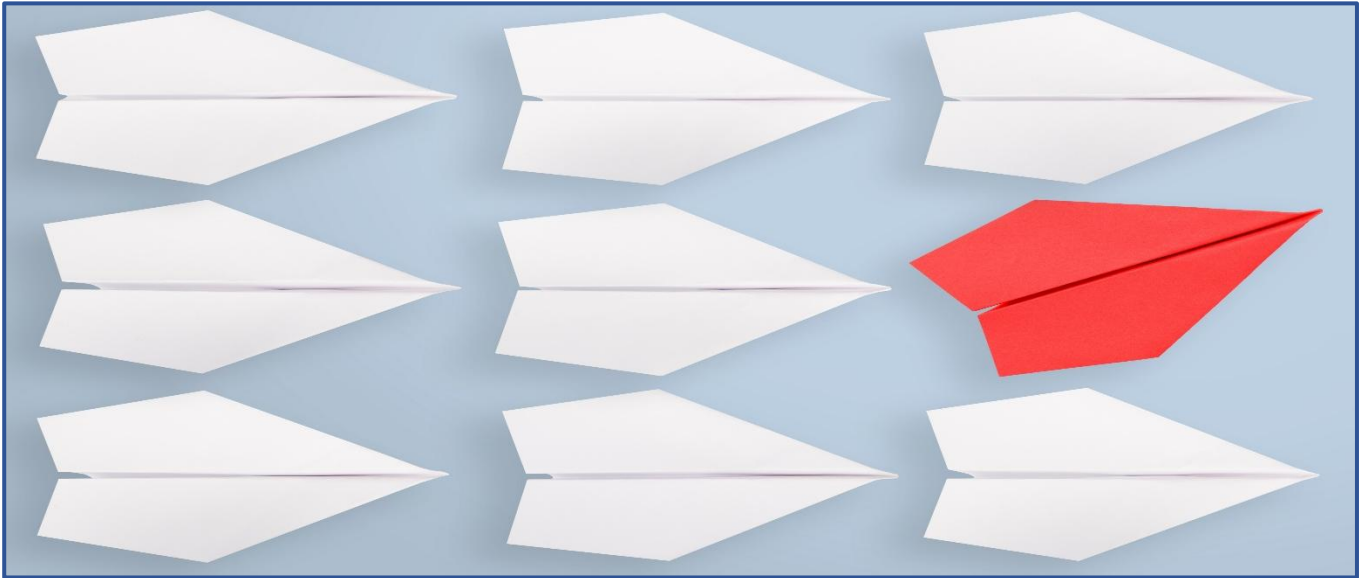


NEWS ALERT

11 September 2026



IRDAI notifies Amendment Regulations on Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers

The IRDAI (Registration, Capital Structure, Transfer of Shares and Amalgamation of Insurers) (Amendment) Regulations, 2026 introduce key changes relating to insurer ownership, share transfers, amalgamations, foreign investment compliance and governance requirements, while also streamlining registration procedures and enhancing disclosure obligations for promoters and investors. The amendments are aimed at strengthening regulatory oversight, facilitating corporate restructuring and improving transparency within the insurance sector.

Key changes Introduced:

1. Definitions

- i. The term 'Transacting entity' replaces the term 'transacting insurer' to cover all

entities involved in an amalgamation or transfer scheme filed with IRDAI.

- ii. The term 'Transferor entity' replaces the term 'transferor insurer' to cover entities proposing a transfer or amalgamation of its insurance or non-insurance business with another entity.

2. Eligible Investor Framework

Scope of foreign promoters is limited to entities incorporated in Financial Action Task Force (FATF) compliant jurisdictions to participate in specified investment and capital structures.

3. Revised Share Transfer Approval Thresholds

IRDAI has introduced a framework for obtaining prior approval for transfer or

issuance of equity shares in the following cases.

On the basis of equity holding of the transferee:

- i. The total paid-up equity capital holding of the transferee before transfer is $\leq 5\%$, and after the transfer, it is likely to exceed 5%
- ii. The total paid-up equity capital holding of the transferee before transfer is $> 5\%$ and
 - a. after the transfer, it is likely to exceed 10% or 25% or 50% or 75%
 - b. the transferee is likely to become the single largest shareholder.

On the basis of equity holding proposed to be transferred:

- i. The nominal value of shares intended to be transferred by any individual, firm, group, constituents of a group, or body corporate under same management, jointly or severally, exceeds 5% of the paid-up equity capital of the insurer in a financial year.

4. Lock-in Period Relaxation

The competent authority has been empowered to relax lock-in requirements in specific situations, as follows:

- i. Proposed listing of the insurer on Indian stock exchanges;
- ii. Financial distress of the insurer or its shareholders; and
- iii. Reorganisation or amalgamation arising from changes in applicable laws.

5. New Framework for Amalgamation of Insurance and Non-Insurance Businesses

A new Regulation 30A has been introduced to provide a framework for the

amalgamation or transfer of a non-insurance business with an insurance business. The provision specifically facilitates restructuring involving a holding company and its insurance subsidiary, subject to IRDAI approval and compliance with Section 35 of the Insurance Act, 1938. The framework seeks to simplify group structures while ensuring that policyholder interests remain protected, prescribed solvency levels are maintained and the resulting entity continues to undertake only insurance business. Further, policyholders' funds cannot be utilised to meet liabilities arising out of such amalgamations, thereby strengthening safeguards for policyholder protection. The transferee insurer may discharge the consideration solely through the issuance of its equity shares to the shareholders of the transferor entity. No other form of consideration shall be permissible for the purposes of such amalgamation.

6. Requirements relating to names of Insurer

- i. A new Regulation 56A has been introduced restricting the use of terms such as "Insurance", "Insurer", "Assurance", "Re-insurance" and similar derivatives to authorised insurers.
- ii. No person shall undertake insurance business in India unless its name includes at least one of the prescribed insurance-related terms.
- iii. Existing insurers have been granted a transition period of 12 months to comply with this regulation.
- iv. Further, insurers intending to change their name must obtain a No Objection Certificate from the competent authority.

Should you wish to discuss any of the above issues in detail or understand the applicability to your specific situation, please feel free to reach out to us on coe@jmpadvisors.in.

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