

IC-14 - Regulations of Insurance Business

Original Text in book

Chapter 1 Page no.4 - Point.1.6 last bullet point.

- As per the FDI norms, foreign participation in an Indian insurance company was restricted to 26% equity/ordinary sharing capital with the balance being funded by Indian promoter entities. In April 2015 the Reserve Bank of India notified government's decision to raise foreign direct investment (FDI) lone in the insurance sector to 49%.

Revised text as per revised FDI limit as below

Chapter 1 Page no.4 - Point.1.6 last bullet point.

- As per the FDI norms, foreign participation in an Indian insurance company was restricted to 49% equity/ordinary sharing capital with the balance being funded by Indian promoter entities. The Parliament passed the Insurance (Amendment) Act, 2021 to increase foreign direct investment (FDI) lone in the insurance sector to 74%.

Chapter 1

Page no.6 - Test Yourself 1

Test Yourself 1

Question 1

As per current FDI norms how much is the FDI limit for insurance sector?

- A. 49%
- B. 74%
- C. 100%
- D. There is no FDI allowed in insurance sector in India.

Answer of the above question as per text book

Chapter 1 Page no.10 - Test Yourself 1

Answers to Test Yourself

Answer to TY 1

The correct option is A.

As per current FDI norms the current FDI limit for insurance sector is 49%.

Answer as per revised FDI limit as below

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Revised answers to Test Yourself

Answer to TY 1

The correct option is B.

As per current FDI norms the current FDI limit for insurance sector is 74%.

Original Text in book

Chapter 1 Page no.9 - Summary (Bullet Point)

- In the year 2000 reforms were initiated by the Government and the IRDAI was formed and the insurance sector was liberalised and opened up to private sector participation. As per current rules Foreign Direct Investment (FDI) upto 49% is allowed in the insurance sector.

Revised text as per revised FDI limits

Chapter 1 Page no.9 - Summary (Bullet Point)

- In the year 2000 reforms were initiated by the Government and the IRDAI was formed and the insurance sector was liberalised and opened up to private sector participation. As per current rules Foreign Direct Investment (FDI) upto 74% is allowed in the insurance sector.

Original Text in book

Chapter 1 Page no.10 Summary (Bullet Point)

- Insurance Laws (Amendment) Act, 2015 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 26% to an Explicitly Composite Limit of 49% with the safeguard of Indian Ownership and Control.

Revised text as per revised FDI limits

Chapter 1 Page no.10 Summary (Bullet Point)

- Insurance Laws (Amendment) Act, 2021 provides for enhancement of the Foreign Investment Cap in an Indian Insurance Company from 49% to an Explicitly Composite Limit of 74% with the safeguard of Indian Ownership and Control.