



PRESS RELEASE

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Sabka Bima Sabki Raksha: A Structural Reform to Deepen Insurance Penetration in India

The passing of the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill, 2025 by the Parliament represents a significant milestone in the evolution of India's insurance framework. By amending the Insurance Act, 1938, the Life Insurance Corporation Act, 1956, and the Insurance Regulatory and Development Authority Act, 1999, the Bill addresses the need for a modern, flexible, and inclusive regulatory architecture aligned with India's long-term development priorities.

Insurance is a critical pillar of economic resilience and social security. As India advances towards its centenary of Independence, the challenge before policymakers, regulators, and insurers alike is to ensure that insurance protection becomes universal, affordable, and trusted. The amendments proposed under this Bill are timely and necessary to support the national mission articulated for "Insurance for All by 2047."

A key strength of the Bill lies in its emphasis on policyholder protection and regulatory robustness. By updating legacy provisions and strengthening governance norms, the amendments reinforce transparency, accountability, and prudential oversight across the insurance ecosystem. For policyholders, this translates into stronger safeguards, improved service standards, and enhanced confidence in long-term insurance commitments, an essential factor in a sector built on trust.

Welcoming the Insurance Amendment Bill in the Lok Sabha, the Honourable Minister of Finance, Smt. Nirmala Sitharaman, emphasised the urgent need to deepen insurance penetration and awareness across the country. She stated that greater awareness would enable citizens not only to protect themselves against risks but also to ensure that they receive their rightful insurance claims. In this context, she highlighted the creation of the Policyholders' Education and Protection Fund, which will be financed through penalties levied by the Insurance Regulatory and Development Authority of India (IRDAI) and utilised specifically to promote policyholder education and protection.

The Finance Minister further underscored the necessity of enhanced capital infusion into the insurance sector to support its long-term growth and resilience. She noted that increased capital would facilitate access to advanced technology, world-class risk assessment frameworks, and globally competitive insurance products. She explained that the removal of the upper cap on foreign direct investment in the insurance sector would serve as a significant catalyst in achieving these objectives, while also fostering a more conducive and investor-friendly business environment. Additionally, she informed the House that regulatory processes would be strengthened through the introduction of standard operating procedures for regulation-making

and mandatory public consultations on all regulations issued by IRDAI, thereby ensuring transparency, consistency, and a consultative approach.

The Bill also provides a framework for greater operational agility and innovation, enabling insurers to respond effectively to changing demographic, economic, and social realities. India's insurance needs today extend beyond traditional products to include retirement security, longevity solutions, health-linked protection, and risk cover for emerging livelihoods. A modernised legislative environment will allow insurers to design and distribute products that are more targeted, efficient, and responsive, while remaining within a sound regulatory perimeter.

From the perspective of financial inclusion, the proposed amendments will help accelerate the expansion of insurance coverage across underserved segments, including rural households, informal sector workers, women, and first-time policyholders. By facilitating simplified processes, digital adoption, and scalable distribution models, the Bill supports the broader public policy objective of extending formal financial protection to every citizen.

The enhanced role envisaged for IRDAI under the amended framework is particularly significant. A strong, empowered, and forward-looking regulator is indispensable for balancing growth with stability in a rapidly expanding insurance market. The Bill strengthens IRDAI's ability to guide orderly sectoral development, safeguard consumer interests, and foster innovation in alignment with national priorities.

For the Life Insurance Corporation of India, these reforms reaffirm our mandate as a trusted national institution with a deep developmental role. For nearly seven decades, LIC has been at the forefront of extending life insurance protection across geographies and income segments. The proposed legislative changes provide an opportunity to further strengthen our reach, leverage technology at scale, and contribute meaningfully to the national goal of universal insurance coverage.

Importantly these changes have come just after the Bonanza of Full GST waiver on all Individual policies to great relief and joy of Life Insurance Policyholders.

As India works towards becoming a developed economy by 2047, the insurance sector will play a vital role in protecting households, mobilising long-term savings, and supporting economic stability. The Sabka Bima Sabki Raksha Bill is a forward-looking reform that underscores the Government's commitment to building a secure, inclusive, and resilient insurance ecosystem—one that ensures every Indian is protected against life's uncertainties.

Dated at Mumbai on December 18th, 2025.

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