during which such failure continues subject to a maximum of ten crore rupees.

5 **60.** In section 104 of the principal Act,—

Amendment of section 104.

(i) in the marginal heading, the figures and letters “, 27A, 27B, 27D” shall be omitted;

(ii) the words, figures and letters “, section 27A, section 27B, section 27D” shall be omitted.

10 **61.** After section 105B of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 105BA.

“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.

Penalty for contravention of section 42D.

(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.”.

25 **62.** In section 105C of the principal Act, in sub-section (1), for the words, brackets, figures and letters “sub-sections (8) and (9) of section 42D, section 52F and section 105B”, the words, figures and letters “section 52F, section 105B and section 105BA” shall be substituted.

Amendment of section 105C.

30 **63.** After section 105D of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 105E.

“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:—

Factors to be taken into account before imposing penalty.

35 (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;

40 (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;

45 (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:

Provided that before imposing any penalty, the person shall be given an opportunity of being heard.

(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.

(3) The manner and procedure for imposing penalties may be such as specified by the regulations.”.

Amendment of section 106.

64. In section 106 of the principal Act,—

(a) in sub-section (11), for the word and figures “section 237”, the word and figures “section 213” shall be substituted;

(b) sub-section (12) shall be omitted.

Amendment of section 110B.

65. In section 110B of the principal Act, the words, brackets and figures “under sub-section (1) of section 42” shall be omitted.

Substitution of new section for section 110F.

66. For section 110F of the principal Act, the following section shall be substituted, namely:—

Provisions applicable to State Governments, and the like.

“110F. Notwithstanding any exemption granted under section 118, the provisions of sections 3, 3A, 33, 34, clause (a) of section 34E, 34F, 40C, 44A, 64UM, 64V, 64VA, 64VB, 64VC, 101A, 101C and 110D, shall also apply, so far as may be, to and in relation to the general insurance business carried on by a State Government or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013.”.

18 of 2013.

Amendment of section 114.

67. In section 114 of the principal Act,—

(i) in sub-section (2),—

(a) for clause (aaa), the following clause shall be substituted, namely:—

“(aaa) the conditions and manner of foreign investment under section 3AA;”;

(b) clauses (d), (h), (i), (j) and (l) shall be omitted;

(ii) sub-section (4) shall be omitted.

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Amendment of section 114A.

68. In section 114A of the principal Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) The Authority may, by notification, make regulations consistent with the provisions of this Act and the rules made thereunder, to carry out the purposes of this Act and while making the regulations shall ensure transparency by—

(a) publishing draft regulations along with such other details on its website for inviting public comments for a specified period prior to issuing such regulations;

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(b) publishing a general statement of its response to the public comments not later than the date of notification of the regulations; and

(c) periodically reviewing such regulations:

Provided that if the Authority is of the opinion that certain regulations are required to be made or existing regulations are to be amended urgently in the public interest or the subject matter of the regulation relates solely to the internal functioning of the Authority, it may dispense with the condition of publishing draft regulations and record the reasons for doing so:

Provided further that if the Authority considers to approve the regulations in a form substantially different from the proposed regulations other than changes made in consideration of comments received by it, it shall repeat the process mentioned in this sub-section.”;

(b) in sub-section (2),—

(i) in clause (f), after the words “revenue account”, the words “and other financial statements” shall be inserted;

(ii) after clause (f), the following clause shall be inserted, namely:—

“(fa) the eligibility criteria and other conditions for an actuary under section 12A;”;

(iii) for clause (g), the following clause shall be substituted, namely:—

“(g) the purpose for which and the manner in which the report of the actuary to be submitted, and the form and manner in which the statement shall be appended, under section 13;”;

(iv) after clause (gb), the following clause shall be inserted, namely:—

“(gc) the form, manner and period for submission of returns to the Authority under section 15;”;

(v) for clause (i), the following clause shall be substituted, namely:—

“(i) the investment of assets by an insurer in a time, manner, limitations, conditions and restrictions under section 27;”;

(vi) for clause (ja), the following clause shall be substituted, namely:—

“(ja) the form in which balance-sheets in respect of the insurance business of each of the insurers concerned and the manner in which actuarial reports and abstracts in respect of the insurance business are to be prepared under clauses (b) and (c) of sub-section (3) of section 35, and the manner, procedure and other conditions for a scheme of arrangement or amalgamation or transfer of business under sub-section (4) of section 35;”;

(vii) for clause (q), the following clauses shall be substituted, namely:—

“(q) the form, manner of making application for registration, the documents to be accompanied and the fee payable under sub-section (3) of section 42D;

(*qa*) any other default subject to which the registration may be suspended or cancelled under clause (*viii*) of sub-section (6) of section 42D;”;

(*viii*) for clause (*r*), the following clause shall be substituted, namely:— 5

“(r) the annual fee in relation to registration under sub-section (4A) of section 42D and the procedure for suspension or cancellation of registration under the said sub-section;”;

(*ix*) for clause (*v*), the following clause shall be substituted, namely:— 10

“(v) the fee for issue of duplicate certificate of registration under sub-section (8) of section 42D;”;

(*x*) after clause (*vb*), the following clause shall be inserted, namely:—

“(vba) the period, extent and conditions under which certain insurers may be exempted by the Authority under sub-section (3) of section 48B;”;

(*xi*) after clause (*zba*), the following clause shall be inserted, namely:—

“(zbb) the fee for inspection of the documents filed by an insurer with the Authority and obtaining a copy of said document or part thereof under section 119;”;

(*xii*) after clause (*zc*), the following clauses shall be inserted, namely:—

“(zca) the manner and conditions of making subsidiary instructions under section 114B; 25

(zcb) the manner of the constitution of Consultative Committees under section 114C;”.

Insertion of new sections 114B and 114C.

69. After section 114A, the following sections shall be inserted, namely:—

Subsidiary instructions.

“114B. (1) The Chairperson or one or more whole-time Members of the Authority or both may issue subsidiary instructions in such manner and subject to such conditions as may be specified by regulations for the following purposes, namely:— 30

(a) clarifying the ambiguity of any regulation, if any; and

(b) laying down any procedural requirement ancillary to any regulation: 35

Provided that before making such instructions, the concerned Consultative Committee constituted under section 114C shall be consulted:

Provided further that where subsidiary instructions are required to be made urgently, it may do so, without consulting the Consultative Committee after recording the reasons thereof. 40

(2) Any contravention of the subsidiary instructions shall amount to contravention of the regulation it relates to.

Consultative Committee.

114C. The Authority shall constitute Consultative Committees in such manner as may be specified by regulations, to advise it on— 45

(a) matters relating to the making of subsidiary instructions under section 114B; and

(b) any other issue as may be determined by it:

Provided that the advice of the Consultative Committee shall not be binding on the Authority.”.

70. Section 115 of the principal Act shall be omitted.

Omission of section 115.

5 **71.** For section 116 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 116.

10 “116. (1) The Central Government may, by order published in the Official Gazette and for the reasons to be recorded in writing, exempt any insurer constituted, incorporated or domiciled in any country outside India from any of the provisions of this Act which may be specified in the order either absolutely or subject to such conditions or modifications as may be provided in such order.

Power to exempt from certain requirements.

(2) The order published under sub-section (1) shall be laid, as soon as after it is made, before each House of Parliament.”.

15 **72.** In section 116A of the principal Act, in the proviso, the words, brackets and figure “sub-section (1) of”, the words, figures and letters “or section 28A or section 28B” and the words, brackets and figure “sub-section (2) of” shall be omitted.

Amendment of section 116A.

20 **73.** For section 117 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 117.

“117. Save as otherwise provided, nothing in this Act shall affect the liability of an insurer being a company to comply with the provisions of the Companies Act, 2013.”.

Saving.

18 of 2013.

74. In section 118 of the principal Act,—

Amendment of section 118.

25 (i) in clause (c), for the word and figures “section 617”, the words, brackets and figures “clause (45) of section 2” shall be substituted;

(ii) in clause (d),—

11 of 1922.

30 (a) in sub-clause (i), for the words, brackets, letters and figures “clause (a) of section 58N of the Indian Income Tax Act, 1922”, the words, brackets and figures “sub-section (6) of section (2) of the Income-tax Act, 1961” shall be substituted;

43 of 1961.

(b) in sub-clause (ii), for the words “dependents; or”, the word “dependent;” shall be substituted;

(c) sub-clause (iii) shall be omitted.

35 **75.** For section 119 of the principal Act, the following section shall be substituted, namely:—

Substitution of new section for section 119.

“119. Any person may, on payment of such fees as may be specified by the regulations,—

Inspection and supply of copies of documents related to registration.

40 (i) inspect the documents filed by an insurer with the Authority under sub-section (2) of section 3; and

(ii) obtain a copy of any such document or part thereof.”.

76. Section 120 of the principal Act shall be omitted.

Omission of section 120.

CHAPTER III

AMENDMENTS TO THE LIFE INSURANCE CORPORATION ACT, 1956

Amendment of section 2.	77. In section 2 of the Life Insurance Corporation Act, 1956 (hereafter in this Chapter referred to as the Insurance Corporation Act),—	31 of 1956.
	(i) in clause (3), sub-clause (iii) shall be omitted;	5
	(ii) in clause (6), the words and figures “and a provident society as defined in section 65 of the Insurance Act” shall be omitted.	
Amendment of section 6A.	78. In section 6A of the Insurance Corporation Act, in sub-section (2), for the words and figures “Companies Act, 1956”, the words and figures “Companies Act, 2013” shall be substituted.	10 1 of 1956. 18 of 2013.
Amendment of section 18.	79. In section 18 of the Insurance Corporation Act, for sub-section (2), the following sub-section shall be substituted, namely:—	
	“(2) The Corporation shall establish zonal offices at Mumbai, Kolkata, Delhi, Kanpur and Chennai, and may establish such other zonal offices as it thinks fit.”.	15
Amendment of section 22.	80. In section 22 of the Insurance Corporation Act, in sub-section (3), the words “in the prescribed manner” shall be omitted.	
Amendment of section 24.	81. In section 24 of the Insurance Corporation Act, after sub-section (2), the following sub-section shall be inserted, namely:—	
	“(3) Where a branch or office of the Corporation is situated in a country outside India, the funds of such branch or office shall be maintained in accordance with the laws of that country.”.	20
Amendment of section 28.	82. In section 28 of the Insurance Corporation Act, after sub-section (3), the following sub-section shall be inserted, namely:—	
	“(4) Where a branch or office of the Corporation is situated in a country outside India, the surplus in such branch or office shall be utilised in accordance with the laws of such country.”.	25
Amendment of section 30A.	83. In section 30A of the Insurance Corporation Act, after the words and figures “Insurance Act, 1938.”, the words and figures “, as applicable to the Corporation by virtue of section 43 of the Life Insurance Corporation Act, 1956” shall be inserted.	30 31 of 1956.
Amendment of section 43.	84. In section 43 of the Insurance Corporation Act,—	
	(a) in sub-section (1), the figures and letter “47A” shall be omitted and for the figures, letter and word “110C, 119, 121, 122 and 123”, the figures, letter and word “110C and 119” shall be substituted;	35
	(b) in sub-section (2),—	
	(i) the figures and letters “28A”, “40A” and “44” shall be omitted;	
	(ii) after the figures and letter “40B”, the figures “42” shall be inserted; and	
	(iii) for the figures and word “107 to”, the figures and word “108 to” shall be substituted;	40
	(c) sub-section (2A) shall be omitted;	
	(d) in sub-section (3), after the words “the Insurance Act”, the words “and the rules and regulations made thereunder” shall be inserted.	
Amendment of section 44.	85. In section 44 of the Insurance Corporation Act, clause (b) shall be omitted.	45
Amendment of section 48.	86. In section 48 of the Insurance Corporation Act, in sub-section (2), clause (h) shall be omitted.	

CHAPTER IV

AMENDMENTS TO THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY
ACT, 1999

41 of 1999.	5	87. In section 2 of the Insurance Regulatory and Development Authority Act, 1999 (hereafter in this Chapter referred to as the Insurance Authority Act), in sub-section (I), for clause (f), the following clause shall be substituted, namely:—	Amendment of section 2.
4 of 1938.		‘(f) “insurance intermediary” shall have the same meaning as assigned to it in clause (10B) of section 2 of the Insurance Act, 1938;’.	
	10	88. In section 4 of the Insurance Authority Act, in the long line, after the words “accountancy, administration”, the words “, information technology” shall be inserted.	Amendment of section 4.
		89. In section 5 of the Insurance Authority Act, for sub-section (I), the following sub-section shall be substituted, namely:—	Amendment of section 5.
	15	“(I) The term of office of the Chairperson and other whole-time members shall be five years from the date on which they enter upon their office or till they attain the age of sixty-five years, whichever is earlier, and shall be eligible for reappointment.”.	
		90. In section 14 of the Insurance Authority Act, in sub-section (2),—	Amendment of section 14.
4 of 1938.	20	(i) in clause (i), the words, figures and letter “not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938” shall be omitted;	
		(ii) for clause (n), the following clause shall be substituted, namely:—	
4 of 1938.	25	“(n) imposing such penalty as specified in section 102 of the Insurance Act, 1938 and for any violation of the provisions of this Act or rules or regulations made thereunder;”.	
		91. After section 14 of the Insurance Authority Act, the following sections shall be inserted, namely:—	Insertion of new sections 14A to 14E.
	30	“14A. The Authority may, for the purpose of efficient discharge of its functions and to regulate and develop the insurance business—	Power of Authority to collect policy information.
		(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.	
4 of 1938.	35	14B. (I) 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.	Power to call for returns containing policy information.
	40	(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 (I).	
	45	14C. (I) 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.	Procedure for furnishing policyholder and policy related information to insurer or other regulated entities.

(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. 5

(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. 10

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

Disclosure of information prohibited.

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. 15

(2) Nothing in this section shall apply to— 20

(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; 25

(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. 30

(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. 35

Power to authorise.

14E. The Authority may, for the efficient discharge of its functions under sections 14A to 14D, by a general or special order in writing, authorise any entity regulated by it or any other statutory body having similar objectives to perform such functions as specified in the said order.”. 40

Amendment of section 16.

92. In section 16 of the Insurance Authority Act,—

(a) in sub-section (2),—

(i) in clause (b), after the words “for the purposes of this Act”, the words and figures “and the Insurance Act, 1938” shall be inserted; 45 4 of 1938.

(ii) after clause (b), the following clause shall be inserted, namely:—

“(c) the capital expenditure, as per annual capital expenditure plan approved by the Authority.”; 50

(b) after sub-section (2), the following sub-sections shall be inserted, namely:—

‘(3) The Authority shall constitute a Reserve Fund and twenty-five per cent. of the annual surplus of the Fund in any year shall be credited to such Reserve Fund and such fund shall not exceed the total of annual expenditure of preceding three financial years.

(4) After incurring all the expenses referred to in sub-section (2) and transfer to Reserve Fund as specified in sub-section (3), the surplus of the Fund shall be transferred to the Consolidated Fund of India.

Explanation.—For the purposes of this section, the expression “Reserve Fund” means a fund to hold the surplus of the Fund, in the form and manner specified in sub-section (3) of section 16.’.

93. After section 16 of the Insurance Authority Act, the following section shall be inserted, namely:—

Insertion of new section 16A.

“16A. (1) The Authority shall establish a fund to be called the Policyholders’ Education and Protection Fund.

Constitution of Policyholders’ Education and Protection Fund.

(2) There shall be credited to the Policyholders’ Education and Protection Fund the following amounts, namely:—

(a) any grants and donations given to the Policyholders’ Education and Protection Fund by the Central Government, State Governments, the Authority, companies or any other institutions for the purposes of the Policyholders’ Education and Protection Fund;

(b) the sums realised by way of penalties by the Authority under this Act or the Insurance Act, 1938 or rules and regulations thereunder; and

(c) such other sums as may be specified by the regulations.

(3) The Policyholders’ Education and Protection Fund shall be administered and utilised by the Authority for education of policyholders and protection of the interests of policyholders in the manner and for such other purposes as maybe specified by the regulations.”.

94. In section 23 of the Insurance Authority Act, for sub-section (1), the following sub-section shall be substituted, namely:—

Amendment of section 23.

“(1) The Authority may, for the efficient discharge of its functions under this Act, by a general or special order in writing by notification, delegate to the Chairperson or any other member or any officer of the Authority, subject to such conditions or restrictions, if any, as may be specified in the order, such of its powers and functions under this Act, except the power to make regulations and the power to register an insurer, as it may deem necessary or expedient.”.

95. In section 26 of the Insurance Authority Act, for sub-section (1), the following sub-section shall be substituted, namely:—

Amendment of section 26.

“(1) The Authority may, in consultation with the Insurance Advisory Committee, by notification make regulations consistent with the provisions of this Act and the rules made thereunder, to carry out the purposes of this Act and while making the regulations shall ensure transparency by—

(a) publishing draft regulations along with such other details as may be specified on its website and inviting public comments for a specified period prior to issuing such regulations;

(b) publishing a general statement of its response to the public comments, not later than the date of notification of the regulations; and

(c) periodically reviewing such regulations:

Provided that if the Authority is of the opinion that certain regulations are required to be made or existing regulations to be amended urgently in the public interest or the subject matter of the regulation relates solely to the internal functioning of the Authority, it may dispense with the condition of prior publication and record the reason for doing so: 5

Provided further that if the Authority decides to approve regulations in a form substantially different from the proposed regulations other than changes made in consideration of comments received by it, it shall repeat the process mentioned in this sub-section.”. 10

STATEMENT OF OBJECTS AND REASONS

The Insurance Act, 1938 (“Insurance Act”) was enacted to consolidate and amend the laws relating to the business of insurance in the country. Later, the insurance business was opened for private sector and foreign direct investment up to 26 per cent. was permitted. At the same time, the Insurance Regulatory and Development Authority Act, 1999 (“IRDA Act”) was enacted to protect the interests of the policyholders and to regulate, promote and ensure orderly growth of the insurance industry. These two Acts, along with the two other Acts, namely, the Life Insurance Corporation Act, 1956 (“LIC Act”) and the General Insurance Business (Nationalisation) Act, 1972 (“GIBNA Act”), form the legislative framework of the insurance sector in the country.

2. Over the last two decades, the insurance sector has considerably expanded, providing insurance coverage to individuals, property and enterprises. However, 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 above-mentioned insurance laws. There is also need to create better awareness about insurance among citizens, to enhance policyholders’ protection and to bring about transparency in governance and operations of the insurance companies and the regulator, so as to enhance the trust of the policyholders in the insurance ecosystem.

3. Therefore, it is proposed to introduce the *Sabka Bima Sabki Raksha* (Amendment of Insurance Laws) Bill, 2025 in Parliament to amend various provisions contained in the Insurance Act, the LIC Act and the IRDA Act to achieve, *inter alia*, the following objectives, namely:—

(a) to further accelerate the growth and development of the insurance sector;

(b) to ensure better protection of policyholders;

(c) to improve ease of doing business for insurance companies, intermediaries and other stakeholders;

(d) to bring transparency in regulation making and to improve regulatory oversight over the sector;

4. The Notes on Clauses explain in detail the various provisions contained in the Bill.

5. The Bill seeks to achieve the above objectives.

NEW DELHI;

NIRMALA SITHARAMAN.

The 12th December, 2025.

Notes on clauses

Clause 1.—This clause provides for the “short title and commencement” of the proposed Legislation.

Clause 2.—This clause seeks to substitute certain expressions by certain other expressions.

Clause 3.—This clause seeks to amend section 2 of the principal Act to substitute, insert and omit certain viz. “class of insurance business”, “health insurance business”, “insurance business”, “insurer” and “insurance intermediary” etc.

Clause 4.—This clause seeks to amend section 2C of the principal Act of definition to include statutory bodies, foreign reinsurance branches for recognising their eligibility and further seeks to expressly bring cross-border re-insurers within the scope of the said Act.

Clause 5.—This clause seeks to amend section 2CA of the principal Act to include insurance intermediaries in International Financial Services Centres established in Special Economic Zones so as to allow Central Government to apply provisions of the said Act to such centres.

Clause 6.—This clause seeks to amend section 3 of the principal Act to empower the Authority to grant registration to an insurer.

Clause 7.—This clause seeks to insert new section 3AA in the principal Act to enable foreign direct investments up to 100% in Indian insurance companies.

Clause 8.—This clause seeks to amend section 6 of the principal Act to reduce the net-owned fund requirements for foreign re-insurers, to encourage more foreign re-insurers to open branches in India.

Clause 9.—This clause seeks to amend section 6A of the principal Act to change the requirement of previous approval by Authority for registration of transfer of shares from one per cent. to five per cent. of paid-up equity capital of insurer to facilitate the ease of doing business and reduce compliance burden on insurers.

Clause 10.—This clause seeks to amend section 6B of the principal Act consequent to insertion of definition of “insurance business” in the said Act.

Clause 11.—This clause seeks to amend section 10 of the principal Act to substitute the reference of Controller with the Authority.

Clause 12.—This clause seeks to amend section 11 of the principal Act to provide for preparation of other financial statements, at the expiration of each financial year by the insurers.

Clause 13.—The clause seeks to insert new section 12A in the principal Act to empower the Authority to specify the eligibility criteria and experience for appointment of an actuary.

Clause 14.—This clause seeks to amend section 13 of the principal Act to omit the word “abstract” and to provide for investigation by an actuary of liabilities and financial condition of every insurer to bring all insurers and re-insurers under the same reporting framework.

Clause 15.—This clause seeks to amend section 14 of the principal Act and insert new sections 14A, 14B and 14C in the said Act to require the insurers to maintain complete record of policies issued by them, to provide for processing of policyholders' information by the insurers in accordance with the regulations specified by the Authority, to ensure accuracy and security of policyholders' information and to ensure confidentiality of such information.

Clause 16.—This clause seeks to amend section 15 of the principal Act to facilitate electronic submission of returns.

Clause 17.—This clause seeks to amend section 21 of the principal Act to update and streamline provisions.

Clause 18.—This clause seeks to amend section 22 of the principal Act to update and streamline provisions.

Clause 19.—This clause seeks to amend section 26 of the principal Act to update and streamline provisions.

Clause 20.—This clause seeks to amend section 27 of the principal Act to empower the Authority to specify by regulations, the time, manner and other conditions of the investment of assets by insurers.

Clause 21.—This clause seeks to omit sections 27A, 27B, 27C and 27D of the principal Act consequential to substitution of section 27 relating to investment of assets by insurers.

Clause 22.—This clause seeks to amend section 30 of the principal Act to update and streamline provisions consequential to omission of sections 27A, 27B, 27C and 27D of the said Act.

Clause 23.—This clause seeks to amend section 31 of the principal Act consequential to substitution of section 27 relating to investment of assets by insurers.

Clause 24.—This clause seeks to amend section 31A of the principal Act to simplify the provision of the said Act.

Clause 25.—This clause seeks to substitute section 32A of the principal Act to extend the prohibition regarding appointment of common managing director and other officers to all insurers.

Clause 26.—This clause seeks to amend section 32B of the principal Act consequential to insertion of definition of insurance business and to extend the obligation of carrying out business in rural and social sectors to all classes of insurance business.

Clause 27.—This clause seeks to amend section 32C of the principal Act consequential to insertion of definition of insurance business and to extend the obligation of carrying out business in respect of rural or unorganised sector and backward classes of the society, to all classes of insurance business.

Clause 28.—This clause seeks to amend section 33 of the principal Act to insert the word “insurance intermediary” in clause (a) of sub-section (6), to extend the power of the Authority to inspect and investigate to insurance intermediaries.

Clause 29.—This clause seeks to amend section 33A of the principal Act to empower the Authority to appoint staff for the scrutiny of the returns, statements and information furnished by insurance intermediary.

Clause 30.—This clause seeks to amend section 34 of the principal Act to empower the Authority to issue directions to insurance intermediary and to clarify the scope of such directions including disgorgement of wrongful gain made or loss averted.

Clause 31.—This clause seeks to amend section 34A of the principal Act to substitute redundant provisions of law with the latest provisions of law.

Clause 32.—This clause seeks to amend section 34H of the principal Act to extend the power of Authority regarding search and seizure over insurance intermediary also.

Clause 33.—This clause seeks to amend section 35 of the principal Act to empower the Authority to approve a scheme of arrangement, including a merger, demerger, reverse merger etc. between an insurer and any company not engaged in the insurance business.

Clause 34.—This clause seeks to amend section 37 of the principal Act to substitute the redundant provisions of the said Act.

Clause 35.—This clause seeks to amend section 37A of the principal Act to substitute “Controller” with “Authority”.

Clause 36.—This clause seeks to amend section 40 of the principal Act to empower the Authority to specify the limits of any commission, remuneration or reward in any form payable to an insurance agent or insurance intermediary in the interest of policyholders.

Clause 37.—This clause seeks to amend the marginal heading of section 40B of the principal said Act.

Clause 38.—This clause seeks to amend the marginal heading of section 40C of the principal said Act.

Clause 39.—This clause seeks to amend section 41 of the principal Act to extend the exception from prohibition of rebates on certain commissions from life insurance to all classes of insurance business.

Clause 40.—This clause seeks to amend section 42D of the principal Act to provide for detailed procedure for registration, suspension and cancellation of insurance intermediary by the Authority.

Clause 41.—This clause seeks to amend section 47 of the principal Act to extend to all insurers, the provision on payment of money in the court in case of any dispute in relation to a policy of insurance.

Clause 42.—This clause seeks to amend section 48B of the principal Act to update and streamline the provisions of the said Act.

Clause 43.—This clause seeks to amend section 49 of the principal Act to extend restrictions on declaration of the dividends out of surplus to all insurers.

Clause 44.—This clause seeks to amend section 51 of the principal Act to revise the fee for supply of certified copies of the questions put to insurer by policyholder.

Clause 45.—This clause seeks to amend section 52A of the principal Act to empower the Authority to supersede the Board of Directors of an insurers where an administrator has been appointed.

Clause 46.—This clause seeks to amend section 55 of the principal Act to substitute the redundant provision of law with latest provision of law.

Clause 47.—This clause seeks to amend section 61A of the principal Act to put an obligation on Appellate authority to record reasons, if appeal is not disposed of within the time specified in the Act.

Clause 48.—This clause seeks to amend section 64 of the principal Act to enable the Authority to determine by order the time within which certificate from the auditor regarding the submission of books of account and other documents.

Clause 49.—This clause seeks to amend section 64F of the principal Act to broad base membership of the Life Insurance Council and General Insurance Council and to provide for membership of two persons to be nominated by the Central Government in both Councils.

Clause 50.—This clause seeks to amend section 64G of the principal Act to make the Act gender neutral.

Clause 51.—This clause seeks to amend section 64H of the principal Act to align the usage of the defined term “General Insurance Council” with the provisions of the said Act.

Clause 52.—This clause seeks to amend section 64K of the principal Act to omit the redundant provisions.

Clause 53.—This clause seeks to amend section 64L of the principal Act to bring health insurance and re-insurance business within scope of functions of General Insurance Council and to align with section 64C of the said Act.

Clause 54.—This clause seeks to amend section 64M of the principal Act to omit the redundant provisions of the said Act.

Clause 55.—This clause seeks to amend section 64R of the principal Act to empower the Life Insurance Council and the General Insurance Council to lay down the required fee in bye-laws and to align with section 64R(1)(d)(iv) of the said Act.

Clause 56.—This clause seeks to omit section 64ULA of the principal Act to omit the redundant provisions of the said Act.

Clause 57.—This clause seeks to amend section 64VB of the principal Act to cover the instances of online payment of premium.

Clause 58.—This clause seeks to amend section 101A of the principal Act to provide clarity in relation to percentage of sum assured.

Clause 59.—This clause seeks to amend section 102 of the principal Act to include non-compliances under the Insurance Regulatory and Development Authority Act, 1999 for penalty and rationalise the minimum penalty and the maximum amount.

Clause 60.—This clause seeks to amend section 104 of the principal Act to omit reference to redundant provisions consequent to omission of sections 27A, 27B and 27D of the said Act.

Clause 61.—This clause seeks to insert new section 105BA in the principal Act to move the penal provisions from section 42D to section 105BA and to specify the minimum threshold of penalty.

Clause 62.—This clause seeks to amend section 105C of the principal Act to make changes consequent to amendments made in penalty provisions of the said Act.

Clause 63.—This clause seeks to insert section 105E in the principal Act to provide for the factors that must be taken into account by the Authority while determining the penalty under the said Act.

Clause 64.—This clause seeks to amend section 106 of the principal Act to omit the redundant provisions.

Clause 65.—This clause seeks to amend section 110B of the principal Act to omit the redundant provisions.

Clause 66.—This clause seeks to amend section 110F of the principal Act to substitute redundant provisions with latest provisions of law.

Clause 67.—This clause seeks to amend section 114 of the principal Act to amend rule making powers.

Clause 68.—This clause seeks to amend section 114A of the principal Act to make changes in the regulation making powers and to provide for transparency in the regulation making process by requiring public consultations and periodic review of the regulations.

Clause 69.—This clause seeks to insert new sections 114B and 114C in the principal Act to provide for issuance of subsidiary instructions by the Chairperson or the whole-time Members of the Authority to clarify the ambiguity in any regulation or for laying down the procedural requirements ancillary to any regulation, in consultation with a Consultative Committee constituted by the Authority.

Clause 70.—This clause seeks to omit section 115 of the principal Act to update and streamline provisions.

Clause 71.—This clause seeks to amend section 116 of the principal Act to update and streamline provisions and to provide for laying of orders under this section before each House of Parliament.

Clause 72.—This clause seeks to amend section 116A of the principal Act to update and streamline provisions of the said Act.

Clause 73.—This clause seeks to amend section 117 of the principal Act to update and streamline provisions of the said Act.

Clause 74.—This clause seeks to amend section 118 of the principal Act to update and streamline provisions of the said Act.

Clause 75.—This clause seeks to amend section 119 of the principal Act to empower Authority to specify the fee for inspection and taking a copy of documents submitted by insurer with the Authority.

Clause 76.—This clause seeks to omit section 120 of the principal Act to update and streamline provisions of the said Act.

Clause 77.—This clause seeks to amend section 2 of the Life Insurance Corporation Act, 1956 (Insurance Corporation Act) to omit, update and streamline provisions of the said Act.

Clause 78.—This clause seeks to amend section 6A of the Insurance Corporation Act to update the references to the Companies Act, 2013.

Clause 79.—This clause seeks to amend section 18 of the Insurance Corporation Act to empower the Corporation to establish zonal offices on its own, without prior approval of the Central Government.

Clause 80.—This clause seeks to amend section 22 of the Insurance Corporation Act so as to provide the manner of constitution of an Employees and Agents Relation Committee to be determined by the Corporation.

Clause 81.—This clause seeks to amend section 24 of the Insurance Corporation Act to provide the overseas branches of the Corporation to maintain the funds of the branch or office in accordance with the laws of that country.

Clause 82.—This clause seeks to amend section 28 of the Insurance Corporation Act to provide the overseas branches of the Corporation to utilise the surplus in such branch or office in accordance with the laws of that country.

Clause 83.—This clause seeks to amend section 30A of the Insurance Corporation Act to make it mandatory for the Corporation to comply with the provisions of the Insurance Act, 1938 as applicable to it by virtue of the section 43 of the Insurance Corporation Act.

Clause 84.—This clause seeks to amend section 43 of the Insurance Corporation Act to omit references to outdated provisions of the said Act.

Clause 85.—This clause seeks to amend section 44 of the Insurance Corporation Act to omit reference to a redundant provision of the said Act.

Clause 86.—This clause seeks to amend section 48 of the Insurance Corporation Act to omit the reference to rule-making power for the manner of constitution of an Employees and Agents Relation Committee.

Clause 87.—This clause seeks to amend section 2 of the Insurance Regulatory and Development Authority Act, 1999 (Insurance Authority Act) to modify and substitute the definition of insurance intermediary of the said Act.

Clause 88.—This clause seeks to amend section 4 of the Insurance Authority Act to include knowledge and experience of information technology among desirable qualifications for appointment as member of Authority.

Clause 89.—This clause seeks to amend section 5 of the Insurance Authority Act to bring parity in the age limit for holding office among Chairperson and whole-time members.

Clause 90.—This clause seeks to amend section 14 of the Insurance Authority Act to update and streamline provisions of the said Act.

Clause 91.—This clause seeks to insert new sections 14A, 14B, 14C, 14D and 14E in the Insurance Authority Act to empower the Authority for collecting information relation to policies and claims from insurers and other regulated entities for efficient discharge of its functions, and to regulate and develop the insurance business.

Clause 92.—This clause seeks to amend section 16 of the Insurance Authority Act to allow for the annual surplus funds of IRDAI to be kept in a Reserve Fund and post all expenses by the Authority and provide for transfer of the surplus to the Consolidated Fund of India.

Clause 93.—This clause seeks to insert new section 16A in the Insurance Authority Act to allow for creation of a Policyholders' Education and Protection Fund.

Clause 94.—This clause seeks to amend section 23 of the Insurance Authority Act to enable the Authority to delegate functions to the Chairperson or any other member or officer of the Authority, other than the powers to frame regulations and grant of registration to insurer.

Clause 95.—This clause seeks to amend section 26 of the Insurance Authority Act to make the regulation process more transparent and inclusive and to align the provision with the corresponding change in section 114A of Insurance Act, 1938.

FINANCIAL MEMORANDUM

The provisions of the *Sabka Bima Sabki Raksha* (Amendment of Insurance Laws) Bill, 2025, if enacted, do not involve any expenditure of recurring or non-recurring, from and out of the Consolidated Fund of India.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 67 of the Bill proposes to amend section 114 of the Insurance Act, 1938 (“Act”) which empowers the Central Government to make rules to carry out the purposes of the Act, relating to the conditions of foreign investment under sub-section (2) of section 3AA.

2. Clause 68 of the Bill proposes to amend section 114A of the Act which empowers the Insurance Regulatory and Development Authority of India, to make regulations to carry out the purposes of the Act. The Authority shall ensure transparency in making regulations by publishing draft regulations on its website for inviting public comments prior to issuing such regulations. The Authority shall make regulations on the following matters, namely:—(i) the preparation of balance-sheet, profit and loss account and a separate account of receipts and payments and revenue account and other financial statements under sub-section (1) of section 11; (ii) the eligibility criteria and other conditions for an actuary under section 12A; (iii) the purpose for which and the manner in which the report of the actuary is to be submitted and the form and manner in which the statement shall be appended under section 13; (iv) the form, manner and period for submission of returns to the Authority under section 15; (v) the manner of execution of instrument of Trust by the insurer under sub-section (5) of section 27; (vi) the investment of assets by an insurer in a time and manner set out under section 27; (vii) the form in which balance-sheets in respect of the insurance business of each of the insurers concerned and the manner in which actuarial reports and abstracts in respect of the insurance business shall be prepared under clauses (b) and (c) of sub-section (3) of section 35, and the manner, procedure and other conditions for a scheme of arrangement or amalgamation or transfer of business under sub-section (4) of section 35; (viii) the form and manner of making application for registration, the documents to be accompanied and the fee to be paid under sub-section (3) of section 42D; (ix) any other default subject to which the registration may be suspended or cancelled under clause (viii) of sub-section (6) of section 42D; (x) the annual fee in relation to registration under sub-section (4A) of section 42D and the procedure for suspension or cancellation of registration under the said sub-section; (xi) the fee for issuance of duplicate certificate of registration under sub-section (8) of section 42D; (xii) the period, extent and conditions under which certain insurers may be exempted by Authority under sub-section (3) of section 48B; (xiii) fee to be paid for inspection of the documents filed by an insurer with the Authority and obtaining a copy of said document or part thereof under section 119; (xiv) the manner and conditions of making subsidiary instructions under section 114B; and (xv) the manner of the constitution of Consultative Committees under section 114C.

3. Clause 69 of the Bill seeks to insert section 114B of the Act, which empowers the Chairperson or one or more whole-time Members of the Authority to issue subsidiary instructions in such manner and subject to such conditions as may be specified by regulations for (i) clarifying the ambiguity of any regulation, if any; and (ii) laying down any procedural requirement ancillary to any regulation.

4. The matters in respect of which rules and regulations may be made or subsidiary instructions issued are matters of procedure or administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

ANNEXURE

EXTRACTS FROM THE INSURANCE ACT, 1938

(4 OF 1938)

Definitions.

2. In this Act, unless there is anything repugnant in the subject o context,—

(3) “approved securities” means—

(ii) Debentures or other securities for money issued under the authority of any Central Act or Act of a State Legislature by or on behalf of a port trust or municipal Corporation or city improvement trust in any presidency-town;

(iv) securities issued or guaranteed fully as regards principal and interest by the Government of any Part B State and specified as approved securities for the purposes of this Act by the Central Government by notification in the Official Gazette; and

(4A) “banking company” and “company” shall have the meanings respectively assigned to them in clauses (c) and (d) of sub-section (I) of section 5 of the Banking Companies Act, 1949;

10 of 1949.

(5) “certified” in relation to any copy or translation of a document required to be furnished by or on behalf of an insurer or a provident society as defined in Part III means certified by a principal officer of such insurer or provident society to be a true copy or a correct translation, as the case may be;

(6C) “health insurance business” means the effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover;

(7A) “Indian insurance company” means any insurer, being a company which is limited by shares, and,—

(a) which is formed and registered under the Companies Act, 2013 as a public company or is converted into such a company within one year of the commencement of the Insurance Laws (Amendment) Act, 2015;

18 of 2013.

(b) in which the aggregate holdings of equity shares by foreign investors including portfolio investors, do not exceed seventy-four per cent. of the paid-up equity capital of such Indian insurance company, and the foreign investment in which shall be subject to such conditions and manner, as may be prescribed.

5 of 2015.

Explanation.—For the purposes of this sub-clause, the expression “control” shall include the right to appoint a majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

(c) whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business or health insurance business;

(8A) “insurance co-operative society” means any insurer being a co-operative society,—

42 of 2002.
2 of 1912.
51 of 1984.

(a) which is registered on or after the commencement of the Insurance (Amendment) Act, 2002, as a co-operative society under the Co-operative Societies Act, 1912 or under any other law for the time being in force in any State relating to Co-operative Societies or under the Multi-State Co-operative Societies Act, 1984;

(b) having a minimum paid-up capital of rupees one hundred crore in case of life insurance business, general insurance business and health insurance business;

(c) in which no body corporate, whether incorporated or not, formed or registered outside India, either by itself or through its subsidiaries or nominees, at any time, holds more than twenty-six per cent. of the capital of such Co-operative Society;

(d) whose sole purpose is to carry on life insurance business or general insurance business or health insurance business in India;

(9) “insurer” means—

(a) an Indian Insurance Company, or

(b) a statutory body established by an Act of Parliament to carry on insurance business, or

(c) an insurance co-operative society, or

(d) a foreign company engaged in re-insurance business through a branch established in India.

Explanation.—For the purposes of this sub-clause, the expression “foreign company” shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyd’s established under the Lloyd’s Act, 1871 (United Kingdom) or any of its Members;

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41 of 1999.

(10B) “intermediary or insurance intermediary” shall have the meaning assigned to it in clause (f) of sub-section (1) of section 2 of the Insurance Regulatory and Development Authority Act, 1999;

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18 of 2013.

(13BA) “National Company Law Tribunal” means the National Company Law Tribunal constituted under section 10FB of the Companies Act, 2013;

18 of 2013.

(13BB) “National Company Law Appellate Tribunal” means the National Company Law Appellate Tribunal constituted under sub-section (1) of section 10FR of the Companies Act, 2013;

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18 of 2013.

(16) “private company” and “public company” have the meanings respectively assigned to them in clause (68) and clause (72) of section 2 of the Companies Act, 2013;

* * * * *

PART II

PROVISIONS APPLICABLE TO INSURERS

Prohibition of transaction of insurance business by certain persons.

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

47 of 1950.

* * * * *

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

2 of 1912.

(c) a body corporate incorporated under the law of any country outside India not being of the nature of a private company:

* * * * *

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 an insurer, being an Indian Insurance Company, insurance co-operative society or, a body corporate referred to in clause (c) of this sub-section carrying on the business of insurance, 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.

* * * * *

Power of Central Government to apply provisions of this Act to Special Economic Zones.

2CA. The Central Government may, by notification, direct that any of the provisions of this Act,—

(a) shall not apply to insurer, being an Indian Insurance Company, insurance co-operative society or a body corporate referred to in clause (c) of sub-section (1) of section 2C, carrying on the business of insurance, in any Special Economic Zone as defined in clause (za) of section 2 of the Special Economic Zones Act, 2005; or

28 of 2005.

(b) shall apply to any insurer, being an Indian Insurance Company, insurance co-operative society or a body corporate referred to in clause (c) of sub-section (1) of section 2C, carrying on the business of insurance, in any Special Economic Zone as defined in clause (za) of section 2 of the Special Economic Zones Act, 2005 only with such exceptions, modifications and adaptations as may be specified in the notification.

28 of 2005.

* * * * *

Registration.

3. (1) * * * * *

(2) Every application for registration shall be made in such manner and shall be accompanied by such documents as may be specified by the regulations.

(2A) If, on receipt of an application for registration and after making such inquiry as he deems fit, the Authority is satisfied that—

(a) the financial condition and the general character of management of the applicant are sound;

(b) the volume of business likely to be available to, and the capital structure and earning prospects of, the applicant will be adequate;

(c) the interests of the general public will be served if the certificate of registration is granted to the applicant in respect of the class or classes of insurance business specified in the application; and

(d) the applicant has complied with the provisions of sections 2C, 5 and 31A and has fulfilled all the requirements of this section applicable to him,

the Authority may register the applicant as an insurer and grant him a certificate of registration.

* * * * *

(3) In the case of any insurer having joint venture with a person having its principal place of business domiciled outside India or any insurer as defined in sub-clause (d) of clause (9) of section 2, the Authority may withhold registration already made if it is satisfied that in the country in which such person has been debarred by law or practice of that country to carry on insurance business.

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(5C) Where a registration is suspended or cancelled under clause (a), clause (d), clause (e), clause (f), clause (g) or clause (i) of sub-section (4), the Authority may at its discretion revive the registration, if the insurer within six months from the date on which the suspension or cancellation took effect complies with the provisions of section 64VA as to the excess of the value of his assets over the amount of his liabilities or has had an application under sub-section (4) of section 3A accepted, or satisfies the Authority that no claim upon him such as is referred to in clause (e) of sub-section (4) remains unpaid or that he has complied with any requirement of this Act or the Insurance Regulatory and Development Authority Act, 1999, or of any rule or any regulation, or any order made thereunder or any direction issued under those Acts, or that he has ceased to carry on any business other than insurance business or any prescribed business, as the case may be, and complies with any directions which may be given to him by the Authority.

41 of 1999.

(5D) Where the registration of an insurance company is cancelled under sub-section (4), the Authority may, after the expiry of six months from the date on which the cancellation took effect, apply to the Court for an order to wind up the insurance company, or to wind up the affairs of the company in respect of a class of insurance business, unless the registration of the insurance company has been revived under sub-section (5C) or an application for winding up the company has been already presented to the Court. The Court may proceed as if an application under this sub-section were an application under sub-section (2) of section 53, or sub-section (1) of section 58, as the case may be.

* * * * *

6. (1) No insurer not being an insurer as defined in sub-clause (d) of clause (9) of section 2, 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, shall be registered unless he has,—

Requirement as to capital.

41 of 1999.

(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, the Securities and Exchange Board of India Act, 1992 and the rules, regulations or directions issued thereunder or any other law for the time being in force:

18 of 2013.
15 of 1992.

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, as defined in sub-clause (d) of clause (9) of section 2, shall be registered unless he has net owned funds of not less than rupees five thousand crore.

* * * * *

Requirements as to capital structure and voting rights and maintenance of registers of beneficial owners of shares.

6A. (1) No public company limited by shares having its registered office in India, shall carry on life insurance business or general insurance business or health insurance business or re-insurance business, unless it satisfies the following conditions, namely:—

(i) that the capital of the company shall consist of equity shares each having a single face value and such other form of capital, as may be specified by the regulations;

(ii) that the voting rights of shareholders are restricted to equity shares;

(iii) that, except during any period not exceeding one year allowed by the company for payment of calls on shares, the paid-up amount is the same for all shares, whether existing or new:

Provided that the conditions specified in this sub-section shall not apply to a public company which has, before the commencement of the Insurance (Amendment) Act, 1950, issued any shares other than ordinary shares each of which has a single face value or any shares, the paid-up amount whereof is not the same for all of them for a period of three years from such commencement.

47 of 1950.

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(4) A public company as aforesaid which carries on life insurance business, general and health insurance business and re-insurance business—

* * * * *

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

* * * * *

(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 one 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.

* * * * *

(11) The provisions of this section, shall, on and from, the commencement of the Insurance (Amendment) Act, 1968, also apply to insurers carrying on general insurance business subject to the following modifications, namely:—

62 of 1968.

47 of 1950.
62 of 1968.

(i) that references in sub-sections (1), (3), (5) and (6) to the Insurance (Amendment) Act, 1950, shall be construed as references to the Insurance (Amendment) Act, 1968.

* * * * *

18 of 2013.

6B. (1) For the purpose of enabling any public company carrying on life or general or health insurance or re-insurance business to bring its capital structure into conformity with the requirements of section 6A, an officer appointed on this behalf by the Authority may, notwithstanding anything contained in the Companies Act, 2013:—

Provision for securing compliance with requirements relating to capital structure.

(a) examine any scheme proposed for the purpose aforesaid by the directors of the company:

Provided that—

(i) the scheme has been placed before a meeting of the share holders for their opinion and has been forwarded to the officer together with the opinion of the shareholders thereon, and

(ii) the scheme does not involve any diminution of the liability of the shareholders in respect of unpaid-up share capital;

(b) invite objections and suggestions in respect of the scheme so proposed; and

(c) after considering such objections and suggestions to the scheme so proposed, sanction it with such modifications as he may consider necessary or desirable.

* * * * *

10. (1) * * * * *

Separation of accounts and funds.

(2) Where the insurer carries on the business of life insurance all receipts due in respect of such business, shall be carried to and shall form a separate fund to be called the life insurance fund the assets of which shall, be kept distinct and separate from all other assets of the insurer and the deposit made by the insurer in respect of life insurance business shall be deemed to be part of the assets of such fund; and every insurer shall, within the time limited in sub-section (1) of section 15 in regard to the furnishing of the statements and accounts referred to in section 11, furnish to the Controller a statement showing in detail such assets as at the close of every calendar year duly certified by an auditor or by a person qualified to audit:

Provided that Such statement shall, in the case of an insurer to whom section 11 applies, be set out as a part of the balance-sheet mentioned in clause (a) of sub-section (1) of that section:

Provided further that an insurer may show in such statement all the assets held in his life department, but at the same time showing any deductions on account of general reserves and other liabilities of that department:

Provided also that the Authority may call for a statement similarly certified of such assets as at any other date specified by him to be furnished within a period of three months from the date with reference to which the statement is called for.

* * * * *

5 of 2015.

11. (1) Every insurer, on or after the date of the commencement of the Insurance Laws (Amendment) Act, 2015, in respect of insurance business transacted by him and in respect of his shareholders' funds, shall, at the expiration of each financial year, prepare with reference to that year, balance sheet, a profit and loss account, a separate account of receipts and payments, a revenue account in accordance with the regulations as may be specified.

Accounts and balance sheet.

* * * * *

Actuarial report
and abstract.

13. (1) Every insurer carrying on life insurance business shall, once at least every year cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by him, including a valuation of his liabilities in respect thereto and shall cause an abstract of the report of such actuary to be made in accordance with the regulations:

Provided that the Authority may, having regard to the circumstances of any particular insurer, allow him to have the investigation made as at a date not later than two years from the date as at which the previous investigation was made:

Provided further that every insurer, on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall cause an abstract of the report of the actuary to be made in such manner as may be specified by the regulations.

41 of 1999.

(2) The provisions of sub-section (1) regarding the making of an abstract shall apply whenever at any other time an investigation into the financial condition of the insurer is made with a view to the distribution of profits or an investigation is made of which the results are made public.

(3) There shall be appended to every such abstract as is referred to in sub-section (1) or sub-section (2) a certificate signed by the principal officer of the insurer that full and accurate particulars of every policy under which there is a liability either actual or contingent have been furnished to the actuary for the purpose of the investigation.

(4) There shall be appended to every such abstract a statement prepared in such form and in such manner as may be specified by the regulations:

Provided that, if the investigation referred to in sub-sections (1) and (2) is made annually by any insurer, the statement need not be appended every year but shall be appended at least once in every three years.

* * * * *

(6) The provisions of this section relating to the life insurance business shall apply also to any such sub-class of insurance business included in the class "Miscellaneous Insurance" and the Authority may authorise such modifications and variations of regulations as may be necessary to facilitate their application to any such sub-class of insurance business:

Provided that, if the Authority is satisfied that the number and amount of the transactions carried out by an insurer in any such sub-class of insurance business is so small as to render periodic investigation and valuation unnecessary, it may exempt that insurer from the operation of this sub-section in respect of that sub-class of insurance business.

Record of
policies and
claims.

14. (1) Every insurer, in respect of all business transacted by him, shall maintain—

(a) a record of policies, in which shall be entered, in respect of every policy issued by the insurer, the name and address of the policyholder, the date when the policy was effected and a record of any transfer, assignment or nomination of which the insurer has notice;

(b) a record of claims, every claim made together with the date of the claim, the name and address of the claimant and the date on which the claim was discharged, or, in the case of a claim which is rejected, the date of rejection and the grounds thereof; and

(c) a record of policies and claims in accordance with clauses (a) and (b) may be maintained in any such form, including electronic mode, as may be specified by the regulations made under this Act.

(2) Every insurer shall, in respect of all business transacted by him, endeavour to issue policies above a specified threshold in terms of sum assured and premium in electronic form, in the manner and form to be specified by the regulations made under this Act.

15. (1) The audited accounts and statements referred to in section 11 or sub-section (5) of section 13 and the abstract and statement referred to in section 13 shall be printed, and four copies thereof shall be furnished as returns to the Authority within six months from the end of the period to which they refer.

Submission of
returns.

(2) Of the four copies so furnished, one shall be signed in the case of a company by the chairman and two directors and by the principal officer of the company and, if the company has a managing director by that managing director and one shall be signed by the auditor who made the audit or the actuary who made the valuation, as the case may be.

* * * * *

21. (1) If it appears to the Authority that any return furnished to him under the provisions of this Act is inaccurate or defective in any respect, he may—

Powers of
Authority
regarding
returns.

* * * * *

(d) decline to accept any such return unless the inaccuracy has been corrected or the deficiency has been supplied before the expiry of one month from the date on which the requisition asking for correction of (he inaccuracy or supply of the deficiency was delivered to the insurer or of such further time as the Authority may specify in the requisition and if him declines to accept any such return, the insurer shall be deemed to have failed to comply with the provisions of section 15 or section 28 or section 28A or section 28B or section 64V relating to the furnishing of returns.

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22. (1) * * * * *

Power of
Authority to
order
reevaluation.

(2) The provisions of sub-sections (1) and (4) of section 13, and of sub-sections (1) and (2) of section 15, shall apply in relation to an investigation and valuation under this section:

Provided that the abstract and statement prepared as the result of such investigation and valuation shall be furnished by such date as the Authority may specify.

* * * * *

26. Whenever any alteration occurs or is made which affects any of the matters which are required under the provisions of sub-section (2) of section 3 to accompany an application by an insurer for registration, the insurer shall forthwith furnish to the Authority full particulars of such alteration. All such particulars shall be authenticated in the manner required by that sub-section for the authentication of the matters therein referred to, and, where the alteration affects the assured rates, advantages, terms and conditions offered in connection with life insurance policies the actuarial certificate referred to in clause (f) of the said sub-section shall accompany the particulars of the alteration.

Alterations in
the particulars
furnished with
application for
registration to
be reported.

INVESTMENT, LOANS AND MANAGEMENT

27. (1) Every insurer shall invest and at all times keep invested assets equivalent to not less than the sum of—

Investment of
assets.

(a) the amount of his liabilities to holders of life insurance policies in India on account of matured claims, and

(b) the amount required to meet the liability on policies of life insurance maturing for payment in India,

less—

(i) the amount of premiums which have fallen due to the insurer on such policies but have not been paid and the days of grace for payment of which have not expired, and

(ii) any amount due to the insurer for loans granted on and within the surrender values of policies of life insurance maturing for payment in India issued by him or by an insurer whose business he has acquired and in respect of which he has assumed liability in the following manner, namely:—

(a) twenty-five per cent. of the said sum in Government securities, a further sum equal to not less than twenty-five per cent. of the said sum in Government securities or other approved securities; and

(b) the balance in any of the approved investments,

as may be specified by the regulations subject to the limitations, conditions and restrictions specified therein.

(2) In the case of an insurer carrying on general insurance business, twenty per cent. of the assets in Government Securities, a further sum equal to not less than ten per cent. of the assets in Government Securities or other approved securities and the balance in any other investment in accordance with the regulations of the Authority and subject to such limitations, conditions and restrictions as may be specified by the Authority in this regard.

Explanation.—In this section, the term “assets” means all the assets of insurer at their carrying value but does not include any assets specifically held against any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion thereof, as the case may be, is regulated by the law of any country outside India or miscellaneous expenditure or in respect of which the Authority is satisfied that it would not be in the interest of the insurer to apply the provisions of this section.

(3) For the purposes of sub-sections (1) and (2), any specified assets shall, subject to such conditions, if any, as may be specified, be deemed to be assets invested or kept invested in approved investments specified by regulations.

(4) In computing the assets referred to in sub-sections (1) and (2), any investment made with reference to any currency other than the Indian rupee which is in excess of the amount required to meet the liabilities of the insurers in India with reference to that currency, to the extent of such excess, shall not be taken into account:

Provided that nothing contained in this sub-section shall affect the operation of sub-section (2):

Provided further that 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 in computing the assets referred to in sub-sections (1) and (2) and where any direction has been issued under this proviso, copies thereof shall be laid before each house of Parliament as soon as may be after it is issued.

(5) Where an insurer has accepted re-insurance in respect of any policies of life insurance issued by another insurer and maturing for payment in India or has ceded re-insurance to another insurer in respect of any such policies issued by himself, the sum referred to in sub-section (1) shall be increased by the amount of the liability involved in such acceptance and decreased by the amount of the liability involved in such cession.

(6) The Government securities and other approved securities in which assets are under sub-section (1) or sub-section (2) to be invested and kept invested shall be held by the insurer free of any encumbrance, charge, hypothecation or lien.

(7) The assets required by this section to be held invested by an insurer incorporated or domiciled outside India shall, except to the extent of any part thereof which consists of foreign assets held outside India, be held in India and all such assets shall be held in trust for the discharge of the liabilities of the nature referred to in sub-section (1) and shall be vested in trustees resident in India and approved by the Authority, and the instrument of trust under this sub-section shall be executed by the insurer with the approval of the Authority and shall define the manner in which alone the subject-matter of the trust shall be dealt with.

* * * * *

27A. (1) No insurer carrying on life insurance business shall invest or keep invested any part of his controlled fund and no insurer carrying on general business shall invest or keep invested any part of his assets otherwise than in any of the approved investments as may be specified by the regulations subject to such limitations, conditions and restrictions therein.

Further provisions regarding investments.

(2) Notwithstanding anything contained in sub-section (1) or sub-section (2) of section 27, an insurer may, subject to the provisions contained in the next succeeding sub-sections, invest or keep invested any part of his controlled fund or assets otherwise than in an approved investment, if—

(i) after such investment, the total amounts of all such investments of the insurer do not exceed fifteen per cent. of the sum referred to in sub-section (1) of section 27 or fifteen per cent. of the assets referred to in sub-section (2) as the case may be;

(ii) the investment is made, or, in the case of any investment already made, the continuance of such investment is with the consent of all the directors present at a meeting and eligible to vote, special notice of which has been given to all the directors then in India, and all such investments, including investments in which any director is interested, are reported without delay to the Authority with full details of the investments and the extent of the director's interest in any such investment.

(3) An insurer shall not out of his controlled fund or assets as referred to in section 27,—

(a) invest in the shares of any one banking company; or

(b) invest in the shares or debentures of any one company,

more than the percentage specified by the regulations.

(4) An insurer shall not out of his controlled fund or assets as referred to in sub-section (2) of section 27 invest or keep invested in the shares or debentures of any private limited company.

(5) All assets forming the controlled fund or assets as referred to in sub-section (2) of section 27, not being Government securities or other approved securities in which assets are to be invested or held invested in accordance with this section, shall (except for a part thereof not exceeding one-tenth of the controlled fund or assets as referred to in sub-section (2) thereof in value which may, subject to such conditions and restrictions as may be prescribed, be offered as security for any loan taken for purposes of any investment), be held free of any encumbrance, charge, hypothecation or lien.

(6) 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 him to realise the investment or investments, and the insurer shall comply with the direction within such time as may be specified in this behalf by the Authority.

(7) Nothing contained in this section shall be deemed to affect in any way the manner in which any moneys 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 Act of a State legislature.

Explanation.—In this section “controlled fund” means—

(a) in the case of any insurer carrying on life insurance business—

(i) all his funds, if he carries on no other class of insurance business;

(ii) all the funds in India appertaining to his life insurance business if he carries on some other class of insurance business also.

Explanation.—For the purposes of sub-clauses (i) and (ii), the fund does not include any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion, as the case may be, is regulated by the law in force of any country outside India or it would not be in the interest of the insurer to apply the provisions of this section;

(b) in the case of any other insurer carrying on life insurance business—

(i) all his funds in India, if he carries on no other class of insurance business;

(ii) all the funds in India appertaining to his life insurance business if he carries on some other class of insurance business also; but does not include any fund or portion thereof in respect of which the Authority is satisfied that such fund or portion thereof, as the case may be, is regulated by the law of any country outside India or in respect of which the Authority is satisfied that it would not be in the interest of the insurer to apply the provisions of this section.

27B. (1) All assets of an insurer carrying on general insurance business shall, subject to such conditions, if any, as may be prescribed, be deemed to be assets invested or kept invested in approved investments specified in section 27.

(2) All assets shall (except for a part thereof not exceeding one-tenth of the total assets in value which may subject to such conditions and restrictions as may be prescribed, be offered as security for any loan taken for purposes of any investment or for payment of claims, or which may be kept as security deposit with the banks for acceptance of policies) be held free of any encumbrance, charge, hypothecation or lien.

(3) Without prejudice to the powers conferred on the Authority by sub-section (5) of section 27A nothing contained in this section shall be deemed to require any insurer to realise any investment made in conformity with the provisions of sub-section (1) of section 27 after the commencement of the Insurance (Amendment) Act, 1968, which, after the making thereof, has ceased to be an approved investment within the meaning of this section.

27C. An insurer may invest not more than five per cent. in aggregate of his controlled fund or assets as referred to in sub-section (2) of section 27 in the companies belonging to the promoters, subject to such conditions as may be specified by the regulations.

Provisions regarding investments of assets of insurer carrying general insurance business.

Investment by insurer in certain cases.

27D. (1) Without prejudice to anything contained in this section, the Authority may, in the interests 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.

Manner and condition of investment.

(2) 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 and such regulations shall apply uniformly to all the insurers carrying on the business of life insurance, general insurance, or health insurance or re-insurance in India on or after the commencement of the Insurance Regulatory and Development Authority Act, 1999.

41 of 1999.

(3) The Authority may, after taking into account the nature of business and to protect the interests 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 him:

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

* * * * *

30. If by reason of a contravention of any of the provisions of section 27, 27A, 27B, 27C, 27D or section 29, any loss is sustained by the insurer or by the policyholders, every director, manager or officer who is knowingly a party to such contravention shall, without prejudice to any other penalty to which he may be liable under this Act, be jointly and severally liable to make good the amount of such loss.

Liability of directors, etc., for loss due to contravention of section 27, 27A, 27B, 27C, 27D or section 29.

31. (1) None of the assets in India of any insurer shall, except in so far as assets are required to be vested in trustees under sub-section (7) of section 27, be kept otherwise than in the name of a public officer approved by the Authority, or in the corporate name of the undertaking, if a company or an insurance co-operative society, as the case may be.

Assets of insurer how to be kept.

* * * * *

31A. (1) Notwithstanding anything to the contrary contained in the Companies Act, 2013, or in the articles of association of the insurer, if a company, or in any contract or agreement, no insurer shall after expiry of one year from the commencement of the Insurance (Amendment) Act, 1950,—

18 of 2013.

47 of 1950.

Provisions relating to managers, etc.

(a) be managed by a company or a firm, or

(b) be directed or managed by, or employ as manager or officer or in any capacity, any person whose remuneration or any part thereof takes the form of commission or bonus or a share in the valuation surplus in respect of the life insurance business of the insurer, or

(c) be directed or managed by, or employ as manager or officer or in any capacity, any person whose remuneration or any part thereof takes the form of commission or bonus in respect of the general insurance business of the insurer:

* * * * *

32A. A managing director or other officer of an insurer carrying on life insurance business shall not be a managing director or other officer of any other insurer carrying on life insurance business or of a banking company or of an investment company:

Prohibition of common officers and requirement as to whole-time officers.

Provided that the Authority may permit such managing director or other officer to be a managing director or other officer of any other insurer carrying on life insurance business for the purpose of amalgamating the business of the two insurers or transferring the business of one insurer to the other.

* * * * *

Insurance business in rural and social sectors.

32B. Every insurer shall, after the commencement of the Insurance Regulatory and Development Authority Act, 1999, undertake such percentages of life insurance business and general insurance business in the rural and social sectors, as may be specified, in the Official Gazette by the Authority, in this behalf.

41 of 1999.

Obligations of insurer in respect of rural or unorganised sector and backward classes.

32C. Every insurer shall, after the commencement of the Insurance Regulatory and Development Authority Act, 1999, discharge the obligations specified under section 32B to provide life insurance or general insurance policies to the persons residing in the rural sector, workers in the unorganised or informal sector or for economically vulnerable or backward classes of the society and other categories of persons as may specified by regulations made by the Authority and such insurance policies shall include insurance for crops.

41 of 1999.

* * * * *

INVESTIGATION

Power of investigation and inspection by Authority.

33. (1) * * * * *

(6) On receipt of any report under sub-section (1) or sub-section (5), the Authority may, after giving such opportunity to the insurer or intermediary or insurance intermediary, as the case may be, to make a representation in connection with the report as, in the opinion of the Authority, seems reasonable, by order in writing,—

(a) require the insurer, to take such action in respect of any matter arising out of the report as the Authority may think fit; or

* * * * *

APPOINTMENT OF STAFF

Power to appoint staff.

33A. The Authority may appoint such staff, and at such places at it or he may consider necessary, for the scrutiny of the returns, statements and information furnished by insurers under this Act and generally to ensure the efficient performance of the functions of the Authority under this Act.

POWER TO ISSUE DIRECTIONS

Power of the Authority to issue directions.

34. (1) Where the Authority is satisfied that—

(a) in the public interest; or

(b) to prevent the affairs of any insurer 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

(c) generally to secure the proper management of any insurer,

it is necessary to issue directions to insurers generally or to any insurer in particular, he may, from time to time, issue such directions as he deems fit, and the insurers or the insurer, as the case may be, shall be bound to comply with such directions:

Provided that no such direction shall be issued to any insurer in particular unless such insurer has been given a reasonable opportunity of being heard.

* * * * *

CONTROL OVER MANAGEMENT

34A. (1) * * * *

(2) Nothing contained in sections 268 and 269, the proviso to sub-section (3) of section 309, sections 310 and 311, the proviso to section 387, and section 388 (in so far as section 388 makes the provisions of sections 310 and 311 apply in relation to the manager of a company) of the Companies Act, 2013, shall apply to any matter in respect of which the approval of the authority has to be obtained under sub-section (1).

Amendment of provisions relating to appointments of managing directors, etc., to be subject to previous approval of the Authority.

* * * *

34H. (1) Where the Chairperson of the Authority, in consequence of information in his possession, has reason to believe that—

Search and seizure.

(a) any person who has been required under sub-section (2) of section 33 to produce, or cause to be produced, any books, accounts or other documents in his custody or power has omitted or failed to produce, or cause to be produced, such books, accounts or other documents, or

(b) any person to whom a requisition to produce any books, accounts or other documents as aforesaid has been or might be issued will not, or would not, produce or cause to be produced, any books, accounts or other documents which will be useful for, or relevant to, an investigation under sub-section (1) of section 33 or an inspection under sub-section (1A) of that section, or

(c) a contravention of any provision of this Act has been committed or is likely to be committed by an insurer, or

* * * *

(f) any illegal rebate or commission has been paid or is likely to be paid by an insurer, or

(g) any books, accounts, receipts, vouchers, survey reports or other documents, belonging to an insurer are likely to be tampered with, falsified or manufactured,

he may authorise any subordinate officer of his, not lower in rank than a Deputy Director or an equivalent officer (hereafter referred to as the authorised officer) to—

(i) enter and search any building or place where he has reasons to suspect that such books, accounts or other documents, or any books or papers relating to any claim, rebate or commission or any receipts, vouchers, reports or other documents are kept;

(ii) break open the lock of any door, box, locker, safe, almirah or other receptacle for exercising the powers conferred by clause (i) where the keys thereof are not available;

(iii) seize all or any such books, accounts or other documents, found as a result of such search;

(iv) place marks of identification on such books, accounts or other documents or make or cause to be made extracts or copies therefrom.

AMALGAMATION AND TRANSFER OF INSURANCE BUSINESS

35. (1) Notwithstanding anything contained in any other law for the time being in force, no insurance business of an insurer 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.

Amalgamation and transfer of insurance business.

* * * * *

(3) Before an application is made to the Authority to approve any such scheme notices of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reason therefore shall, at least two months before the application is made, be sent to the Authority and certified copies, four in number, of each of the following documents shall be furnished to the Authority, and other such copies shall during the two months aforesaid be kept open for the inspection of the members and policy-holders at the principal and branch offices and chief agencies of the insurers concerned, namely:—

* * * * *

(b) balance sheets in respect of the insurance business of each of the insurers concerned in such amalgamation or transfer, prepared in such forms as may be specified by the regulations;

(c) actuarial reports and abstracts in respect of the life insurance business of each of the insurers so concerned, prepared in conformity with the regulations specified in this regard;

* * * * *

(e) any other reports on which the scheme of amalgamation or transfer was founded.

* * * * *

Provided that if the Authority so directs in the case of any particular insurer there may be substituted respectively for the balance-sheet, report and abstract referred to in clauses (b) and (c) prepared in accordance with this sub-section certified copies of the last balance-sheet and last report and abstract prepared in accordance with sections 11 and 13 of this Act or sections 7 and 8 of the Indian Life Assurance Companies Act, 1912, if that balance-sheet is prepared as at a date not more than twelve months, and that report and abstract as at a date not more than five years, before the date on which the application to the Authority is made under this section.

* * * * *

Statements
required after
amalgamation
and transfer.

37. Where an amalgamation takes place between any two or more insurers, or where any business of an insurer is transferred, whether in accordance with a scheme confirmed by the Authority or otherwise, the insurer carrying on the amalgamated business or the person to whom the business is transferred, as the case may be, shall within three months from the date of the completion of the amalgamation or transfer, furnish in duplicate to the Authority—

* * * * *

(c) where the amalgamation or transfer has not been made in accordance with a scheme approved by the Authority under section 36—

(i) balance-sheets in respect of the insurance business of each of the insurers concerned in such amalgamation or transfer, prepared in the Form set forth in Part I of that Schedule, and

* * * * *

Power of
Authority to
prepare Scheme
of Amalgamation.

37A. (1) * * * * *

(2) The scheme aforesaid may contain provisions for all or any of the following matters, namely:—

* * * * *

Provided further that if in any case any doubt or difference arises as to whether the qualification and experience of any of the said employees are the same as or equivalent to the qualifications and experience of the other employees of corresponding rank or status of the transferee insurer, the doubt or difference shall be referred to the Controller whose decision thereon shall be final;

* * * * *

40B. No insurer shall, in respect of insurance business transacted by him in India, spend as expenses of management in any financial year any amount exceeding the amount as may be specified by the regulations made under this Act.

Limitation of expenses of management in life insurance business.

40C. Every insurer transacting insurance business in India shall furnish to the Authority, the details of expenses of management in such manner and form as may be specified by the regulations made under this Act.

Limitation of expenses of management in general, health insurance and re-insurance business.

41. (1) No person shall allow or offer to allow, either directly or indirectly, as an inducement to any person to take out or renew or continue an insurance in respect of any kind of risk relating to lives or property in India, any rebate of the whole or part of the commission payable or any rebate of the premium shown on the policy, nor shall any person taking out or renewing or continuing a policy accept any rebate, except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer:

Prohibition of rebates.

Provided that acceptance by an insurance agent of commission in connection with a policy of life insurance taken out by himself on his own life shall not be deemed to be acceptance of a rebate of premium within the meaning of this sub-section if at the time of such acceptance the insurance agent satisfies the prescribed conditions establishing that he is a *bona fide* insurance agent employed by the insurer.

* * * * *

42D. (1) * * * * *

Issue of registration to intermediary or insurance intermediary.

(2) A registration made under this section shall entitle the holder thereof to act as an intermediary or insurance intermediary.

(3) A registration made under this section shall remain in force for a period of three years only from the date of issue, but shall, if the applicant, being an individual does not, or being a company or firm any of its directors or partners or one or more of its officers or other employees so designated by it and in the case of any other person, the chief executive by whatever name called, or one or more of his employees designated by him does not suffer from any of the disqualifications mentioned in clauses (b), (c), (d), (e) and (g) of sub-section (3) of section 42 and the application for renewal of registration reaches the issuing authority at least thirty days before the date on which the registration ceases to remain in force, be renewed for a period of three years at any one time on payment of the fee, determined by the regulations, made by the Authority and additional fee for an amount determined by the regulations, not exceeding one hundred rupees by way of penalty, if the application for renewal of the registration does not reach the issuing authority at least thirty days before the date on which the registration ceases to remain in force.

(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 in contravention of this sub-section on payment by the application of a penalty of seven hundred and fifty rupees.

* * * * *

(6) If it be found that an intermediary or an insurance intermediary suffers from any of the foregoing is qualifications, without prejudice to any other penalty to which he may be liable, the Authority shall, and if the intermediary or an insurance intermediary has knowingly contravened any provision of this Act may cancel the registration made to the intermediary or insurance intermediary under this section.

(7) The Authority may issue a duplicate registration to replace a registration lost, destroyed or mutilated, on payment of such fee, as may be determined by the regulations made by the Authority.

(8) Any person who acts as an intermediary or an insurance intermediary without being registered under this section to act as such, shall be liable to a penalty which may extend to ten lakh rupees and any person who appoints as an intermediary or 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 may extend to one crore rupees.

(9) Where the person contravening sub-section (8) is a company or a 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 may extend to ten lakh rupees.

* * * * *

Payment of
money into
court.

47. (1) Where in respect of any policy of life insurance maturing for payment an insurer is of opinion that by reason of conflicting claims to or insufficiency of proof of title to the amount secured thereby or for any other adequate reason it is impossible otherwise for the insurer to obtain a satisfactory discharge for the payment of such amount, the insurer may, apply to pay the amount into the Court within the jurisdiction of which is situated the place at which such amount is payable under the terms of the policy or otherwise.

* * * * *

Further
provision
regarding
directors.

48B. (1) An insurer specified in sub-clause (b) of clause (9) of section 2 and carrying on life insurance business shall not have a common director with another such insurer.

* * * * *

Restriction on
dividends and
bonuses.

49. (1) No insurer, who carries on the business of life insurance or any other class or sub-class of insurance business to which section 13 applies, shall, for the purpose of declaring or paying any dividend to shareholders or any bonus to policy-holders or of making any payment in service of any debentures, utilize directly or indirectly any portion of the life insurance fund or of the fund of such other class or sub-class of insurance business, as the case may be, except a surplus shown in the valuation balance sheet in such form as may be specified by the regulations made by the Authority submitted to the Authority as part of the abstract referred to in section 15 as a result of an actuarial valuation of the assets and liabilities of the insurer; nor shall he increase such surplus by contributions out of any reserve fund or otherwise unless such contributions have been brought in as revenue account applicable to that class or sub-class of insurance business on or before the date of the valuation aforesaid, except when the reserve fund is made up solely of transfers from similar surpluses disclosed by valuations in respect of which returns have been submitted to the Authority under section 15 of this Act:

Provided that payments made out of any such surplus in service of any debentures shall not exceed fifty per cent., of such surplus including any payment by way of interest on the debentures, and interest paid on the debentures shall not exceed ten per cent., of any such surplus except when the interest paid on the debentures is offset against the interest credited to the fund or funds concerned in deciding the interest basis adopted in the valuation disclosing the aforesaid surplus:

Provided further that the share of any such surplus allocated to or reserved for the shareholders, (including any amount for the payment of dividends guaranteed to them, whether by way of first charge or otherwise), shall not exceed such sums as may be specified by the Authority and such share shall in no case exceed ten per cent., of such surplus in case of participating policies and in other cases the whole thereof.

* * * * *

51. Every insurer shall, on application by a policy-holder and on payment of a fee not exceeding one rupee, supply to the policy-holder certified copies of the question put to him and his answers thereto contained in his proposal for insurance and in the medical report supplied in connection therewith.

Supply of copies of proposals and medical reports.

* * * * *

MANAGEMENT BY ADMINISTRATOR

52A. (1) If at any time the Authority has reason to believe that an insurer carrying on life insurance business is acting in a manner likely to be prejudicial to the interests of holders of life insurance policies, it may, after giving such opportunity to the insurer to be heard appoint an Administrator to manage the affairs of the insurer under the direction and control of the Authority.

When Administrator for management of insurance business may be appointed.

* * * * *

55. (1) * * * * *

Valuation of liabilities.

(3) The rule in the Seventh Schedule shall be of the same force and may be repealed, altered or amended as if it were a rule made in pursuance of section 643 of the Companies Act, 2013, and rules may be made under that section for the purpose of carrying into effect the provisions of this Act with respect to the winding up of insurance companies.

* * * * *

64. Every insurer, having his principal place of business or domicile outside India, shall keep at his principal office in India such books of account, registers and documents as will enable the accounts, statements and abstracts which he is required under this Act to furnish to the Authority in respect of the insurance business transacted by him, in India to be compiled and, if necessary, checked by the Authority and shall furnish to the Authority on or before the last day of January in every calendar year a certificate from an auditor to the effect that the said books of account, register and documents are being kept as required at the principal office of the insurer in India.

Books to be kept by insurers established outside India.

* * * * *

64F. (1) The Executive Committee of the Life Insurance Council shall consist of the following persons, namely:—

Executive Committees of the Life Insurance Council and the General Insurance Council.

(a) four representatives of members of the Life Insurance Council elected in their individual capacity by the members in such manner as may be laid down in the bye-laws of the Council;

(b) an eminent person not connected with insurance business, nominated by the Authority;

* * * * *

(2) The Executive Committee of the General Insurance Council shall consist of the following persons, namely:—

(a) four representatives of members of the General Insurance Council elected in their individual capacity by the members in such manner as may be laid down in the bye-laws of the Council;

(b) an eminent person not connected with insurance business, nominated by the Authority; and

(c) four persons to represent insurance agents, third party administrators, surveyors and loss assessors and policyholders respectively as may be nominated by the Authority:

Provided that one of the representatives as mentioned in clause (a) shall be elected as the Chairperson of the Executive Committee of the General Insurance Council.

* * * * *

Resignation and filling up of casual vacancies.

64G. (1) Any member of the Executive Committee of the Life Insurance Council or of the General Insurance Council may resign his membership of the Committee by notice in writing addressed to the chairman of the Committee to that effect.

* * * * *

Duration and dissolution of Executive Committees.

64H. (1) *

(2) Notwithstanding the dissolution of the Executive Committee of the Life Insurance Council or the General Insurance Council, the outgoing members thereof shall continue to hold office and discharge such administrative and other duties as may be prescribed until such time as a new Executive Committee of the Life Insurance Council or the General Council, as the case may be, shall have been constituted.

* * * * *

Executive Committee of Life Insurance Council may advise in controlling expenses.

64K. (1) It shall be the duty of the Executive Committee of the Life Insurance Council to meet at least once before the 31st day of March every year to advise the Authority in fixing under the proviso to sub-section (2) of section 40B the limits by which the actual expenses incurred by an insurer carrying on life insurance business in respect of such business in the preceding year may exceed the limits prescribed under that sub-section, and in fixing any such limits the Authority shall have due regard to the conditions obtaining in life insurance business generally during that year, and he may fix different groups of insurers.

* * * * *

(4) The provisions of sub-sections (1) and (4) of section 13 and of sub-sections (1) and (2) of section 15, or, as the case may be, of sub-section (2) of section 16 shall apply in relation to an investigation and valuation under this section:

Provided that the abstract and statement prepared as the result of such investigation and valuation shall be furnished by such date as the Authority may specify.

* * * * *

Functions of the Executive Committee of General Insurance Council.

64L. (1) The functions of the Executive Committee of the General Insurance Council shall be—

(a) to aid and advise insurers, carrying on general insurance business, in the matter of setting up standards of conduct and sound practice and in the matter of rendering efficient service to holders of policies of general insurance;

* * * * *

(c) to bring to the notice of the Authority the case of any such insurer acting in a matter prejudicial to the interests of holders of general insurance policies;

* * * * *

(2) For the purpose of enabling it to effectively discharge its functions, the Executive Committee of the General Insurance Council may collect such fees as may be laid down in the bye-laws made by the Council from the insurers carrying on general insurance business.

64M. (1) It shall be the duty of the Executive Committee of the General Insurance Council to meet at least once before the 31st day of March every year to advise the Authority in fixing under the proviso to sub-section (1) of section 40C the limits by which the actual expenses of management incurred by an insurer carrying on general insurance business in respect of such business in the preceding year may exceed the limits prescribed under that sub-section, and in fixing any such limits the Authority shall have due regard to the conditions obtaining in general insurance business in the preceding year, and he may fix different limits for different groups of insurers.

Executive Committee of General Insurance Council may advise in controlling expenses.

* * * * *

64R. (1) For the efficient performance of its duties, the Life Insurance Council or the General Insurance Council as the case may be, may—

General powers of Life Insurance Council and General Insurance Council.

* * * * *

(b) determine the manner in which any prescribed fee may be collected;

* * * * *

64ULA. (1) Notwithstanding anything contained in this Part, until the rates, advantage and terms and conditions laid down by the Advisory Committee under section 64UC are de-notified by the Authority with effect from such date as the Authority may by notification in the Official Gazette determine, and the rates, advantages and terms and conditions are decided by the insurer concerned, the rates, advantages and terms and conditions notified by the Advisory Committee shall continue to be in force and shall always be deemed to have been in force and any such rates, advantages and terms and conditions shall be binding on all the insurers.

Transitional provisions.

(2) The Authority shall, in consultation with the Central Government, prepare a scheme for the existing employees of the Tariff Advisory Committee on its dissolution, keeping in view the interests of such employees on such terms and conditions as it may, by order, determine.

* * * * *

64VB. (1) * * * * *

No risk to be assumed unless premium is received in advance.

(2) For the purposes of this section, in the case of risks for which premium can be ascertained in advance, the risk may be assumed not earlier than the date on which the premium has been paid in cash or by cheque to the insurer.

Explanation.—Where the premium is tendered by postal money order or cheque sent by post, the risk may be assumed on the date on which the money order is booked or the cheque is posted, as the case may be.

* * * * *

PART IVA

RE-INSURANCE

101A. (1) Every insurer shall re-insure with Indian re-insurers such percentage of the sum assured on each policy as may be specified by the Authority with the previous approval of the Central Government under sub-section (2).

Re-insurance with Indian re-insurers.

* * * * *

PART V

MISCELLANEOUS

Penalty for default in complying with, or act in contravention of, this Act.

102. If any person, who is required under this Act, or rules or regulations made thereunder,—

(a) to furnish any document, statement, account, return or report to the Authority, fails to furnish the same; or

(b) to comply with the directions, fails to comply with such directions;

(c) to maintain solvency margin, fails to maintain such solvency margin;

(d) to comply with the directions on the insurance treaties, fails to comply with such directions on the insurance treaties,

he shall be liable to a penalty of one lakh rupees for each day during which such failure continues or one crore rupees, whichever is less.

* * * * *

Penalty for contravention of sections 27, 27A, 27B, 27D and 27E.

104. If a person fails to comply with the provisions of section 27, section 27A, section 27B, section 27D and section 27E, he shall be liable to a penalty not exceeding twenty-five crore rupees.

* * * * *

Power to adjudicate.

105C. (1) For the purpose of adjudication under sub-section (2) of section 2CB, sub-section (4) of section 34B, sub-section (3) of section 40, sub-section (2) of section 41, sub-sections (4) and (5) of section 42, sub-sections (8) and (9) of section 42D, section 52F and section 105B, the Authority, shall appoint any officer not below the rank of a Joint Director or an equivalent officer to be an adjudicating officer for holding an inquiry in the prescribed manner after giving any person concerned a reasonable opportunity of being heard.

* * * * *

Power of court to order restoration of property of insurer or compensation in certain cases.

106. (1) * * * * *

(11) In proceedings under this section the court shall have all the powers which a Court has under section 237 of the Companies Act, 2013.

18 of 2013.

(12) This section shall apply in respect of a provident society as defined in Part III as it applies in respect of an insurer.

* * * * *

Signature of documents.

110B. Every document which is required by this Act or by any rule made thereunder to be signed by the Chairperson of the Authority or by any person subordinate to him or by any officer authorised by him under sub-section (1) of section 42 shall be deemed to be properly signed, if it bears a facsimile of the signature of such 2 Chairperson of the Authority, person or officer printed, engraved, lithographed or impressed by any other mechanical process approved by the Central Government.

* * * * *

Provisions applicable to State Governments, etc.

110F. The provisions of sections 3, 3A, 27B, 28B, 33, 34 clause (a) of sections 34E, 34F, 40C, 44A, 64U to 64UM (both inclusive), 64V, 64VA, 64VB, 64VC, and 101A, 101C, 110D, 110G and 110H shall notwithstanding any exemption granted under section 118, also apply, so far as may be, to and in relation to the general insurance business carried on by a State Government or a Government company as defined in section 617 of the Companies Act, 2013.

18 of 2013.

* * * * *

114. (1) * * * *

Power of
Central
Government to
make rules.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

* * * *

(aaa) the conditions and manner of foreign investment under sub-clause (b) of clause (7A) of section 2;

* * * *

(d) the form referred to in clause (d) of sub-section (2) of section 16;

* * * *

(h) the contingencies other than those specified in clauses (a) to (f) of sub-section (2) of section 65 on the happening of which money may be paid by provident societies;

(i) the matters other than those specified in clauses (a) to (o) of sub-section (1) of section 74 on which a provident society shall make rules;

* * * *

(j) the form of any account, return or register required by the Part III and the manner in which such account, return or register shall be verified;

* * * *

(l) the conditions and the matters which may be prescribed under sub-sections (5), (6), (10) and (12) of section 92;

* * * *

5 of 1912.

(4) All rules made by a Local Government under the provisions of section 24 of the Provident Insurance Societies Act, 1912 and in force at the commencement of this Act shall so far as not inconsistent with the provisions of Part III continue in force and have effect as if duly made under this section until they are replaced by rules made under this section.

114A. (1) The Authority may, by notification in the Official Gazette, make regulations consistent with this Act and the rules made thereunder, to carry out the purposes of this Act.

Power of
Authority to
make
regulations.

(2) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

* * * *

(f) the preparation of balance-sheet, profit and loss account and a separate account of receipts and payments and revenue account under sub-section (1) of section 11;

(g) the manner in which an abstract of the report of the actuary to be specified and the form and manner in which the statement referred to in section 13 shall be appended;

* * * *

(i) investment of assets and further provisions regarding investments by an insurer and investment by insurers in certain cases under sections 27, 27A, 27B, 27C and time, manner and other conditions of investment of assets under section 27D;

* * * *

(ja) the form in which balance-sheets in respect of the insurance business of each of the insurers concerned and the manner in which actuarial reports and abstracts in respect of the life insurance business are to be prepared under clauses (b) and (c) of sub-section (3) of section 35;

* * * * *

(q) the manner and the fees for issue of a licence to an intermediary or an insurance intermediary under sub-section (1) of section 42D;

(r) the fee and the additional fee to be determined for renewal of licence of intermediaries or insurance intermediaries under sub-section (3) of section 42D;

* * * * *

(v) the fee for issue of duplicate licence under sub-section (7) of section 42D;

* * * * *

Alteration of forms.

115. The Authority may, on the application or with the consent of an insurer, not being a company, alter the forms contained in the Schedules as respect that insurer, for the purpose of adapting them to the circumstances of that insurer:

Provided that nothing done under this section shall exempt the insurer from supplying all information required under this Act so far as it is possible for the insurer to do so.

Power to exempt from certain requirements.

116. (1) The Central Government may, by notification in the Official Gazette, exempt any insurer constituted, incorporated or domiciled in any country or State outside India from any of the provisions of this Act which may be specified in the notification either absolutely or subject to such conditions or modification as may be specified in the notification.

(2) This section shall apply in respect of provident societies as defined in Part III as it applies in respect of insurers.

Summary of returns to be published.

116A. The Central Government, before the date of commencement of the Insurance Regulatory and Development Authority Act, 1999 shall every year cause to be published, in such manner as it may direct, a summary of the accounts, balance-sheet, statements, abstracts and other returns under this Act or purporting to be under this Act which have been furnished in pursuance of the provisions of this Act to the Authority during the year preceding the year of publication, and may append to such summary any note of the Authority or of the Central Government, before the date of commencement of the Insurance Regulatory and Development Authority Act, 1999, and any correspondence:

41 of 1999.

Provided that nothing in this section shall require the publication of the statement referred to in sub-section (2) of section 10 of the returns referred to in sub-section (1) of section 28 or section 28A or section 28B or the statements referred to in sub-section (2) of section 31B or section 40B.

Saving of provisions of the Companies Act, 2013.

117. Nothing in this Act shall affect the liability of an insurer being a company or a provident society as defined in Part III being a company to comply with the provisions of the Companies Act, 2013, in matters not otherwise specifically provided for by this Act.

18 of 2013.

Exemptions.

118. Nothing in this Act shall apply—

* * * * *

18 of 2013. (c) if the Central Government so orders in any case, and to such extent or subject to such conditions or modifications as may be specified in the order, to any insurance business carried on by the Central Government or a State Government or a Government company as defined in Section 617 of the Companies Act, 2013; or

(d) if the Authority so orders in any case, and to such extent or subject to such conditions or modifications as may be specified in the order, to—

11 of 1922. (i) any approved superannuation fund as defined in clause (a) of section 58N of the Indian Income Tax Act, 1922; or

(ii) any fund in existence and officially recognised by the Central Government before the 27th day of January, 1937, maintained by or on behalf of Government Servants or Government pensioners for the mutual benefit of contributors to the fund and of their dependants; or

5 of 1912. (iii) any mutual or provident insurance society composed wholly of Government servants or of railway servants which has been exempted from any or all of the provisions of the Provident Insurance Societies Act, 1912. or

* * * * *

119. Any person may on payment of a fee of five rupees inspect the documents filed by an insurer with the Authority under clause (f) of sub-section (2) of section 3, and may obtain a copy of any such document or part thereof on payment in advance at the prescribed rate for the making of the copy.

Inspection and supply of copies of published prospectus, etc.

120. The market value on the day of deposit of securities deposited in pursuance of any of the provisions of this Act with the Reserve Bank of India shall be determined by the Reserve Bank of India whose decision shall be final.

Determination of market value of securities deposited under this Act.

EXTRACTS FROM THE LIFE INSURANCE CORPORATION ACT, 1956

(31 OF 1956)

* * * * *

2. In this Act, unless the context otherwise requires,—

Definitions.

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(3) “controlled business” means—

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(iii) in the case of a provident society, as defined in section 65 of the Insurance Act, all its business;

* * * * *

(6) “insurer” means an insurer as defined in the Insurance Act who carries on life insurance business in India and includes the Government and a provident society as defined in section 65 of the Insurance Act;

* * * * *

6A. (1) * * * * *

Power to impose conditions, etc.

(2) Where any arrangement entered into by the Corporation under section 6 with any concern provides for the appointment by the Corporation of one or more directors of such concern, such provision and any appointment of directors made in pursuance thereof shall be valid and effective notwithstanding anything to the contrary contained in the Companies Act, 1956, or in any other law for the time

being in force or in the memorandum, articles of association or any other instrument relating to the concern, and any provision regarding share, qualification, age limit, number of directorships, removal from office of directors and such like conditions contained in any such law or instrument aforesaid, shall not apply to any director appointed by the Corporation in pursuance of the arrangement as aforesaid.

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CHAPTER V

MANAGEMENT

Offices,
branches and
agencies.

18. (1) * * * * *

(2) The Corporation shall establish a zonal office at each of the following places, namely, Bombay, Calcutta, Delhi, Kanpur and Madras, and, subject to the previous approval of the Central Government, may establish such other zonal offices as it thinks fit.

* * * * *

Zonal
Managers.

22. (1) * * * * *

(3) The Corporation shall constitute in the prescribed manner for each zonal office an Employees and Agents Relations Committee consisting of such number of persons as it thinks fit and every such Committee shall consist of representatives of the Corporation and of its employees and agents, so however, that the number of representatives of the employees and agents on the Committee shall not be less than the number of representatives of the Corporation and it shall be duty of the Committee to advise the Zonal Manager on matters which relate to the welfare of the employees and agents of the Corporation or which are likely to promote and secure amity and good relations between them and the Corporation.

* * * * *

Exclusive
privilege of
Corporation to
cease.

30A. Notwithstanding anything contained in this Act, the exclusive privilege of carrying on life insurance business in India by the Corporation shall cease on and from the commencement of the Insurance Regulatory and Development Authority Act, 1999, and the Corporation shall, thereafter, carry on life insurance business in India in accordance with the provisions of the Insurance Act, 1938.

4 of 1938.

* * * * *

Application of
the Insurance
Act.

43. (1) The following sections of the Insurance Act shall, so far as may be, apply to the Corporation as they apply to any other insurer, namely:—

Sections 2, 2B, 3, 18, 26, 33, 38, 39, 41, 45, 46, 47A, 50, 51, 52, 110A, 110B, 110C, 119, 121, 122 and 123.

(2) The Central Government shall as soon as may be after the commencement of this Act, by notification in the Official Gazette, direct that the following sections of the Insurance Act shall apply to the Corporation subject to such conditions and modifications as may be specified in the notification, namely:—

Sections 2D, 10, 11, 13, 14, 15, 20, 21, 22, 23, 25, 27A, 28A, 35, 36, 37, 40, 40A, 40B, 43, 44, 102 to 106, 107 to 110, 111, 113, 114 and 116A.

(2A) Section 42 of the Insurance Act shall have effect in relation to the issue to any individual of a licence to act as an agent for the purpose of soliciting or procuring life insurance business for the Corporation as if the reference to an officer authorised by the Authority in this behalf in sub-section (1) thereof included a reference to an officer of the Corporation authorised by the Authority in this behalf.

(3) The Central Government may, by notification in the Official Gazette, direct that all or any of the provision of the Insurance Act other than those specified in sub-section (1) or sub-section (2), shall apply to the Corporation subject to such conditions and modifications as may be specified in the notification.

* * * * *

44. Nothing contained in this Act shall apply in relation to—

Act not to apply in certain cases.

* * * * *

(b) any insurer to whom the Insurance Act does not apply by reason of the provisions contained in section 2E thereof;

* * * * *

48. (1) * * * * *

Power to make rules.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

* * * * *

(h) the manner in which an Employees and Agents Relations Committee may be constituted for each zonal office;

EXTRACTS FROM THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY ACT, 1999

(41 OF 1999)

* * * * *

2. (1) In this Act, unless the context otherwise requires,—

Definitions.

* * * * *

(f) “intermediary” or “insurance intermediary” includes insurance brokers, re-insurance brokers, insurance consultants, corporate agents, third party administrator, surveyors and loss assessors and such other entities, as may be notified by the Authority from time to time;

* * * * *

4. The Authority shall consist of the following members, namely:—

Composition of Authority.

(a) a Chairperson;

(b) not more than five whole-time members;

(c) not more than four part-time members,

to be appointed by the Central Government from amongst persons of ability, integrity and standing who have knowledge or experience in life insurance, general insurance, actuarial science, finance, economics, law, accountancy, administration or any other discipline which would, in the opinion of the Central Government, be useful to the Authority:

Provided that the Central Government shall, while appointing the Chairperson and the whole-time members, ensure that at least one person each is a person having knowledge or experience in life insurance, general insurance or actuarial science, respectively.

Tenure of office
of Chairperson
and other
members.

5. (1) The Chairperson and every other whole-time member shall hold office for a term of five years from the date on which he enters upon his office and shall be eligible for reappointment:

Provided that no person shall hold office as a Chairperson after he has attained the age of sixty-five years:

Provided further that no person shall hold office as a whole-time member after he has attained the age of sixty-two years.

* * * * *

CHAPTER IV

DUTIES, POWERS AND FUNCTIONS OF AUTHORITY

Duties, powers
and functions of
Authority.

14. (1) * * * * *

(2) Without prejudice to the generality of the provisions contained in sub-section (1), the powers and functions of the Authority shall include,—

* * * * *

(i) control and regulation of the rates, advantages, terms and conditions that may be offered by insurers in respect of general insurance business not so controlled and regulated by the Tariff Advisory Committee under section 64U of the Insurance Act, 1938;

4 of 1938

* * * * *

(n) supervising the functioning of the Tariff Advisory Committee;

Constitution of
Fund.

16. (1) * * * * *

(2) The Fund shall be applied for meeting—

* * * * *

(b) the other expenses of the Authority in connection with the discharge of its functions and for the purposes of this Act.

* * * * *

Delegation of
powers.

23. (1) The Authority may, by general or special order in writing, delegate to the Chairperson or any other member or officer of the Authority subject to such conditions, if any, as may be specified in the order, such of its powers and functions under this Act as it may deem necessary.

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Power to make
regulations.

26. (1) The Authority may, in consultation with the Insurance Advisory Committee, by notification, make regulations consistent with this Act and the rules made thereunder to carry out the purposes of this Act.

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LOK SABHA

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further to amend the Insurance Act, 1938, the Life Insurance Corporation Act, 1956 and the Insurance Regulatory and Development Authority Act, 1999.

(Smt. Nirmala Sitharaman, Minister of Finance and Corporate Affairs)