

Press Release

Regulatory Revamp: A Paradigm Shift

IRDAI remains committed to fostering a conducive regulatory environment that protects interests of the policyholders and encourages innovation, competition, and sustainable growth in the insurance industry. At the 125th Authority meeting convened on Tuesday, March 19, 2024, at the IRDAI Head Office in Hyderabad, the Authority approved eight principle-based consolidated regulations, following the comprehensive review of regulatory framework for insurance sector.

These regulations encompass pivotal domains such as safeguarding of policyholders' interests, rural and social sector responsibilities, electronic insurance marketplace, insurance products and operation of foreign reinsurance branches, as well as aspects of registration, actuarial, finance, investment and corporate governance. This comes after the notification of the first consolidated regulation on Expenses of Management of insurers in January, 2024.

It marks a significant milestone in regulatory governance which has replaced 34 regulations with 6 regulations and introduction of 2 new regulations enhancing clarity and coherence in the regulatory landscape. The process involved extensive consultations with diverse stakeholders, including insurance industry, experts, and public at large ensuring a comprehensive consideration of varied perspectives in shaping the revised framework.

Following are the gist of regulations approved by IRDAI in the 125th meeting:

- **IRDAI (Rural, Social Sector and Motor Third Party Obligations) Regulations, 2024**

The IRDAI (Rural, Social Sector, and Motor Third Party Obligations) Regulations, 2024 consolidate 2 erstwhile regulations pertaining to minimum business obligations in rural, social sector and motor third party business for insurers, as mandated under the Insurance Act, 1938. Compliance and measurement of these statutory obligations has been revised where the unit of measurement under the rural obligations will now be Gram Panchayat, the scope of social sector has been extended to cover cardholders and beneficiaries under various schemes. Under the Motor Third Party Obligations, unit of measurement will be renewal of insurance coverage to goods carrying vehicles, passenger carrying vehicles and tractors.

- **IRDAI (Bima Sugam - Insurance Electronic Marketplace) Regulations, 2024**

The IRDAI (Bima Sugam - Insurance Electronic Marketplace) Regulations, 2024, aims to establish a Digital Public Infrastructure named *Bima Sugam* towards universalization and democratization of insurance as well as empowering and safeguarding policyholders' interests and achieve the vision of "Insurance for all by 2047". This marketplace serves as a one stop solution for all insurance stakeholders, including customers, insurers, intermediaries, and agents, thereby, promoting transparency, efficiency, and collaboration across the entire insurance value chain.

- **IRDAI (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) Regulations, 2024**

The IRDAI (Registration, Capital Structure, Transfer of Shares & Amalgamation Insurers) Regulations, 2024 streamline seven regulations into a single comprehensive framework. It aims to foster the growth of the insurance sector by simplifying various processes, including registration of insurers, transfer of shareholding, capital structure, amalgamation of insurers, and listing of shares on stock exchanges. By streamlining these procedures, the regulations seek to enhance the ease of doing business within the insurance industry, facilitating smoother operations and promoting overall sectoral growth.

- **IRDAI (Corporate Governance for Insurers) Regulations, 2024**

The IRDAI (Corporate Governance for Insurers) Regulations, 2024 aim to establish a robust governance framework for insurers, defining the roles and responsibilities of the board and management. This is for the first time that the governance aspects under the existing guidelines are notified in the form of regulations, which highlights the importance of governance in the functioning of an insurance company. It also prioritizes meeting the expectations of all stakeholders, especially policyholders, while ensuring the adoption of sound and prudent governance principles and practices. By emphasizing transparency, accountability, and ethical conduct, these regulations aim to enhance trust and confidence among stakeholders.

- **IRDAI (Insurance Products) Regulations, 2024**

The IRDAI (Insurance Products) Regulations, 2024 merge six regulations into a unified framework aimed at enabling insurers to swiftly respond to evolving market demands, enhancing the ease of conducting business, and boosting insurance penetration. These regulations promote good governance in product design and pricing, including strengthening of the principles governing guaranteed surrender value & special surrender value along with disclosures thereof. It also ensures that the insurers adopt sound management practices for effective oversight and due diligence. Additionally, the regulations encourage the development of innovative insurance products that cater to the requirements of different segments/strata of the society and provide wider choices while also considering the interests of policyholders and maintaining regulatory compliance, thereby, fostering a competitive marketplace.

- **IRDAI (Registration and Operations of Foreign Reinsurers Branches & Lloyd's India) Regulations, 2024**

The IRDAI (Registration and Operations of Foreign Reinsurers Branches & Lloyd's India) Regulations, 2024 consolidate two regulations and aims to foster the systematic development of the reinsurance sector in India by promoting orderly growth and harmonizing the existing legal and regulatory framework. These regulations seek to streamline the operations of entities engaged in reinsurance operations. By promoting transparency and stability, these regulations aim to create a conducive environment for the growth and expansion of the reinsurance sector, ultimately benefiting both insurers and policyholders in India.

- **IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024**

The IRDAI (Actuarial, Finance, and Investment Functions of Insurers) Regulations, 2024 consolidate nine regulations into a single framework focused on enhancing the efficiency and responsiveness of insurers' actuarial, finance, and investment functions. The objectives of these regulations include ensuring the

implementation of sound and responsive management practices for effective discharge of actuarial, finance, and investment functions, safeguarding policyholders' interests, and promoting ease of doing business. Additionally, the regulations emphasize the preparation and reporting of regulatory returns in accordance with applicable standards to provide transparency and accuracy in assessing the insurer's state of affairs, thereby safeguarding policyholders' interests and facilitating ease of doing business within the insurance sector.

- **IRDAI (Protection of Policyholders' Interests and Allied Matters of Insurers) Regulations, 2024**

The IRDAI (Protection of Policyholders' Interests and Allied Matters of Insurers) Regulations, 2024 consolidate eight regulations into a unified structure, focusing on several key objectives aimed at ensuring fair treatment of prospects during solicitation and sale of insurance policies and protecting the interests of policyholders throughout their engagement with insurers and distribution channels. These regulations emphasize the adoption of standard procedures and best practices by insurers and distribution channels to fulfill their obligations towards policyholders, including grievance redressal and policyholder-centric governance. Additionally, the regulations aim to promote prudent practices in risk management related to outsourcing activities by insurers. Furthermore, the regulations ensure that the opening or closing of places of business by insurers, both domestically and internationally, is conducted in a manner that prioritizes the interests of policyholders.

In conclusion, all of these measures are poised to propel the Indian insurance industry towards greater efficiency and effectiveness leading towards the vision of *Insurance for All by 2047*.
