

THE INSURANCE ACT, 1938¹

(Act 4 of 1938, dt. 26-2-1938)

As amended by The SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (Act 40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026 [Except section 25 of Amendment Act]

An Act to consolidate and amend the law relating to the ²[insurance business].

Whereas it is expedient to consolidate and amend the law relating to the ²[insurance business]; it is hereby enacted as follows:

PART I

PRELIMINARY

1. Short title, extent and commencement

(1) This Act may be called the Insurance Act, 1938.

³[(2) It extends to the whole of India ⁴[xxx]].

(3) It shall come into force on such date⁵ as the Central Government may, by notification in the Official Gazette, appoint in this behalf.

2. Definitions

In this Act, unless there is anything repugnant in the subject or context,—

⁶[(1) “actuary” means an actuary as defined in clause (a) of sub-section (1) of section 2 of the Actuaries Act, 2006 (35 of 2006);

(1A) “Authority” means the Insurance Regulatory and Development Authority of India established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);]

⁷[(2) “policyholder” includes a person to whom the whole of the interest of the policyholder in the policy is assigned once and for all, but does not include an assignee thereof whose interest in the policy is defeasible or is for the time being subject to any condition;]

1 This Act has been extended to Goa, Daman and Diu with modifications vide Reg. 12 of 1962; and enforced in Pondicherry on 1-10-1963 vide Reg. 7 of 1963; enforced in Dadra and Nagar Haveli on 1-7-1965 vide Reg. 6 of 1963; whole of the Union Territory of Lakshadweep enforced on 1-10-1967 vide Reg. 8 of 1965 and enforced in the State of Sikkim on 1-7-1975 vide SO 274(E), dt. 24-6-1975.

2 Substituted “business of insurance” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

3 Substituted by Act 47 of 1950, w.e.f. 1-6-1950.

4 Words “except the State of Jammu and Kashmir” omitted by Act 62 of 1956, w.e.f. 1-11-1956.

5 Enforced w.e.f. 1-7-1939 vide Noti. No. 589-I(4), dt. 1-4-1939.

6 Substituted for existing clauses (1) and (1A) by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014. Prior to substitution, clauses (1) and (1A) read as under:

“(1) “actuary” means an actuary possessing such qualifications as may be specified by the regulations made by the Authority;

(1A) “Authority” means the Insurance Regulatory and Development Authority established under sub-section (1) of section 3 of the Insurance Regulatory and Development Authority Act, 1999;”

7 Substituted by Act 6 of 1946, section 2 for clause (2); w.e.f. 20-3-1946.

- ¹[(3) “approved securities” means—
- (i) Government securities and other securities charged on the revenue of the Central Government or of the Government of a State or guaranteed fully as regards principal and interest by the Central Government or the Government of any ²[xxx] State;
 - (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 ³]; and]
 - (iii) shares of a corporation established by law and guaranteed fully by the Central Government or the Government of a ²[xxx] State as to the repayment of the principal and the payment of dividend;
- ⁴[x x x]
- ⁵[x x x]
- ⁶[*Explanation* : In sub-clauses (i) and (iii) “Government of a State” in relation to any period before the 1st November, 1956, means the Government of a Part A State;]
- ¹[(4) “auditor” means a person qualified under the Chartered Accountants Act, 1949 (38 of 1949), to act as an auditor of companies;
- (4A) “banking company” and “company” shall have the meanings respectively assigned to them in clauses (c) and (d) of ⁷[section 5 of the Banking Regulation 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 ⁸[an insurer ⁹[xxx]] means certified by a principal officer of ¹⁰[such insurer ¹¹[or any person authorised by it]] to be a true copy or a correct translation, as the case may be;

¹ Substituted by Act 47 of 1950, w.e.f. 1-6-1950.

² Word and letter “Part A” omitted by the Adaptation of Laws (No. 3) Order, 1956.

³ Substituted for “or city improvement trust in any presidency-town” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

⁴ Omitted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to omission sub-clause (iv) read as under:

“(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”.

⁵ Sub-clause (v) omitted by Act 42 of 2002, w.e.f. 23-9-2002.

⁶ Inserted by the Adaptation of Laws (No. 3) Order, 1956.

⁷ Substituted for “sub-section (1) of section 5 of the Banking Companies Act, 1949 (10 of 1949)”. by The SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

⁸ Substituted for “an insurer” by Act 13 of 1941, w.e.f. 8-4-1941.

⁹ Words “or a provident society as defined in Part III” omitted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

¹⁰ Substituted for “The insurer” by Act 13 of 1941, w.e.f. 8-4-1941.

¹¹ Substituted for “or provident society” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

- ¹[(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
 - (e) such other class of insurance business as may be notified by the Central Government in consultation with the Authority from time to time;]
- ²[(5B) “Controller of Insurance” means the officer appointed by the Central Government under section 2B to exercise all the powers, discharge the functions and perform the duties of the Authority under this Act or the Life Insurance Corporation Act, 1956 (31 of 1956) or the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972) or the Insurance Regulatory and Development Authority Act, 1999;]
- (6) “Court” means the principal Civil Court of original jurisdiction in a district, and includes the High Court in exercise of its ordinary original civil jurisdiction;]
- ³[(6A) “fire insurance business” means the business of effecting, otherwise than incidentally to some other class of insurance business, contracts of insurance against loss by or incidental to fire or other occurrence customarily included among the risks insured against in fire insurance policies;
- (6B) “general insurance business” means fire, marine or miscellaneous insurance business, whether carried on singly or in combination with one or more of them;]
- ⁴[(6C) “health insurance business” means the business of effecting the contracts of insurance that provide sickness benefits or pay for medical and health expenses and includes,—
- (i) the personal accident insurance business of effecting the contracts of insurance that provide for payment of money in the event of death, disablement or hospitalisation arising out of an accident; and
 - (ii) the travel insurance business of effecting the contracts of insurance that provide for sickness benefits or pay for medical and health expenses or payment of money in the event of death, disablement or hospitalisation arising out of an accident or for losses suffered, in the course of travel;

1 Inserted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Earlier excising Clause (5A) was omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

2 Substituted by Act 41 of 1999 vide SO 397(E), dt. 19-4-2000, w.e.f. 19-4-2000.

3 Inserted by Act 47 of 1950, w.e.f. 1-6-1950.

4 Substituted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to substitution, clause (6C) read as under:

“(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;”

- (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;]

- (7) “government security” means a government security as defined in the Public Debt Act, 1944 (18 of 1944);

- ¹[(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;]

²[xxx]

- ³[(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 (42 of 2002), as a co-operative society under—

¹ Substituted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to substitution, clause (7A) read as under:

“(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 (18 of 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;
- (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;
- (c) whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business or health insurance business;”.

² Clause (8) omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

³ Substituted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to substitution, clause (8A) read as under:

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

- (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 (2 of 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 (51 of 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;”

- (a) the provisions of the Co-operative Societies Act, 1912 (2 of 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 (39 of 2002),

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

¹[(9) “insurer” means a person who carries on insurance business;]

(10) “insurance agent” means an insurance agent ²[xxx] ³[xxx] who receives or agrees to receive payment by way of commission or other remuneration in consideration of his soliciting or procuring insurance business ⁴[including business relating to the continuance, renewal or revival of policies of insurance];

⁴[(10A) “investment company” means a company whose principal business is the acquisition of shares, stocks, debentures or other securities;]

⁵[(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;]

¹ Substituted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to substitution, clause (9) read as under:

“(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 Lloyds established under the Lloyds Act, 1871 (United Kingdom) or any of its Members;”.

² Words and figures “licensed under section 42” omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

³ Words “being an individual” omitted by Act 35 of 1957, w.r.e.f. 1-9-1957.

⁴ Inserted by Act 47 of 1950, w.e.f. 1-6-1950.

⁵ Substituted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to substitution, clause (10B) read as under:

“(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 (41 of 1999);”.

¹[(11) “life insurance business” means the business of effecting contracts of insurance upon human life, including any contract whereby the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, and any contract which is subject to payment of premiums for a term dependent on human life and shall be deemed to include—

- (a) the granting of disability and double or triple indemnity accident benefits, if so provided in the contract of insurance;
- (b) the granting of annuities upon human life; and
- (c) the granting of superannuation allowances and ²[benefit payable out of any fund] applicable solely to the relief and maintenance of persons engaged or who have been engaged in any particular profession, trade or employment or of the dependents of such persons;]

³[*Explanation* : For the removal of doubts, it is hereby declared that “life insurance business” shall include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a component of investment and a component of insurance issued by an insurer referred to in clause (9) of this section.]

⁴[xxx]

⁵[(13A) “marine insurance business” means the business of effecting contracts of insurance upon vessels of any description, including cargoes, freights and other interests which may be legally insured, in or in relation to such vessels, cargoes and freights, goods, wares, merchandise and property of whatever description insured for any transit by land or water, or both, and whether or not including warehouse risks or similar risks in addition or as incidental to such transit, and includes any other risks customarily included among the risks insured against in marine insurance policies;

(13B) “miscellaneous insurance business” means the business of effecting contracts of insurance which is not principally or wholly of any kind or kinds included in clauses (6A), (11) and (13A);]

⁶[(13BA) “National Company Law Tribunal” means the National Company Law Tribunal constituted under ⁷[section 408] of ⁸[the Companies Act, 2013 (18 of 2013)];]

¹ Substituted by Act 47 of 1950, w.e.f. 1-6-1950.

² Substituted for “annuities payable out of any fund” by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

³ Inserted by Act 26 of 2010, dt. 20-8-2010, w.r.e.f. 9-4-2010.

⁴ Clauses (12) and (13) omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

⁵ Inserted by Act 47 of 1950, w.e.f. 1-6-1950.

⁶ Inserted by Act 11 of 2003, w.e.f. 1-4-2003.

⁷ Substituted for “section 10FB” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

⁸ Substituted for “the Companies Act, 1956 (1 of 1956)” by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

- (13BB) “the National Company Law Appellate Tribunal” means the National Company Law Appellate Tribunal constituted under ¹[section 410] of ²[the Companies Act, 2013 (18 of 2013);]
- ³[(13BC) “premium” means the amount paid or payable as consideration to the insurer by the policyholder for a contract of insurance;]
- (14) “prescribed” means prescribed by rules made under ⁴[this Act]; and
- ⁵[(14A) “principal officer” means an officer of an insurer, authorised as such for the purposes of this Act;]
- ⁶[xxx]
- (16) “private company” and “public company” have the meanings respectively assigned to them in ⁷[clause (68) and ⁸[clause (71)] of section 2 of the Companies Act, 2013 (18 of 2013)];
- ⁹[(16A) “regulations” means the regulations framed by the Insurance Regulatory and Development Authority of India established under the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999);]
- (16B) “re-insurance” means the insurance of part of one insurer’s risk by another insurer who accepts the risk for a mutually acceptable premium;
- (16C) “Securities Appellate Tribunal” means the Securities Appellate Tribunal established under section 15K of the Securities and Exchange Board of India Act, 1992 (15 of 1992);]
- ¹⁰[(xxx)]

1 Substituted for “sub-section (1) of section 10FB” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

2 Substituted for “the Companies Act, 1956 (1 of 1956)” by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

3 Inserted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

4 Substituted for “section 114” by Act 41 of 1999 vide SO 397(E), dt. 19-4-2000 w.e.f. 19-4-2000.

5 Inserted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Earlier, existing Clause (14A) was omitted by Act 62 of 1956, w.e.f. 1-11-1956.

6 Clause (15) omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014. Prior to omission, it read as under: “(15) “principal agent” means a person who, not being a salaried employee of an insurer, in consideration of any commission,—
(i) performs any administrative and organising functions for the insurer, and
(ii) procures general insurance business whether wholly or in part by employing or causing to be employed insurance agents on behalf of the insurer;”

7 Substituted for “clauses (13) and (13A) of section 2 of the Indian Companies Act, 1913 (7 of 1913)” by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

8 Substituted for “clause (71)” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

9 Inserted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

10 Clause (17) omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

COMMENTS**Life insurance**

The insurance of the life of a person is a contract by which the insurer, in consideration of a certain premium, either in a gross sum or periodical payments, undertakes to pay the person for whose benefit the insurance is made, a stipulated sum, or annuity equivalent, upon the death of the person whose life is insured, wherever this shall happen, if the insurance be for the whole life or in case this shall happen within a certain period, if the insurance be for a limited time.

It is an agreement by the insurer to pay to the insured or his nominee a specified sum of money, either on the death of a designated life, or at the end of a certain period, provided the death does not occur before, in consideration of the present payment of a fixed amount, or of any annuity till the death occurs or the period of insurance is ended. Bouviers Law Dictionary (Rawles Third Revision) Vol. 2 at page 1619

The definition of "life insurance business" as given in s. 2(11) of the Insurance Act, 1938 clearly includes, by a deeming provision, the business of granting annuities upon human life within the expression "life insurance business".—*CWT v. Yuvaraj Amrinder Singh AIR 1986 SC 959*

¹[2A. Interpretation of certain words and expressions

Words and expressions used and not defined in this Act but defined in the Life Insurance Corporation Act, 1956 (31 of 1956), the General Insurance Business (Nationalisation) Act, 1972 (57 of 1972), and the Insurance Regulatory and Development Authority Act, 1999 shall have the meanings respectively assigned to them in those Acts.]

²[2B. Appointment of Controller of Insurance

³[(1) If at any time, the Authority is superseded under sub-section (1) of section 19 of the Insurance Regulatory and Development Authority Act, 1999, the Central Government may, by notification in the Official Gazette, appoint a person to be the Controller of Insurance till such time the Authority is reconstituted under sub-section (3) of section 19 of that Act.]

(2) In making any appointment under this section, the Central Government shall have due regard to the following considerations, namely, whether the person to be appointed has had experience in industrial, commercial or insurance matters and whether such person has actuarial qualification.]

PART II**PROVISIONS APPLICABLE TO INSURERS****²[2C. Prohibition of transaction of insurance business by certain persons**

(1) Save as hereinafter provided, no person shall, after the commencement of the Insurance (Amdt.) 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 ⁴[it] is—

- (a) a public company, or

¹ Inserted by Act 41 of 1999 vide SO 397(E), dt. 19-4-2000, w.e.f. 19-4-2000.

² Inserted by Act 47 of 1950, w.e.f. 1-6-1950.

³ Substituted by Act 41 of 1999 vide SO 397(E), dt. 19-4-2000, w.e.f. 19-4-2000.

⁴ Substituted for "he" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

(b) a society registered under the Co-operative Societies Act, 1912 (2 of 1912), or under any other law for the time being in force in any State relating to co-operative societies ¹[or the Multi-State Co-operative Societies Act, 2002 (39 of 2002)], or

¹[(ba) a statutory body established by an Act of Parliament for time being in force to carry on insurance business; or];

²[(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) (34 of 1871) or any of its Members:]

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

PROVIDED FURTHER that in the case of an insurer carrying on any general insurance business no such notification shall be issued having effect for more than three years at any one time:

³[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:]

¹[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:]

⁴[PROVIDED ALSO that ⁵[that an insurer carrying on insurance business] may carry on any ⁶[insurance business] in any Special Economic Zone as defined in clause (za) of section 2 of the Special Economic Zones Act, 2005.]

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

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

1 Inserted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

2 Substituted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to substitution, clause (c) read as under: "(c) a body corporate incorporated under the law of any country outside India not being of the nature of a private company:"

3 Inserted by Act 41 of 1999 vide SO 397(E), dt. 19-4-2000, w.e.f. 19-4-2000.

4 Inserted by Act 28 of 2005, w.e.f. 10-2-2006.

5 Substituted for "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," by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025.

6 Substituted for "business of insurance" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

7 Inserted by Act 42 of 2002, w.e.f. 23-9-2002.

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

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

(6) An association of insurers or insurance intermediaries formed for the protection of their mutual interests and registered under the Companies Act, 2013 (18 of 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.].

²[2CA. Power of Central Government to apply provisions of this Act to Special Economic Zones ¹[and International Financial Services Centres set up in Special Economic Zones]

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

- ³(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);
- (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 (28 of 2005), with such exceptions, modifications and adaptations as may be specified in the notification.]

⁴[2CB. Properties in India not to be insured with foreign insurers except with the permission of Authority

(1) No person shall take out or renew any policy of insurance in respect of any property in India or any ship or other vessel or aircraft registered in India with an insurer whose principal place of business is outside India save with the prior permission of the Authority.

¹ Inserted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

² Inserted by 28 of 2005, w.e.f. 10-2-2006.

³ Substituted for clause (a) and (b) by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to substitution, said read as under:

“(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

(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.”

⁴ Inserted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

(2) If any person contravenes the provision of sub-section (1), he shall be liable to a penalty which may extend to five crore rupees.]

¹[2D] Insurers to be subject to this Act while liabilities remain unsatisfied

Every insurer shall be subject to all the provisions of this Act in relation to any class of insurance business so long as ²[its] liabilities in India in respect of business of that class remain unsatisfied or not otherwise provided for.

³[xxx]

3. Registration

(1) No ⁴[person] shall, after the commencement of this Act, 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 three months from the commencement of this Act, continue to carry on any such business, unless ⁵[it] has obtained from the ⁶[Authority] a certificate of registration ⁷[for the particular class of insurance business]:

⁸[PROVIDED that in the case an insurer who was carrying on any class of insurance business in India at the commencement of this Act, failure to obtain a certificate of registration in accordance with the requirements of this sub-clause shall not operate to invalidate any contract of insurance entered into by ⁹[it] if before ¹⁰[such date as may be fixed in this behalf by the Central Government by notification in the Official Gazette], he has obtained that certificate:]

¹¹[PROVIDED FURTHER that a person or insurer, as the case may be, carrying on any class of insurance business in India, on or before the commencement of the Insurance Regulatory and Development Authority Act, 1999, for which no registration certificate was necessary prior to such commencement, may continue to do so for a period of three months from such commencement or, if he had made an application for such registration within the said period of three months, till the disposal of such application:

1 Existing sections 2A and 2B renumbered as sections 2D and 2E respectively by Act 47 of 1950, w.e.f. 1-6-1950.

2 Substituted for "his" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

3 Section 2E omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014. Prior to omission, it read as under:

"2E. This Act not to apply to certain insurers, ceasing to enter into new contracts before commencement of Act

The provisions of this Act shall not apply to an insurer as defined in paragraph (i) or (iii) of sub-clause (a) of clause (9) of section 2 in relation to any class of his insurance business where such insurer has ceased, before the commencement of this Act, to enter into any new contracts of that class of business."

4 Substituted for "insurer" by Act 20 of 1940, w.e.f. 10-4-1940.

5 Substituted for "he" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

6 Substituted for "Controller" by Act 41 of 1999 vide SO 397(E), dt. 19-4-2000, w.e.f. 19-4-2000.

7 Inserted by Act 6 of 1946, w.e.f. 20-3-1946.

8 Inserted by Act 20 of 1940.

9 Substituted for "him" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

10 Substituted for "the expiry of one month from the commencement of the Insurance (Amendment) Act, 1940" by Act 13 of 1941, w.e.f. 8-4-1941.

11 Inserted by Act Act 41 of 1999 vide SO 397(E), dt. 19-4-2000, w.e.f. 19-4-2000.

PROVIDED ALSO that any certificate of registration, obtained immediately before the commencement of the Insurance Regulatory and Development Authority Act, 1999, shall be deemed to have been obtained from the Authority in accordance with the provisions of this Act.]

¹[(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.

(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;
- (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.]

²[(2AA) The Authority shall give preference to register the applicant and grant him a certificate of registration if such applicant agrees, in the form and manner as may be specified by the regulations made by the Authority, to carry on the life insurance business or general insurance business for providing health cover to individuals or group of individuals.]

³[(2B) Where the ⁴[Authority] refuses registration, ⁵[it] shall record the reasons for such decision and shall furnish a copy thereof to the applicant.]

1 Substituted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014. Prior to substitution, sub-sections (2) and (2A) read as under:

“(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.”

2 Inserted by Act 41 of 1999, dt. 19-4-2000, w.e.f. 19-4-2000.

3 Inserted by Act 32 of 1965, w.e.f. 29-9-1965.

4 Substituted for “Controller” by Act 41 of 1999 vide SO 397(E), dt. 19-4-2000, w.e.f. 19-4-2000.

5 Substituted for “he” by Act 41 of 1999, w.e.f. 19-4-2000.

¹[(2C) Any person aggrieved by the decision of the Authority refusing registration may, within thirty days from the date on which a copy of the decision is received by him, appeal to the Securities Appellate Tribunal.]

²[xxx]

³[(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 ⁴[clause (c) of sub-section (1) of section 2C], 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.

(4) The Authority may suspend or cancel the registration of an insurer either wholly or insofar as it relates to a particular class of insurance business, as the case may be,—

- (a) if the insurer fails, at any time, to comply with the provisions of section 64VA as to the excess of the value of ⁵[its] assets over the amount of ⁵[its] liabilities, or
- (b) if the insurer is in liquidation or is adjudged as an insolvent, or
- (c) if the business or a class of the business of the insurer has been transferred to any person or has been transferred to or amalgamated with the business of any other insurer without the approval of the Authority, or
- (d) if the insurer makes default in complying with, or acts in contravention of, any requirement of this Act or of any rule or any regulation or order made or, any direction issued thereunder, or
- (e) if the Authority has reason to believe that any claim upon the insurer arising in India under any policy of insurance remains unpaid for three months after final judgment in regular court of law, or
- (f) if the insurer carries on any business other than insurance business or any prescribed business, or
- (g) if the insurer makes a default in complying with any direction issued or order made, as the case may be, by the Authority under the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), or
- (h) if the insurer makes a default in complying with, or acts in contravention of, any requirement of the Companies Act, 2013 (18 of 2013) or the General Insurance Business (Nationalisation) Act, 1972

1 Substituted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

2 Omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014. Prior to omission, sub-section (2D) read as under:

“(2D) The decision of the Central Government on such appeal shall be final and shall not be questioned before any court.”

3 Substituted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

4 Substituted for “sub-clause (d) of clause (9) of section 2” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

5 Substituted for “his” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

- (57 of 1972) or the Foreign Exchange Management Act, 1999 (42 of 1999) or the Prevention of Money Laundering Act, 2002 (15 of 2002), or
- (i) if the insurer fails to pay the annual fee required under section 3A, or
 - (j) if the insurer is convicted for an offence under any law for the time being in force, or
 - (k) if the insurer being a co-operative society set up under the relevant State laws or, as the case may be, the Multi-State Co-operative Societies Act, 2002 (39 of 2002), contravenes the provisions of law as may be applicable to the insurer.]

¹[(5) When the Authority suspends or cancels any registration under clause (a), clause (d), clause (e), clause (f), clause (g) or clause (i) of sub-section (4), it shall give notice in writing to the insurer of its decision, and the decision shall take effect on such date as it may specify in that behalf in the notice, such date not being less than one month not more than two months from the date of the receipt of the notice in the ordinary course of transmission.

(5A) When the Authority suspends or cancels any registration under clause (b), (c), (j) or (k) of sub-section (4), the suspension or cancellation, as the case may be, shall take effect on the date on which notice of the order of suspension or cancellation is served on the insurer.]

²[(5B) When a registration is cancelled the insurer shall not, after the cancellation has taken effect, enter into any new contracts of insurance, but all rights and liabilities in respect of contracts of insurance entered into by ³[it] before such cancellation takes effect shall, subject to the provisions of sub-section (5D), continue as if the cancellation had not taken place.]

¹[(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 ⁴[its] assets over the amount of ⁴[its] liabilities ⁵[xxx], or satisfies the Authority that no claim upon ³[it] such as is referred to in clause (e) of sub-section (4) remains unpaid or that ⁶[it] has complied with any requirement of this Act or the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), or of any rule or any regulation, or any order made thereunder or any direction issued under those Acts, or that ⁶[it] 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 ³[it] by the Authority.]

1 Substituted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

2 Inserted by Act 20 of 1940.

3 Substituted for "him" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

4 Substituted for "his" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

5 Word "or has had an application under sub-section (4) of section 3A accepted" omitted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

6 Substituted for "he" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

¹[(5D) Where ²[the registration of an insurance company is cancelled under sub-section (4), the ³[Authority] may], after the expiry of six months from the date on which the cancellation took effect, apply to the ⁴[National Company Law Tribunal] 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 ⁴[National Company Law Tribunal]. The ⁴[National Company Law Tribunal] 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.]

⁵[(5E) The Authority may, by order, suspend or cancel any registration in such manner as may be determined by the regulations made by it:

PROVIDED that no order under this sub-section shall be made unless the person concerned has been given a reasonable opportunity of being heard.]

⁶[xxx]

⁷[(7) The Authority may, on payment of such fee, not exceeding five thousand rupees, as may be determined by the regulations, issue a duplicate certificate of registration to replace a certificate lost, destroyed or mutilated, or in any other case where the Authority is of opinion that the issue of duplicate certificate is necessary.]

⁸[3A. Payment of annual fee by insurer

(1) An insurer who has been granted a certificate of registration under section 3 shall pay such annual fee to the Authority in such manner as may be specified by the regulations.

(2) Any failure to deposit the annual fee shall render the certificate of registration liable to be cancelled.]

⁹[3AA. Foreign investment in equity

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 up to one hundred per cent. of the paid-up equity capital and the foreign investment by such investors shall be subject to such conditions and such manner as may be prescribed.

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

1 Inserted by Act 62 of 1968, w.e.f. 1-6-1969.

2 Substituted for "he" by Act 41 of 1999, w.e.f. 19-4-2000.

3 Substituted for "Controller" by Act 41 of 1999, w.e.f. 19-4-2000.

4 Substituted for "Court" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

5 Inserted by Act 41 of 1999, w.e.f. 19-4-2000.

6 Sub-section (6) omitted by Act 32 of 1965, w.e.f. 29-9-1965.

7 Substituted by Act 41 of 1999, w.e.f. 19-4-2000.

8 Substituted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

9 Inserted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

¹[3B. Certification of soundness of terms of life insurance business

If, when considering an application for registration under section 3 or at any other time, it appears to the ²[Authority] that the assured rates, advantages, terms and conditions offered or to be offered in connection with life insurance business are in any respect not workable or sound, ³[it] may require that a statement thereof shall be submitted to an actuary appointed by the insurer for the purpose and approved by the ²[Authority], and may by order in writing further require the insurer to make within such time as may be specified in the order such modifications in the said rates, advantages, terms or conditions, as the case may be, as the said actuary may report to be necessary to enable ⁴[it] to certify that the said rates, advantages, terms and conditions are workable and sound.]

⁵[4. Minimum limits for annuities and other benefits secured by policies of life insurance

The insurer shall pay or undertake to pay on any policy of life insurance or a group policy issued, a minimum annuity and other benefits as may be determined by regulations excluding any profit or bonus provided that this shall not prevent an insurer from converting any policy into a paid-up policy of any value or payment of surrender value of any amount.]

5. Restriction on name of insurer

(1) An insurer shall not be registered by a name identical with that by which an insurer in existence is already registered, or so nearly resembling that name as to be calculated to deceive except when the insurer in existence is in the course of being dissolved and signifies ⁴[its] consent to the ²[Authority].

(2) If an insurer, through inadvertence or otherwise, is without such consent as aforesaid registered by a name identical with that by which an insurer already in existence whether previously registered or not is carrying on business or so nearly resembling it as to be calculated to deceive, the first mentioned insurer shall, if called upon to do so by the ²[Authority] on the application of the second-mentioned insurer, change ⁴[its] name within a time to be fixed by the ²[Authority]:

⁶[xxx]

⁷[xxx]

⁵[6. Requirement as to capital

(1) No insurer not being an insurer as defined in ⁸[clause (c) of sub-section (1) of section 2C], carrying on the business of life insurance, general insurance, health insurance or re-insurance in India or after the commencement of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999), shall be registered unless ⁹[it] has,—

1 Inserted by Act 6 of 1946, w.e.f. 20-3-1946.

2 Substituted for "Controller" by Act 41 of 1999, w.e.f. 19-4-2000.

3 Substituted for "he" by Act 41 of 1999, w.e.f. 19-4-2000.

4 Substituted for "his" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

5 Substituted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

6 Provisos omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

7 Sub-section (3) omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

8 Substituted for "sub-clause (d) of clause (9) of section 2" by The SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

9 Substituted for "he" by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

- (i) a paid-up equity capital of rupees one hundred crore, in case of a person carrying on the business of life insurance or general insurance; or
- (ii) a paid-up equity capital of rupees one hundred crore, in case of a person carrying on exclusively the business of health insurance; or
- (iii) a paid-up equity capital of rupees two hundred crore, in case of a person carrying on exclusively the business as a re-insurer:

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

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.

¹[(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.]]

²[(3) No insurer, being a foreign company engaged in re-insurance business through a branch established in an International Financial Services Centre referred to in sub-section (1) of section 18 of the Special Economic Zones Act, 2005 (28 of 2005), shall be registered unless it has net owned funds of not less than rupees one thousand crore.]

³[6A. Requirements as to capital structure and voting rights and maintenance of registers of beneficial owners of shares

⁴[(1) No public company limited by shares having its registered office in India, shall carry on ⁵[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

¹ Substituted by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026. Prior to substitution, sub-section (2) read as under:

“(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.”

² Inserted by Finance (No. 2) Act, 2019, w.e.f. 1-8-2019.

³ Inserted by Act 47 of 1950, w.e.f. 1-6-1950.

⁴ Substituted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

⁵ Substituted for “life insurance business or general insurance business or health insurance business or re-insurance business” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

(Amendment) Act, 1950 (47 of 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.]

(2) Notwithstanding anything to the contrary contained in any law for the time being in force or in the memorandum or articles of association but subject to the other provisions contained in this section the voting right of every shareholder of any public company as aforesaid shall in all cases be strictly proportionate to the paid-up amount of the ¹[equity] shares held by him.

²[xxx]

¹[(4) A public company as aforesaid which carries on ³[insurance business]—

- (a) shall, in addition to the register of members maintained under the Companies Act, 2013 (18 of 2013), maintain a register of shares in which the name, occupation and address of the beneficial owner of each share shall be entered including any change of beneficial owner declared to it within fourteen days from the receipt of such declaration;
- (b) shall not register any transfer of its shares—
 - (i) unless, in addition to compliance being made with the provisions of section 56 of the Companies Act, 2013 (18 of 2003), the transferee furnishes a declaration in the prescribed form as to whether he proposes to hold the shares for his own benefit or as a nominee, whether jointly or severally, on behalf of others and in the latter case giving the name, occupation and address of the beneficial owner or owners, and the extent of the beneficial interest of each;
 - (ii) where, after the transfer, the total paid-up holding of the transferee in the shares of the company is likely to exceed five per cent. of its paid-up capital unless the previous approval of the Authority has been obtained to the transfer;
 - (iii) where, the nominal value of the shares intended to be transferred by any individual, firm, group, constituents of a group, or body corporate under the same management, jointly or severally exceeds ⁴[five] per cent. of the paid-up equity capital of the insurer, unless the previous approval of the Authority has been obtained for the transfer.

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

¹ Inserted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

² Sub-section (3) omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

³ Substituted for “life insurance business general and health insurance business and re-insurance business” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

⁴ Substituted for “one” by the SABKA BIMA SABKI RAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

(5) Every person who has any interest in any share of a company referred in sub-section (4) which stands in the name of another person in the register of members of the company, shall, within thirty days from the commencement of the Insurance (Amendment) Act, 1950, or from the date on which he acquires such interest, whichever is later, make a declaration in the prescribed form (which shall be countersigned by the person in whose name the share is registered) to the company declaring his interest in such share, and notwithstanding anything contained in any other law or in any contract to the contrary, a person who fails to make a declaration as aforesaid in respect of any share shall be deemed to have no right or title whatsoever in that share:

PROVIDED that nothing in this sub-section shall affect the right of a person who has an interest in any such share to establish in a court his right thereto, if the person, in whose name the share is registered, refuses to countersign the declaration as required by this sub-section:

PROVIDED FURTHER that where any share, belonging to an individual who has made any such declaration as is referred to in this sub-section is held by a company in its name in pursuance of any trust or for the purpose of safe custody or collection or realisation of dividend, such individual shall, notwithstanding anything contained in ¹[the Companies Act, 2013 (18 of 2013)], or in the memorandum or articles of association of the company which has issued the share, be deemed to be the holder of the said share for the purpose of exercising any voting rights under this section to the exclusion of any other person.

²[xxx]

1 Substituted for "the Indian Companies Act, 1913" by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

2 Sub-sections (6) to (10) omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014. Prior to omission, they read as under:

"(6) If the total paid-up holding of any person in the shares of a company referred to in sub-section (1) on the commencement of the Insurance (Amendment) Act, 1950, exceeds two and a half per cent of its paid-up capital where that person is a banking company or an investment company, or five per cent, of its paid-up capital in any other case, he shall not be entitled to any vote as a shareholder of the company in respect of such excess holding of shares.

(7) Where the total paid-up holding of any person in the shares of a company referred to in sub-section (1) on the date of the commencement of the Insurance (Amdt.) Act, 1950, exceeds five per cent of its paid-up capital where that person is a banking company or an investment company, or ten per cent of its paid-up capital in any other case, he shall dispose of the excess holding of shares within three years from such commencement or such further period not exceeding two years as may be allowed to him by the Central Government.

(8) If, after the expiry of three years or of such further period as may be allowed to any person under sub-section (7), the total paid-up holding of any such person has not been reduced to the limits specified in that sub-section, any shares in excess of the limits specified in that sub-section shall vest in the Administrator-General of the State in which the registered office of the company concerned is situate and the Administrator-General shall take such steps as may be necessary for taking charge of any property which has so vested in him and shall dispose of the said shares and the proceeds thereof in such manner as may be prescribed.

(9) Subject to the other provisions contained in this section, but notwithstanding anything contained in the Indian Companies Act, 1913 (7 of 1913), or in the memorandum or articles of association of any such company as is referred to in sub-section (1), no such company shall refuse to register the transfer of any shares where the transfer is for the purpose of securing compliance with the provisions of sub-sections (7) and (8).

(10) The Central Government may, subject to such restrictions as it may think fit to impose, exempt from the operation of sub-sections (6), (7) and (8) any insurance company, in any case where the total paid-up holding of such insurance company in the shares of any other insurance company is or is to be made a subsidiary company of the insurance company."

¹[(11) The provisions of this section, ²[xxx] shall, on and from the commencement of the Insurance (Amdt.) Act, 1968, also apply to insurers carrying on general insurance business subject to the following modifications, namely, —

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

⁴[xxx]

⁵[xxx]

⁶[*Explanation*] : For the purposes of this section, the holding of a person in the shares of a company shall be deemed to include —

- (i) the total paid-up holding in such shares held by such person in the name of others; and
- (ii) if any shares of the company are held —
- (a) by a public limited company, of which such person is a member holding more than ten per cent of the paid-up capital, or
- (b) by a private limited company, of which such person is a member, or
- (c) by a company, of which such person is a managing director, manager, ⁷[xxx] or in which he has a controlling interest, or
- (d) by a firm in which such person is a partner, or
- (e) by such person jointly with others,

such part of the total paid-up holding of the company or firm or of the total joint holding in those shares, as is proportionate to the contribution made by such person to the paid-up capital of the company, the paid-up capital of the firm or the joint holding, as the case may be.]

⁸[xxx]

1 Inserted by Act 62 of 1968, w.e.f. 1-6-1969.

2 Words “except those of sub-sections (7), (8) and (9)” omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

3 Substituted for “sub-sections (1), (3), (5) and (6)” by the SABKA BIMA SABKIRAKSHA (Amendment of Insurance Laws) Act, 2025 (40 of 2025), dt. 20-12-2025, w.e.f. 5-2-2026 vide SO 490(E), dt. 3-2-2026.

4 Word “and” omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

5 Clause (ii) omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014. Prior to omission, it read as under:

(ii) references in sub-section (10) to sub-sections (7) and (8) shall be omitted.

6 Substituted for “Explanation 1” by Act 41 of 1999, dt. 19-4-2000, w.e.f. 19-4-2000.

7 Words “managing agent” omitted by Act 5 of 2015, dt. 20-3-2015, w.r.e.f. 26-12-2014.

8 Explanation 2 omitted by Act 41 of 1999, dt. 19-4-2000, w.e.f. 19-4-2000.