

Sabko Bima Sabko Raksha (Amendment of Insurance Laws) Bill, 2025

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Why in news?

Lok Sabha has passed the insurance bill seeking to remove the Foreign Direct Investment (FDI) cap, along with over a dozen key sectoral reforms.

- **Aim** - To **liberalise, modernise & democratize** India's insurance sector.
- It ensures wider coverage, stronger regulation, and better consumer protection while opening the doors to global investment and expertise.
- **Amended laws** - Insurance Act, 1938, the Life Insurance Corporation Act, 1956, and the Insurance Regulatory and Development Authority Act, 1999.

Key Provisions of the Bill

- **FDI Increase** - It raises the foreign investment cap in insurance **from 74% to 100%**, to attract investment, facilitate technology transfer, increase insurance penetration and social protection.

FDI limit for insurance companies was raised from 26% to 49% in 2015 and from 49% to 74% in 2021 and now it is 100%.

- **Regulated by**- It grants IRDAI authority to expel wrongful gains from insurers and intermediaries, strengthening consumer protection.
- **Autonomy to LIC** - It gives LIC greater operational freedom, empowering it to set up new zonal offices without requiring prior government approvals, enabling faster expansion, improved administrative efficiency, and better regional oversight.
- **Penalty Rationalisation** - The maximum penalty on insurance intermediaries increased from Rs 1 crore to Rs 10 crore, aimed at serving as a strong deterrent and promoting adherence to legal and regulatory norms.
- **Reinsurance Reform** - It reduces the net owned fund requirement for foreign reinsurance branches **from Rs 5,000 crore to Rs 1,000 crore**, encouraging more reinsurers to operate in India.
- **Public Sector Support** - The government's priority is to reinforce public sector insurance firms, noting that Rs 17,450 crore has been injected into three state-owned general insurers to bolster their capital base.

- **Sectoral Growth Data -**

- **Number of insurers** - Increased from 53 (2014-15) to 74 (2024-25).
- **Total insurance premium mobilised** - During the same period went up from Rs 4.15 lakh crore to Rs 11.93 lakh crore.
- **Assets under management (AUM)** - Increased from Rs 24.20 lakh crore to Rs 74.43 lakh crore.

References

1. [The Hindu | LS passes bill on insurance sector](#)
2. [Indian Express | LS passes Bill to raise FDI limit in insurance sector](#)

