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### [How reforms are changing insurance for good](#)



As I look at the reforms introduced last year, I see more than just regulatory changes; I see a transformation in the way India experiences insurance.

The 2025 reforms reflect a clear vision to make insurance more inclusive, transparent, and aligned with customer needs. They reinforce that insurance is not only about policy constructs but about supporting people and safeguarding what matters most to them. With the IRDAI and the Government’s progressive and forward-looking approach, the industry is moving towards greater simplicity, accessibility, and trust. These initiatives are enabling insurers and intermediaries to work toward a shared objective: helping more households feel better protected and supported.

#### **The Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Bill**

The recent amendments to the Insurance Act mark a pivotal moment for India’s insurance industry. The move to allow 100% FDI for insurance companies and reduced net owned fund requirements for foreign reinsurers, signal that India is opening its doors wider than ever before, inviting global participation to deepen penetration and widen distribution so that every household can be protected against adversity.

Equally significant is the recognition of Managing General Agent or MGA, which brings agility, innovation, and expertise into the ecosystem. Their ability to experiment with new customer segments, digital models, and differentiated offerings will complement insurers and accelerate penetration at scale. Insurance has always been a distribution-led business, and MGAs add depth and diversity to this framework, strengthening the marketplace for the future. Alongside this, the formalisation of electronic records and KYC norms for policyholders enhances transparency, trust, and data security, ensuring every customer is uniquely identified and protected through robust verification, consent mechanisms, and confidentiality safeguards. With the regulator entrusted to balance customer-centric supervision and development, and with the government listening to industry voices, these reforms set the stage for transformative progress. As we march towards the vision of insuring every household by 2047, this is just the beginning, the momentum ahead will redefine the way insurance serves India.

## **Senior-Citizens' Premium Hike Cap**

One of the most heartening reforms in 2025 was the decision to cap annual premium hikes for senior citizens' health insurance at 10%. This is a truly people-first move. With nearly 10% of India's population now above the age of 60, this step offers real relief to our elders and their families. It ensures stability, predictability and affordability, three essentials that matter most when managing health in the later years of life.

As insurers, this reminds us of our responsibility to create thoughtful solutions for senior citizens. We need to collaborate closely with healthcare providers and maintain smooth and transparent processes. More than a policy change, this reform is a statement of intent; it reinforces fairness, builds trust, and reflects the compassion that must define our industry's progress.

## **GST reform issued by Ministry of Finance**

Reduction of GST from 18% to 0% on Individual Health and Life Insurance policies is one of the most significant step as a move for affordability and inclusion.

For years, the 18% GST made financial security difficult to afford, especially for families who wanted coverage but found the cost just out of reach. Removing this deterrent change how households look at insurance. It brings the "missing middle" firmly into the fold and enables more people to secure essential cover without hesitation. This reform reflects a strong national commitment to strengthening health and financial security. It will inspire innovation, widen distribution, and help insurers reach to the communities that have remained underserved for too long. This reform has the potential to reshape adoption, awareness, and attitude toward insurance. It will be remembered as a milestone in making economic security truly accessible to every Indian family.

## **Digital Personal Data Protection rules**

The Digital Personal Data Protection Act, 2023, set the foundation for how India will protect the personal data of its citizens in an increasingly digital world. It ensures that individuals have clarity and control over how their information is used, with valid consent at the heart of every interaction.

The Rules document released in 2025 provides a direction on the practical and operational aspects of implementing the Act. For insurance companies, this framework places greater responsibility on how we manage and protect consumer data. Under the Act, insurance companies are classified as data fiduciaries, which means we are entrusted with handling the personal data of our customers (the data principals) responsibly. This includes obtaining explicit consent from customers before using their data for purposes such as issuing insurance policies, and ensuring that all processing is transparent, lawful, and secure.

## **Promoting Digital Premium Payments**

The IRDAI is encouraging insurers to adopt digital premium payments instead of cheques, which often cause delays and issues when dishonoured after policy issuance. Digital options like UPI, NEFT, RTGS, internet banking, cards, and auto-debit provide instant confirmation and ensure smooth compliance with Section 64VB of the Insurance Act. By promoting these platforms and spreading awareness through print, digital, and social media, insurers can give customers a faster, safer, and more reliable payment experience, supporting India's move toward fully digital insurance.

## **Bima-ASBA (UPI One-Time Mandate)**

The rollout of Bima-ASBA for health insurance policies, leveraging UPI One-Time Mandate functionality, represents a significant stride in aligning insurance with India's evolving digital financial ecosystem. At its heart, this reform is about putting the customer first, ensuring that convenience, transparency, and economic control are embedded into the premium payment process.

Traditionally, policyholders often encountered processes such as advance premium deductions, refund delays, and administrative complexities when policies were declined or required further underwriting. Bima-ASBA addresses these pain points by allowing insurers to block but not immediately debit the premium amount with funds remain accessible to the Customers in their bank account until the policy is issued, subject to mandate rules and timelines. This mechanism enhances trust, transparency and reduce operational frictions while mitigating risk of unauthorized transactions through mandate-based controls. By integrating with familiar digital platforms, Bima-ASBA can streamline the experience and may encourage broader adoption over time, depending on customer awareness and system performance.

Together, these reforms are creating the blueprint for a modern insurance ecosystem that is truly centred on people. By championing customer centricity, encouraging innovation, and fortifying the very core of our industry, these measures empower insurers, intermediaries, and consumers to help build a future that is both financially secure and inclusive.

As these initiatives take root and evolve, they help in creating a country where families can plan with assurance, businesses can grow without hesitation, and communities can look ahead with optimism. This is the kind of transformation that strengthens a nation, not just today, but for generations to come.