client alert

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ahead of the curve

Clarity, Consistency and Consolidation: IRDAI's Proposed Revisit of the Registration Regulations

Background

The Insurance Regulatory and Development Authority of India (**IRDAI**) has released an exposure draft of the IRDAI (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) (First Amendment) Regulations, 2026 (the **Exposure Draft**), inviting public comments on the proposed amendments to the IRDAI (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) Regulations, 2024 (**Registration Regulations**). Upon the completion of the public consultation process, the amended Registration Regulations, with or without modifications, will be notified and shall come into force on the date of their publication in the Official Gazette. Several changes in the Exposure Draft appear to be directly informed by the legislative amendments introduced by The *Sabka Bima Sabki Raksha* (Amendment of Insurance Laws) Act, 2025 (**Amendment Act**), particularly the broadening of the amalgamation framework to encompass non - insurance entities, and the revision of the shareholding threshold beyond which prior IRDAI approval is required for share transfers.

The proposed amendments are critical for all stakeholders in the Indian insurance ecosystem, and our analysis of the key amendments is set out below.

(I) Regulation 30A: A New Pathway to Simplify Group Holding Structures

One of the most structurally significant proposals in the Exposure Draft is the introduction of Regulation 30A, which creates a regulatory pathway for the amalgamation of a non-operative holding company with its insurance subsidiary.

Under the proposed Regulation 30A, a company carrying on non-insurance business may amalgamate with its insurance subsidiary, provided: (i) the transferor company is a non-operative holding company of the insurer, meaning it holds more than 50% of the equity capital of the transferee insurer and has no business operations; and (ii) the scheme of amalgamation is prepared under Section 35 of the Insurance Act, 1938 (**Insurance Act**). This follows from the recognition of insurer-non-insurer amalgamations in the Amendment Act and fills an important regulatory gap for groups looking to simplify their corporate structures by collapsing non-operative holding entities into their insurance operating subsidiaries.

Whilst the conditions for the amalgamation are designed to ensure policyholder protection, one aspect of the proposed Regulation 30A that is likely to attract attention is the requirement that where an amalgamation takes place between a non-operative holding company and an insurer, the insurer must be the transferee i.e., the surviving entity. The non-insurance company cannot be the resulting entity under the scheme. This is a notable constraint, particularly given that the amended Section 35 of the Insurance Act speaks of the "*transferee insurer complying with the provisions of this Act at all times*". This language could be interpreted as a prospective obligation attaching to whoever receives the insurance business, rather than a precondition that the transferee must already be a registered insurer at the time the scheme is proposed. Similarly, the legislative substitution of "*two or more insurers*" with "*two or more entities*" in the amended Section 37 of the Insurance Act, broadens the conceptual framework of amalgamation beyond purely insurer-to-insurer transactions.

Whether the framework could be structured to also permit the non-insurance company to be the surviving entity with the certificate of registration being transferred to it, subject to appropriate regulatory safeguards is a question that the consultation process on the Exposure Draft is likely to bring into focus.

Additionally, all incoming shareholders of the transferor company are required to meet the "Fit and Proper" criteria under the Registration Regulations. Whilst the regulatory intent ensuring that those standing behind the insurer through intermediate structures are adequately scrutinised is well-founded, a question arises in cases where the non-insurance entity has a dispersed shareholding structure, including multiple minority shareholders or, in the case of a listed entity, a widely spread public float. In such situations, applying the full suite of fit and proper criteria universally to all shareholders may present practical challenges. How the IRDAI proposes to calibrate the application of these requirements in such scenarios is worth watching as the consultation progresses.

(II) Changes to Share Transfer Approval Regime

The Exposure Draft proposes to replace Regulation 21 of the Registration Regulations in its entirety, introducing a revised framework for prior approval for transfer of shares or issue of equity capital of an insurer.

(A) On the basis of the Transferee's Holding

The Exposure Draft now clarifies that the trigger is at every 5% multiple – i.e. a shareholder going from 7% to 11% would need a prior IRDAI approval since the prior approval is triggered when the acquirer's holding breaches the 5% multiple.

Scenario	Current Position	Proposed Position
Transferee holds ≤5% before transfer	Prior approval required if after the transfer, the total paid-up equity holding of the transferee is likely to exceed 5%	No change
Transferee holds >5% before transfer	Prior approval required for each subsequent transfer where the holding exceeds further 5% of paid-up equity capital in a financial year	Clarifies that prior approval required each time the transfer causes the holding to exceed any multiple of 5% (i.e., 10%, 15%, 20%, etc.) of paid-up equity capital

(B) On the basis of equity holding proposed to be transferred

Currently, the Registration Regulations state that where the nominal value of shares intended to be transferred by an individual firm, group constituents of a group or body corporate under same management jointly or severally exceeds 1% of the paid-up equity capital of the insurer and for any subsequent transfers by the transferor where the paid-up equity capital of the insurer exceeds 1% of the paid-up equity capital, in a financial year, a prior approval of the IRDAI is required. The Exposure Draft raises this threshold to 5% of the

paid-up equity capital in a financial year, thereby aligning with the Amendment Act, which raised the prior approval threshold to 5%.

Further, the proposed Regulation 21(2), which governs the quantum of shares being transferred expressly provides that the 5% threshold applies on a per financial year basis. By contrast, Regulation 21(1), which is triggered by the transferee's resulting shareholding crossing multiples of 5% contains no corresponding reference to a financial year. Clarification that the financial year basis applies uniformly to both sub-clauses, so as to avoid interpretational uncertainty in practice, would be welcome.

Critically, the proposed new Regulation 21 includes an express proviso that the requirement of prior approval shall also apply to transfers of shares carried out amongst group entities. Whilst this is an addition, it does not represent a substantive departure from the legal position that has prevailed thus far. The prior approval requirement under Regulation 21 of the Registration Regulations operates by reference to the act of transfer itself – in other words, it did not distinguish between transfers to third parties and transfers between group entities. Similarly, the underlying statutory obligation under Section 6A(4)(b) of the Insurance Act applies universally to any transfer of shares crossing the prescribed thresholds, without carving out intra-group transactions. There was therefore never a sound regulatory basis for the view that intra-group transfers were exempted, and the proviso merely makes explicit what has been implicit in the framework all along.

(III) Abolition of the Listed Insurer Self-Certification Regime

The Exposure Draft proposes to omit Regulation 25 of the Registration Regulations in its entirety. The abolition of Regulation 25 means share transfers in listed insurers will be brought within the general framework of the substituted Regulation 21.

Under the extant Regulation 25(2) of the Registration Regulations, the regime for listed insurers operates as follows: prior approval is required when an acquirer's aggregate holding first exceeds 5% of paid-up equity capital; no approval is required for subsequent acquisitions that keep the holding at or below 10%; and prior approval is again required for any subsequent acquisition that takes or is likely to take the aggregate holding to more than 10%. Critically, the language of Regulation 25(2)(c): "*any subsequent acquisitions... which shall or is likely to take aggregate holding... to more than ten per cent*" – is arguably broad enough to require prior approval for every acquisition once the holding has crossed 10%, since each further acquisition continues to "take" the holding to more than 10%.

Under the substituted Regulation 21, the initial trigger of more than 5% remains unchanged for listed insurers. However, the regime for subsequent acquisitions is restructured: prior approval is required only when the acquirer's holding crosses a fresh multiple of 5% (i.e., 10%, 15%, 20%, and so on). Viewed objectively, the proposed regime is less restrictive for acquirers of listed insurers than the extant framework, insofar as it replaces what is arguably a requirement of prior approval for every acquisition above 10% with a system of periodic triggers at defined multiples, thereby affording acquirers greater flexibility between those thresholds.

(IV) Passive Dilution Expressly Clarified as a "Share Transfer"

The Exposure Draft proposes to insert an explanation to the definition of "Transfer of Shares" under Regulation 3(1)(ff), providing that in case of fresh issuance of equity shares by any insurer, a decrease in the shareholding of any shareholder pursuant to non-subscription on a pro-rata basis shall be treated as shares intended to be transferred.

The current regulatory framework does not expressly characterise passive dilution (i.e., where a shareholder simply does not participate in a rights issue and sees its shareholding percentage fall as a result) as a "transfer" engaging the prior approval obligations under the Registration Regulations. That said, in practice, the prevailing market position has been to treat dilution of shareholding pursuant to non-participation in a rights issue as a 'transfer' and to seek prior approval accordingly. Indeed, the IRDAI has, in at least one enforcement action in 2024, imposed a monetary penalty on an insurer for failing to obtain prior approval where a rights issue was subscribed to by only one of its shareholders, resulting in a change in the shareholding pattern – thereby confirming the regulatory expectation that such transactions engage the prior approval requirement, notwithstanding the absence of an express statutory or regulatory provision to that effect at the time.

The proposed change creates a clear, express, and unambiguous obligation on the insurer to engage the prior approval mechanism where the passive dilution of any non-participating shareholding in case of a rights issue, takes it across a 5% threshold.

Further, the IRDAI prior approval process must be sufficiently expedient to accommodate the compressed statutory and regulatory timelines that govern rights issue transactions. In certain situations, a delay in obtaining IRDAI approval may directly conflict with hard legal deadlines that admit of no extension. A salient example arises under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 which require that a company allots its securities within 60 days from the date of receipt of application money from a foreign investor. Similarly, the Companies Act, 2013 prescribes that the letter of offer for a rights issue must fix an acceptance period that cannot in any case exceed 30 days from the date of offer and if the offer is not accepted within that period, it is deemed to have been declined.

IRDAI should therefore consider the introduction of a defined outer time limit for processing prior approval applications arising in the context of rights issues or alternatively, a fast-track approval pathway for such situations.

(V) FATF Compliance as the Jurisdictional Standard: An Extension

The Exposure Draft's use of the Financial Action Task Force (**FATF**) compliance standard as a jurisdictional filter for foreign participation is not a novel concept in the Registration Regulations framework. The FATF-compliance standard was already embedded in the definition of "Private Equity Fund" under the existing Regulation 3(1)(u)(iii), which includes *funds formed specifically for the purpose of investment that are registered, or whose manager is registered, with a relevant financial sector regulator in any FATF-compliant jurisdiction*. More pertinently, the IRDAI had, on September 6, 2024, via a circular (**IRDAI Circular**) substituting paragraph D.2 of the Master Circular on the Registration Regulations, already introduced the FATF-based standard for subscribers to Other Forms of Capital permitting *subscription by any entity incorporated, set up or registered under any law in force in India or in any FATF-compliant jurisdiction, subject to compliance with applicable laws including those pertaining to foreign exchange, taxation, anti-money laundering and combating the financing of terrorism*.

What the Exposure Draft now does is elevate this standard from circular-level guidance into the body of the Registration Regulations through proposed changes in Regulation 50 and extend it to two further categories: (i) the definition of "Foreign Promoter" under Regulation 3(1)(j), and (ii) the definition of "Special Purpose Vehicle" (**SPV**). The amendment to Regulation 50 is therefore, in substance, a codification of what was already introduced by the IRDAI Circular, whilst the extension to "Foreign Promoter" and "Special Purpose Vehicle" represents the new ground being covered.

A significant concern arises, however, from the fact that neither the Exposure Draft nor the Registration Regulations contain any definition of "FATF-compliant jurisdiction". Given that eligibility to participate as a foreign promoter, SPV, or subscriber to other forms of capital will turn directly on this question, the lack of a defined standard introduces a degree of ambiguity. A workable approach would be to adopt a negative-list formulation – defining a "FATF-compliant jurisdiction" by reference to jurisdictions that do not appear on the lists of jurisdictions identified by the FATF as having strategic deficiencies in their anti-money laundering and combating the financing of terrorism frameworks. Such a definition would provide an objective, externally verifiable standard that is self-updating as the FATF revises its assessments, and would bring certainty to the eligibility determination for foreign participants across all three categories.

A further and related drafting question arises from the treatment of individuals across both provisions. The current definition of "Foreign Promoter" expressly excludes individuals. The Exposure Draft deletes this express exclusion and replaces it with the words "*incorporated in any Financial Action Task Force compliant jurisdiction.*" Whilst the word "incorporated" inherently refers to legal entities and would exclude natural persons, the deletion of the express exclusion without a clear statement of intent creates ambiguity as to whether the Exposure Draft intends to open the definition to individuals or to maintain the exclusion through alternate drafting.

This ambiguity is compounded by the fact that the term "foreign investors," which forms the foundation of the "Foreign Promoter" definition, is drawn from the Indian Insurance Companies (Foreign Investment) Rules, 2015, which in turn references the Foreign Exchange Management Act, 1999 - a framework that defines "persons resident outside India" in terms broad enough to include individuals. A parallel concern arises under Regulation 50, where the substitution of "any person as may be specified" with "any entity incorporated, set up or registered" narrows the class of eligible subscribers from the broad concept of "person". Whether the cumulative effect of these drafting choices reflects a deliberate regulatory policy to exclude individuals from all categories of participation, or whether it is an inadvertent consequence of the drafting exercise, is a question that the consultation process presents a timely opportunity to resolve with clarity.

(VI) Special Purpose Vehicles: Expanded Scope and Residual Ambiguities

The Exposure Draft proposes to replace the introductory words of Regulation 10 with: "A Special Purpose Vehicle may be promoter of an appli*cant, upon satisfaction of the Authority, subject to the following conditions...*" The substituted language affirmatively recognises an SPV's entitlement to be a promoter, subject to IRDAI satisfaction. With the proposed changes in the Exposure Draft, mere compliance with the prescribed conditions is no longer sufficient, the IRDAI's satisfaction now operates as a standalone and overriding prerequisite, vesting in IRDAI a residual discretion to withhold approval even where every enumerated condition has been technically fulfilled.

The Exposure Draft also substitutes clauses (5), (6) and (7) of Regulation 10 with the effect that the requirement for the equity shares issued by the SPV to be valued at a price determined on the basis of a valuation certificate issued by a SEBI Registered Category-I Merchant Banker is deleted, whilst the requirements relating to the applicability of fit and proper criteria and the minimum paid-up capital are retained.

The deletion, whilst perhaps intended to reduce compliance friction, raises a question that is not answered by the Exposure Draft. Under Regulation 10(3), prior approval of the IRDAI is required for transfers of shares of the SPV in accordance with the manner specified in the regulations, which in turn engages Regulation 22(3), under which an application

for transfer of shares must be accompanied by a certificate from a Category-I Merchant Banker registered under SEBI, certifying the fair value per share.

It is therefore at least arguable that the merchant banker valuation requirement survives the deletion of Regulation 10(6) by operation of Regulation 22(3), read with Regulation 10(3). A further and more practical concern arises in the context of foreign SPVs, which the Exposure Draft now expressly contemplates by inserting the words "*or incorporated in any Financial Action Task Force compliant foreign jurisdiction*" into the definition of SPV. For a foreign SPV, an Indian SEBI-registered Category-I Merchant Banker would not ordinarily be qualified to issue a valuation certificate in respect of a foreign entity, raising the question of whether a foreign equivalent, such as a chartered accountant or investment bank in the relevant jurisdiction, would be acceptable, and if so, on what terms.

Additionally, under the current Regulation 12(3), equity shares of both the applicant and its SPV are required to be issued at face value until the commencement of insurance business, with a proviso permitting issuances at a premium thereafter. The proviso, as currently framed, does not expressly subject such premium issuances to any specific regulatory approval requirement. The Exposure Draft now clarifies that the approval requirement for such issuances is triggered only when the threshold prescribed under Section 6A of the Insurance Act, read with Regulation 21 of the Registration Regulations, is breached.

(VII) Matters of Clarification

(A) Indian Promoter Definition

The Exposure Draft proposes to amend the definition of "Indian Promoter" under Regulation 3(1)(l) of the Registration Regulations by inserting, immediately after the word "means", the words "any of the following, which meets one or more of the conditions in clause (69) of Section 2 of Companies Act, 2013", and simultaneously omitting those same words from their current position after sub-clause (viii).

This is, in substance, a clarificatory amendment rather than any substantive change. Whilst the conditions under Section 2(69) of the Companies Act, 2013, have always featured in the definition, it appeared after the semi-colon following sub-clause (viii). However, its placement at the tail end of the enumerated list arguably created an ambiguity as to whether the condition applied only to the residual category in sub-clause (viii), or whether it governed all the preceding categories as well. The proposed amendment attempts to remove such ambiguity by moving the condition to the opening of the definition, making clear that it applies universally to each category of Indian Promoter enumerated in Regulation 3(1)(l).

Further, under Reg 3(1)(l)(iii), after the words "*Core Investment Company*", the words "*registered with Reserve Bank of India*" are proposed to be inserted. As per the proposed changes, only Core Investment Companies (**CICs**) that are registered with the Reserve bank of India will qualify as Indian Promoters. Consequently, unregistered CICs will be excluded from acting as promoters of an Indian insurer. Further, whilst the Master Direction – Core Investment Companies (Reserve Bank) Directions, 2016 has been withdrawn and replaced with the Reserve Bank of India (Core Investment Companies) Directions, 2025, the reference to the 2016 Directions has been retained in the Exposure Draft. Given that the RBI's regulatory framework governing CICs is subject to periodic revision and replacement, it may be more prudent to anchor the eligibility requirement solely to the fact of registration with the RBI, without tethering it to any specific underlying direction or regulation, thereby insulating the provision against the need for consequential amendment each time the RBI's framework evolves.

(B) Applicability of lock-in on investments in mature insurers

The Exposure Draft also corrects what appears to be an inadvertent omission in the current Registration Regulations. Serial number 5 of the table under Regulation 8(2), which covers lock-in on investments made after 15 years from the grant of the Certificate of Registration, did not previously carry the qualifier "in case of change in shareholding pattern" – a qualifier

that is expressly present in the other entries in the table setting out the vintage-based lock-in on investments in insurers. This created an ambiguity as to whether the lock-in obligation under this entry applied to all investments in a mature insurer, or only to those involving a change in shareholding pattern. The Exposure Draft inserts this qualifier expressly, bringing serial number 5 in line with the rest of the table and clarifying that the lock-in applies only where there is a change in shareholding pattern.

Further, under the current Registration Regulations, the lock-in provisions contain a de minimis carve-out calibrated at **1%** of paid-up share capital. It states that the lock-in period shall not be applicable in case of investor holding not more than 1% of the equity shares of the insurer. However, this threshold was set against a regulatory backdrop where the prior IRDAI approval requirement was itself anchored at more than **1%** change in shareholding. Given that the Exposure Draft proposes to raise the threshold for seeking prior IRDAI approval for transfer of shares to more than **5%** of paid-up share capital, as a matter of regulatory consistency, the de minimis lock-in threshold should be correspondingly revised upward from 1% to 5%.

(C) Insurer Naming: Mandatory Use of Insurance Words and NOC for Name Changes

The Exposure Draft also proposes to insert a new standalone Regulation 56A, dealing comprehensively with the naming requirements for insurers. It is noteworthy that the subject matter of this provision is not entirely new to the regulatory framework as this restriction on applicants whose names do not contain the words "insurance", "assurance" or "reinsurance" was previously embedded within Regulation 5(3) of the Registration Regulations, as one of the disqualifications for new applicants seeking registration. The Exposure Draft omits Regulation 5(3) from its existing position and replaces it with the new Regulation 56A elevating and expanding what was previously a narrow registration-stage disqualification into a broader, standalone provision of general applicability.

The proposed Regulation 56A provides, first, that no person other than an insurer shall use the words "insurance", "insurer", "assurance", "re-insurance", "insurance company" or any derivatives as part of its name or in connection with its business; and second, that no person shall carry on insurance business in India unless it uses at least one such word as part of its name. A twelve-month transition period is provided for existing insurers whose names do not currently comply with this requirement, running from the date of notification of the amended Registration Regulations.

The requirement for an insurer to obtain a No-Objection Certificate from IRDAI prior to a name change is not, in practice, an unfamiliar one. Insurers have, as a matter of established practice, sought IRDAI's approval before effecting a name change, given that the certificate of registration is issued in the name of the insurer and any change necessitates IRDAI updating its records. What the proposed Regulation 56A does, however, is codify this practice into the formal regulatory framework for the first time – converting what was previously an unwritten convention into a defined, express regulatory requirement with its own standalone prescription.

Concluding Thoughts

The Exposure Draft is, in many respects, as much a document of consolidation as it is of substantive reform. Several of its proposals resolve longstanding ambiguities and bring into the formal regulatory text positions that had, over time, developed through practice, circulars, or implication – the express treatment of passive dilution as a transfer, and the codification of the approval requirement for intra-group share transfers, being notable examples. Others, however, introduce changes that carry real structural consequence – Regulation 30A, which creates a pathway for the collapse of non-operative holding structures, being the most significant among them. The consultation window, which closes on July 6, 2026, presents a meaningful opportunity for stakeholders to engage with the IRDAI on these proposals. Given the breadth and significance of what is contemplated, such engagement is likely to be both necessary and worthwhile.

End Notes - Proposed changes

(I) Regulation 30A: A New Pathway to Simplify Group Holding Structures

30A Amalgamation / transfer of non-insurance business with insurance business

(1) Eligibility criteria:

(a) The transferor company being a company carrying on non-insurance business must be Non-operative holding company of the insurer with which it proposes to amalgamate i.e.

(i) Transferor company should be holding more than 50% of the equity capital of the transferee insurer.

(ii) Transferor company should not be having any business operations.

(b) The scheme of amalgamation must be prepared under section 35 of the Act.

(2) Condition for amalgamation:

(a) Policyholders' fund of the transferee insurer cannot be used, at any point of time, to meet any liabilities or claims or obligations arising out of amalgamation.

(b) The Board of the transferee insurer will satisfy itself that such amalgamation will not adversely impact the interest of the policyholders of the transferee insurer.

(c) The transferee insurer shall demonstrate, to the satisfaction of the Authority, that the solvency of the said insurer, post amalgamation, will remain above control level.

(d) Consideration: In consideration for the amalgamation, the transferee insurer shall only be permitted to issue its equity shares to the shareholders of the transferor company. No other form shall be permissible for payment of consideration. The said shareholders of the transferor company shall be required to meet the 'Fit and Proper' criteria as laid down in Registration Regulations, 2024.

Provided that where the share exchange ratio results in fractional entitlements, such fractional entitlements shall be settled in cash, based on the fair value of shares.

(3) Conditions related to post amalgamation:

(a) Post amalgamation, transferee insurer must only engage in insurance business for which it has been granted certificate of registration by the Authority.

(b) Transferee insurer and its promoters shall ensure that the solvency of the said insurer, post amalgamation, remains above control level, at all times.

(c) Transferee insurer and its promoters shall ensure that the interest of the policyholders of the said insurer, post amalgamation, remains protected at all times.

(d) Transferee insurer shall ensure that the insurance operations are carried out in compliance with all requirements of the Insurance Regulatory Development Authority Act, 1999, Insurance Act, 1938, the Rules and the Regulations framed thereunder and the directions issued by the Authority.

(e) The Authority may impose such additional conditions as may be considered necessary

(II) Changes to Share Transfer Approval Regime

CHAPTER IV: TRANSFER OF SHARES

21. Requirement of Prior-Approval for transfer of shares:

No registration of transfer of shares or issue of equity capital of an insurer shall be made without prior-approval of the Authority in any of following cases:

(1) On the basis of equity holding of the transferee:

a) Where the total paid-up equity capital holding of transferee before the transfer is five percent or less, and ~~Where~~ after the transfer, ~~the~~ total paid-up equity ~~capital~~ holding of transferee ~~in the shares of the insurer~~ is likely to exceed five percent of the paid-up equity capital of the insurer

~~(1)~~b) Where the total paid-up equity capital holding of transferee before the transfer is more than five percent, and after the transfer, total equity holding of transferee is likely to exceed any multiple of five percent ~~and any subsequent transfers where the shareholding of the transferee exceeds further 5%~~ of the paid-up equity capital of the insurer, ~~in a financial year~~.

(2) **On the basis of equity holding proposed to be transferred**: where the nominal value of shares intended to be transferred by an individual firm, group constituents of a group or body corporate under same management jointly or severally exceeds ~~one~~ five percent of the paid-up equity capital of the insurer and ~~for any subsequent transfers by the transferor where the paid-up equity capital of the insurer exceeds 1% of the paid-up equity capital~~, in a financial year.

~~(3) For the purpose of calculating the quantum of transfer or acquisition of shares, the cumulative transfers or acquisitions made during a given financial year shall be considered, irrespective of number of transactions and number of transferees in case of a transferor and number of transferors in case of an acquirer:~~

~~Provided that in case of insurers having its equity shares listed on any stock exchange recognized in India, the above mentioned cumulation shall apply only with regards to equity shares held by a promoter of the insurers.~~

Provided that notwithstanding any of the above, even when the acquisition or aggregate holding of any person is proposed to be less than five percent and if the concerned insurer suspects that dubious methods have been adopted to get over the ceiling of five percent to camouflage the real purpose by individuals or groups with a view to acquire controlling interest in the insurer, a reference shall be made to the Authority by the concerned insurer. In such cases, it shall be in order for the Authority pass such order as may be deemed fit.

Provided further that the requirement of prior-approval for transfer of shares under this regulation shall also apply for transfer of shares carried out amongst group entities.

(III) Abolition of the Listed Insurer Self-Certification Regime

~~**25. Transfer of shares in case of listed insurance companies:**~~

~~(1) Transfer of more than one percent but less than five percent of paid-up equity capital of any insurer having its equity shares listed on stock exchange recognized in India:~~

~~(a) Any person may transfer equity shares exceeding one percent but less than five percent of the paid- up equity capital of such insurer subject to filing self-certification with the insurer that such transfer is in compliance with other applicable laws. Such filing with the insurer shall be considered as the deemed approval of the Authority for the purpose of Section 6A(4)(b)(iii) of the Act.~~

~~(b) The transferor shall file the self-certification with the insurer immediately upon execution of the transaction. The transferor is required to ensure compliance for any transaction(s) aggregating to more than one per cent of the paid-up equity capital.~~

~~(2) Acquisition exceeding five percent of paid-up equity capital of any insurer having its equity shares listed on a stock exchange recognized in India:~~

~~(a) Every person, in order to acquire equity shares of an insurer which shall or is likely to take the aggregate holding of such person in the said insurer to more than five per cent of the paid-up equity share capital of the insurer, shall seek prior approval of the Authority for such transfers in the manner as specified in the Regulation 22.~~

~~(b) For any subsequent acquisition of equity shares of the insurer, by such person, which shall or is likely to take aggregate holding in the said insurer to not more than ten per cent of the paid-up equity capital of the insurer, prior approval of the Authority shall not be required.~~

~~(c)(a) Any subsequent acquisitions of equity shares of the insurer, by such person, which shall or is likely to take aggregate holding in the said insurer to more than ten per cent of the paid-up equity capital of the insurer, prior approval of the Authority shall be obtained in the manner specified in Regulation 22.~~

~~(3) Notwithstanding any of the above, even when the acquisition or aggregate holding of any person is proposed to be less than five percent and if the concerned listed insurer suspects that dubious methods have been adopted to get over the ceiling of five percent to camouflage the real purpose by individuals or groups with a view to acquire controlling interest in the insurer, a reference shall be made to the Authority by the concerned insurer. In such cases, it shall be in order for the Authority to require such shareholders to comply with the Due Diligence and Fit and Proper criteria.~~

(IV) Passive Dilution Expressly Clarified as a "Share Transfer"

(ff) **"Transfer of Shares"** includes transfer of shares from existing shareholder(s) to another person and includes transmission and fresh issuance of the equity shares which leads to change in the shareholding pattern of an insurer.

Explanation: In case of fresh issuance of equity shares by any insurer, decrease in shareholding of any shareholder pursuant to non-subscription on pro-rata basis, shall be treated as shares intended to be transferred.

(V) FATF Compliance as the Jurisdictional Standard: An Extension

50. Subscribers to the Instruments: The other forms of capital issued by any insurer may be subscribed by any entity incorporated, set-up or registered under any law for the time being in force in India or in any Financial Action Task Force compliant jurisdiction, subject to compliance with all other applicable laws including but not limited to laws pertaining to taxation, foreign exchange, anti-money laundering, combating the financing of terrorism. ~~The issuance of such instruments may be subscribed by any person as may be specified subject to compliance of all other applicable laws.~~

(VI) Special Purpose Vehicles: Expanded Scope and Residual Ambiguities

10. Special Purpose Vehicle: A Special Purpose Vehicle may be promoter of an applicant, upon satisfaction of the Authority, subject to the following conditions ~~In case the applicant is promoted by a Special Purpose Vehicle (SPV), the following conditions shall be complied with:~~

(1) The SPV has not issued and shall not issue convertible instruments of any kind;

(2) No stock options or sweat equity shares shall be issued to the employees or directors of SPV;

(3) Prior approval of the Authority shall be obtained for transfer of shares of the SPV as per the limits specified under Section 6A of the Act in accordance with the manner specified in these regulations;

(4) The investment limits, lock-in period and other requirements as per these regulations shall also be applicable at the SPV level;

(5) The criteria as may be specified with respect to clause (c) of sub Regulation (2) of Regulation 6 shall also be applicable for the promoter and investor of the SPV;

~~(6) Subject to Regulation 12(3), the equity shares to be issued by the SPV shall be valued at a price determined on the basis of valuation certificate issued by one SEBI Registered Category-I Merchant Banker. Such certificate shall not have been issued prior to ninety (90) days from the date of allotment of shares. The Merchant Bankers shall provide a proper report addressed to the Board of Directors with justification for such valuation. A copy of the summary along with critical elements of the valuation report shall be sent to the shareholders along with the notice of the general meeting; and~~

(7)(6) The paid-up capital of the SPV shall be equal to or more than the minimum paid up capital of the applicant required under section 6 of the Act.

12. Minimum Paid-up Equity Capital:

(1) The following shall be the minimum paid-up equity capital of the Applicant:

Class of Insurance Business	Minimum Paid-up Equity Capital
Life insurance business	Rupees one hundred crore
General insurance business	Rupees one hundred crore
Health insurance business exclusively	Rupees one hundred crore
Reinsurance business exclusively	Rupees two hundred crore

(2) The paid-up equity capital of the applicant and SPV, if any, after deducting the preliminary expenses, shall be adequate to comply with the requirements of section 6 of the Act.

(3) Till the time of commencement of insurance business:

(i) The equity shares of the Applicant and SPV shall be issued at its face value;

(ii) The infusion of funds in the Applicant and SPV, by its shareholders, shall be commensurate with the percentage of their equity stake in the Applicant and SPV:

Provided that ~~the issuance of equity shares of insurer or SPV may be permitted to be issued at premium, after the commencement of business.~~

Provided that equity shares of insurer or SPV may be issued at premium, after the commencement of business, subject to the prior-approval of the Authority in accordance section 6A of the Act read with Regulation 21 of these Regulations.

(VII) Matters of Clarification

(a) Indian Promoter Definition

(i) "**Indian Promoter**" means any of the following, which meets one or more of the conditions in clause (69) of Section 2 of Companies Act, 2013--

(i) a company as defined in the Companies Act, 2013 (18 of 2013), which is not a subsidiary as defined in clause (87) of section 2 of that Act:

Provided that a subsidiary company may be allowed to be a promoter of the applicant if it meets the following conditions:

a. The said company is listed on the stock exchange(s) in India;

b. The said company has its own source of funds, independent from its holding company;

c. The said company has a net worth of at least Rs.500 crore as at the end of the financial year preceding the date of application; and

d. The holding company of the said company is not subsidiary of any other company.

(ii) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 but does not include a foreign bank set up as a wholly owned subsidiary or a branch in India.

(iii) a Core Investment Company registered with Reserve Bank of India under Core Investment Companies (Reserve Bank) Directions, 2016 as amended from time to time.

(iv) a public financial institution as defined in clause (72) of section 2 of the Companies Act, 2013 (18 of 2013).

(v) a co-operative society registered under any relevant law for the time being in force.

(vi) a limited liability partnership formed under the Limited Liability Partnership Act, 2008 (6 of 2009).

(vii) a Non-Operative Financial Holding Company registered with Reserve Bank of India.

(viii) Any other person or entity as may be allowed by the Authority from time to time~~; which meets one or more of the conditions in clause (69) of Section 2 of Companies Act, 2013~~.

(b) Applicability of lock-in

Sl. No.	Particulars	Investment in the capacity of	Lock-in Period
1	Investment at the time of or before grant of R3 (i.e. Certificate of Registration)	Promoter or Investor	5 years from the date of grant of R3
2	Investment during 5 years post grant of R3: In case of change in shareholding pattern	Promoter or Investor	Earlier of the following: a) 5 years from the date of investment; or b) 8 years from the grant of R3.
3	Investment after 5 years but before 10 years post grant of R3: In case of change in shareholding pattern	Promoter	Earlier of the following: a) 3 years from the date of investment; or b) 12 years from the grant of R3
		Investor	Earlier of the following: a) 2 years from the date of investment; or b) 11 years from the grant of R3
4	Investment after 10 years but before 15 years post grant of R3: In case of change in shareholding pattern	Promoter	2 years from the date of investment
		Investor	1 year from the date of investment
5	Investment after 15 years post grant of R3: In case of change in shareholding pattern	Promoter	1 year from the date of investment
		Investor	Nil

(c) Insurer Naming: Mandatory Use of Insurance Words and NOC for Name Changes

56A. Name of the Insurer:

(1) 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.

Provided that the existing insurers shall also comply with this regulation within a time period of twelve (12) months from the date of notification of the Insurance Regulatory and Development Authority of India (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) (First Amendment) Regulations, 2026.

(2) No insurer shall change its name without obtaining No-objection certificate from the Competent Authority.

5. Disqualifications for Applicant: An applicant shall not be eligible to apply for the requisition in the following circumstances:

(1) Where the requisition for registration application or the application for registration has been rejected at any time during two financial years preceding the date of application; or

(2) Where Certificate of Registration has been cancelled by the Authority at any time during two financial years preceding the date of application.~~; or~~

~~(3) Where the name of the applicant does not contain the words 'insurance' or 'assurance' or 'reinsurance'.~~

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