

**Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion**

Press Note No. 3 (2015 Series)

Subject: Review of Foreign Direct Investment (FDI) policy on Insurance Sector- amendment to 'Consolidated FDI Policy Circular of 2014'

1.0 Present Position:

1.1 Paragraph 6.2.17.7 of 'Consolidated FDI Policy Circular 2014', effective from April 17, 2014, relating to insurance sector, presently reads as below:

S. No.	Sector/ Activity	% of FDI Cap/ Equity	Entry route
6.2.17.7	Insurance		
6.2.17.7.1	(i) Insurance Company (ii) Insurance Brokers (iii) Third party Administrators (iv) Surveyors and Loss Assessors	26% (FDI+FII/FPI+NRI)	Automatic
6.2.17.7.2	Other conditions		
	<p>(1) FDI in the Insurance sector, as prescribed in the Insurance Act, 1938, is allowed under the automatic route.</p> <p>(2) This will be subject to the condition that Companies bringing in FDI shall obtain necessary license from the Insurance Regulatory & Development Authority for undertaking insurance activities.</p> <p>(3) The provisions of paragraphs 6.2.17.2.2(4)(i) (c) & (e), relating to 'Banking-Private Sector', shall be applicable in respect of bank promoted insurance companies.</p> <p>(4) Indian Insurance Company is defined as a company:</p> <p>(a) which is formed and registered under the Companies Act, 1956;</p> <p>(b) in which the aggregate holdings of equity shares by a foreign company either by itself or through its subsidiary companies or its nominees, do not exceed 26% paid-up equity capital of such Indian insurance company;</p> <p>(c) whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business.</p> <p>(5) As per IRDA (Insurance Brokers) Regulations, 2002, "insurance broker" means a person for the time-being licensed by the Authority under regulation 11, who for remuneration arranges insurance contracts with insurance companies and/or reinsurance companies on behalf of his clients.</p>		

