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CCEA Clears 100% FDI in Insurance

ALL-IN-ONE Bill allows cos to have a composite licence to undertake life, general and health biz under one entity

Our Bureau

New Delhi: The Cabinet Committee on Economic Affairs (CCEA) on Friday approved the Insurance Laws (Amendment) Bill 2025 that seeks to allow 100% foreign investment in the insurance sector.

Finance minister Nirmala Sitharaman in the FY26 budget had announced that the enhanced limit would be allowed only for companies that invest the entire premium in India.

The Insurance Amendment Bill will be introduced as Sabka Bima Sabki Raksha, officials said. It will replace the Life Insurance Corporation Act 1956, the Insurance Regulatory and Development Authority Act 1999 and the Insurance Act 1938.

The proposed amendments will also allow insurance companies to have a composite licence so that they can undertake life, general or health insurance under one entity.

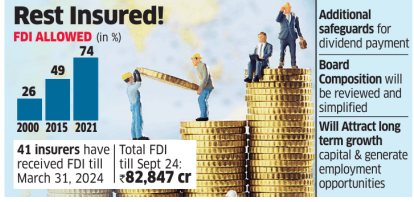
The Bill is likely to be introduced in the ongoing winter session of Parliament, which is slated to conclude on December 19. As per a Lok Sabha bulletin, the Insurance Laws (Amendment) Bill 2025, which seeks to deepen penetration, accelerate growth and development of the insurance sector and enhance ease of doing business, is part of the 13 legislations listed for the winter session.

India's insurance penetration—or percentage of total premium against GDP—declined to 3.7% in

2023-24 from 4% in 2022-23 according to the latest data. It fell to 2.8% from 3% life insurance and remained steady at 1% in non-life insurance.

In August 2025, the finance ministry issued a notification, replacing the existing 74% foreign investment limit in insurance companies with what it said "as stipulated by the Insurance Act 1938", as a prelude to the amendment to the Act to enable 100% FDI in the sector.

The same month, the finance minister informed the Lok Sabha that



100% foreign direct investment in insurance would help unlock the full potential of the Indian insurance sector and improve coverage. She said Indian insurance sector was projected to grow at 7.1% annually over the next five years, outpacing global and emerging market growth.

PROTECTING CITIZENS' INTEREST

The government has maintained that guardrails are being put in place so that citizens' money towards premium payment for insurance is kept within the country. "Investments and profits will have to be used here. Guardrails are being made so that our interests are not affected," Sitharaman had said in February after the budget announcement.

Till September 2014, India received Rs 82,847 crore as foreign investment in the insurance sector.

"Both life and health insurance remain under-penetrated and allowing insurers to participate across categories can help create more holistic solutions, greater efficiency and a stronger customer proposition," said Kamlesh Rao, MD and CEO of Aditya Birla Sun Life Insurance. While allowing 100% foreign investment may encourage more global players to explore India, translating that interest into meaningful scale will depend on how effectively new entrants can navigate this distribution landscape, he added.

Additional safeguards for dividend payment

Board Composition will be reviewed and simplified

Will Attract long term growth capital & generate employment opportunities