

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1180**

ANSWERED ON – 25.7.2022

**RATIONALISATION OF INSURANCE REGULATORY FRAMEWORK**

1180. SHRI KOTHA PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Insurance Regulatory and Development Authority of India has decided to rationalise the existing regulatory framework and reduce compliance burden on regulated entities to support the growth of the insurance sector;
- (b) if so, the details and the present status thereof; and
- (c) the other steps taken/proposed to be taken by the Government to harness the full potential of the insurance sector?

**ANSWER**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(DR. BHAGWAT KARAD)

(a) to (c): The Insurance Regulatory and Development Authority Act, 1999 provides that Insurance Regulatory and Development Authority of India shall protect the interest of holders of the insurance policies and shall have the duty to promote, regulate and ensure orderly growth of the insurance business and re-insurance business.

With a view to provide ease of business to its policyholders as well as insurers, a series of efficiency reforms are being carried out which are summarised as under:

- i. Formation of working groups to make a comprehensive review of the existing regulations under the aegis of Life Insurance Council and General Insurance Council, respectively
- ii. New mechanism for processing the applications for registration of new insurance companies and for grant of the certificate of registration to commence the insurance business in India
- iii. Extending "Use and File" procedure to all the products up to Rs. 5 crore of sum insured
- iv. Introduction of new motor insurance add-on covers namely "pay as you drive" and "pay how you drive"
- v. Relaxation in solvency capital requirement to promote Pradhan Mantri Jeevan Jyoti Bima Yojana, the flagship Government scheme to spread life insurance coverage to the poor and under-privileged

Further, Foreign Direct investment limit in an Indian insurance company has been increased from 49% to 74 % with a view to enhance insurance penetration and social protection, bring in technology and skills for the overall growth and development of the insurance sector. It will further boost foreign investment in Indian insurance companies, thereby infusing long-term sustainable capital in the economy and shall drive technology transfer, development of strategic sectors, greater innovation, and competition among other benefits.

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